

## 1 – Summary of Key Facts and Information.

The paper "The Hillshire Farm Brand: Growth Opportunities in Snacking" was an interesting case study focused on taking a comprehensive overview of the growth challenges and dynamic market conditions facing the company "Hillshire Brands" [1]. The company is faced with problems related to the evolving landscape of their market, for example they are faced with a momentum shift surrounding protein snacking, and the company is seeking a way to capitalize on this change. The company is seeking growth strategies and opportunities to address this market shift in a way which leverages the general trends which are pointing to a "general softening of consumer spending on packaged foods", and because of this fact the company is seeking out "growth opportunities" urgently [1]. This issue is only echoed even more by the fact that Hillshire Brands is a leading player in the processed meats industry, and still faces this stagnating market for traditional products (while in contrast the snacking market appears to be showing robust growth) [1]. The case study examines the brand's potential to pivot and capitalize on the emerging trends in the snacking industry (particularly focusing on protein-rich and convenient snack options), while simultaneously divesting the risks the company faces due to the stagnation of its traditional product market. The paper explains that there is a notable shift towards snacking (seen particularly among millennials), and that consumers are increasingly favoring snacks that offer health benefits, convenience, and novel experiences. This paper also focuses on the fact that despite a vast snack market, Hillshire competitors (such as Hormel and Oscar Mayer) are innovating quickly in the protein-rich snack product market [1]. This innovation, the paper explains, is primarily focused on the snacking domain products that cater towards busier, more health-conscious consumers. Additionally, we learn from the paper that Hillshire's current market position is strong in areas like cocktail sausages but remains weak and lacking regarding the snacking domain and premium meats domain. As a result of these market shifts and the lack of competitive products (in relation to their competitors) – I think that Hillshire must address this need for innovation to continue company growth and therefore remain competitive. I think they should explore new product lines and possibly renew their brand image (in a manner which is more appealing to the younger, growing target market of consumers). I have created a summary table of critical elements (below) which provides the key information relevant for this case study.

Summary Table of Critical Elements

Element	Details
Market Size & Growth	The snacking market is valued at approximately \$50 billion, with an expected growth of 2.6% annually.
Consumer Trends	Shift towards healthy, convenient snacks. 94% of Americans snack daily, with younger generations favoring all-day snacking.
Brand Perception	Hillshire Farm is seen as traditional and reliable but may need refreshing to appeal to new consumer preferences.
Product Categories	Hillshire Brands dominates in cocktail sausages but has lesser shares in premium lunchmeats and sausages.
Competitive Positioning	Hillshire Farm faces stiff competition from brands like Oscar Mayer in lunchmeats and needs to innovate to maintain market share.
Strategic Options	Evaluating the potential of the Hillshire Farm and Hillshire Black brands or potentially creating new brands to capture growth in identified snacking domains.
Target Demographics	The brand's new strategy may pivot towards millennials, who prefer fresh and innovative food products.

However, before exploring new product lines, strategic growth options, and market opportunities – I think it is important to take stock of the company’s current product portfolio. I have created a table summarizing the product portfolio of Hillshire Farm brand (below).

Product Category	Product Lines	Revenue (Million \$)	Key Offerings
Premium Lunchmeat	40	504	Ultra-thin, thick-sliced, and lower-sodium varieties of turkey, ham, chicken, roast beef, and pastrami.
Premium Sausage Ropes and Links	31	414	Smoked pork, beef, turkey sausage, polska kielbasa, bratwurst, and hot dogs.
Cocktail Sausages	31	138	Lit'l Smokies, Lit'l Wieners, and Lit'l Polskas.
Other	12	Not specified	Summer sausage (3 products), Cooked hams (9 products).

## 2 – Primary Challenges and Key Issues.

Throughout the case study, several key issues and challenges were encountered by the Hillshire Farm company. These many challenges the company was facing led them to consider the idea of engaging in a multifaceted strategic overhaul, which would encompass areas like market research, brand strategy, product innovation, and potentially a new brand architecture.

The company would engage in this undertaking to achieve innovation that is directed at sustained

growth and sales revenue, in the direction of the rapidly evolving consumer preferences of the snacking market. I think the first key issue is related to the consumer market conditions the company faced at the time of this case study. The paper explains that Hillshire Brands' traditional portfolio of product lines (i.e. lunch meats and sausages) have experienced stagnation (in sales and popularity among consumers), largely due to intense competition (from competing company offerings) and market saturation. As mentioned in the paper, competitors such as Hormel and Oscar Mayer had been quicker to innovate products related to the high-protein snacks (which had been seen to appeal to the younger consumer market). Another challenge that was facing the company was the growing new trend among consumers, especially "the millennial generation" that was growing towards healthier, convenient, and protein-heavy snack products [1]. However, Hillshire's current product offerings are not in sync with this emerging preference among consumers – as their current product offerings are primarily geared towards the preferences of "freshness, minimal processing, and novel culinary experience" [1]. This issue is related to a similar one which is the public perception of the Hillshire Farm Brand, which the paper explains is currently perceived (by the public) as a more traditional, quality meat product brand. However, this perception is lacking in characteristics (which are important to younger consumers) which are associated with modern, innovative snacking products that are healthy and protein dense. This traditional image of Hillshire is not a bad thing, but I think that it could hinder the company's marketing abilities in the sense that it can make it more difficult for the brand to attract new younger customers who are looking for brands that offer both lifestyle accommodations, and snacks with health benefits. The final challenge that I want to discuss is related to the evolving market demand. The case study explained that Hillshire faced the challenge of whether to rejuvenate the existing Hillshire Farm brand to make it more relevant to today's consumer trends, or should they introduce a new brand to have targeted relevance to this emergent market trend. The decision involves balancing the quality considerations and brand recognition questions (of the existing brand) against the potential benefits of a new brand introduction that would have more precisely targeted appeal and innovation. Additionally, related to this question of strategic decisions making (regarding brand extensions), I think the company must take into consideration many elements when deciding whether to extend the Hillshire Farm brand into new snacking markets. I think that the company must carefully consider which product innovations will be a good fit for the brand's current image, reputation, and customer

base. I would also urge the company to consider the fact that deploying the Hillshire Black brand or creating new brands will require significant investment in marketing, product development, and consumer education. I think another issue the company faces are related to how they will effectively align the product development with consumer trends. Because developing products that meet the convenience, taste, and health criteria that customers are increasingly demanding will involve significant research & development, marketing development, and large capital expenditure. Therefore, I think it is imperative for any new products (or brands) to be aligned along the factors that characterize the emergent shift in consumer preferences (towards healthy options and increased snacking). And I think it is imperative that the company seamlessly integrate new products into the existing logistics and production processes (of the current portfolio of products), which will also present a complex operational challenge for the company.

### **3 – Alternative Courses of Action.**

I think the company needs to address these challenges head on. I think the company is facing several different types of challenges (identified previously in the case study), and because of these I think the company ought to consider four alternative strategic courses of action. The first course of action that the company can take would be to focus on the revitalization of the existing Hillshire Farm brand. I think that by updating and repositioning the company brand to a more relevant and aligned viewpoint of current customer (and overall market) preferences – for healthier, protein dense, and convenient snack products. This could be implemented in several ways, by first studying in more detail the target audience they want to address, and then developing a plan to produce products and market these products more strategically in a way that aligns with growing market demand and changing consumer preferences. Additionally, the company could develop and then introduce new product lines (under the existing rejuvenated brand) such as the highly popular high-protein, low calorie, and organic meat snack products. I think the second strategic course of action that the company could take would be to launch a brand-new brand that is developed with the priority of being specifically designed to capture consumers in this emerging snacking market trend. The company could launch this new brand with a specific target audience that is this younger generation of consumers, and as such they could develop the brand in a way so that it is not only geared towards the increased snacking trend, but also towards the increasingly popular trend (among younger generations) of eating

healthy, protein dense snacks. Related to this course of action, the company could begin to additionally innovate new products, in synchronous effort with the high-protein snacks effort, such as vegan meats products, portable meal kits products, meal prep products, or perhaps even a new snacking product. The third strategic course of action that I think the company should take is related to the Hillshire Black concept. I think the company could utilize this concept as a central factor for one course of action. By utilizing this already developed concept (the Hillshire Black brand) – which is a brand that is geared towards targeting premium, story-driven food experiences (for millennial aged consumers). By using this already developed concept brand, the company could begin to roll out new snack products under this brand (focused on the high-protein, frequent snacking trends in the market). Additionally, the company could utilize this brand to launch new products such as high-end, artisanal snack meats, or meal replacement snacks which are developed with a focus on quality and unique foods and flavors. A final strategic course of action that Hillshire Farm could take would be to seek out strategic partnerships and collaborations with other companies or brands. For example, the company could seek to enter into partner agreements with existing brand companies or startup companies which already have a market position within these newly trending snack market categories. This could take the form of Hillshire seeking companies to acquire outright, or seeking co-branding opportunities with companies that are already well established in the health focused, protein-rich, and snacking market segments (depending on the company and the situation).

#### **4 – Evaluation of Alternative Courses.**

The first recommended strategy was for the company to revitalize and reestablish the existing company brand in a manner which is more aligned with consumer and market preferences. I think this course's primary advantage is the fact that it effectively leverages the existing brand name recognition and customer loyalty – which could lead to a potential reduction of marketing costs. Another key benefit of this strategy is that the company would be able to bring the new (customer trend focused) products and a revitalized brand image to the market much faster than if they were to establish a new brand. I think a final beneficial feature of this strategic course of action is the consistency it shows to the market. By revitalizing the existing company brand, the company could then bring a uniquely consistent brand message to the market, by expanding their brand message to include these new customer centric health and

convenience features, but also focuses on the positive features of their existing product lines as well, such as brand recognition. However, there are some risks associated with this course of action, such as the fact that if the company does not carefully plan and manage this brand refresh, then the results may cause a dilution (in a negative way) of the brand's traditional image (again if not carefully managed). Another key risk the company should consider is that the existing consumer perceptions (of the Hillshire Farm brand) and the ingrained customer views of the brand may be difficult to overcome, and this could be a risk to the company's ability to be effective in its brand repositioning efforts. The second recommended strategy was for the company to research, develop and then ultimately launch a new brand that is specifically designed to target consumers (with new products) specifically within these emerging markets. I think that the first benefit this course of action confers is the fact that it would provide a clean slate (for the Hillshire Farm brand) without any constraints or stigma from past brand perceptions. I think this would be beneficial as it would allow the company to develop new fully tailored products, product development strategies, and marketing strategies specifically for this new brand. Additionally, I think another key benefit of this strategy is that it provides the company with the opportunity to target specific niches of the market - such as protein-conscious consumers or food experience enthusiasts, more directly and effectively. However, this course of action is not without risk, as from a company finance perspective this strategy will involve higher marketing costs and capital expenses (and thus increased risks) associated with building brand awareness (and customer loyalty) from the ground up. Additionally, along these same lines, I think another risk associated with this course of action is that it will require significant investments and capital expenditures in other areas as well, such as market research, marketing, product development, and others to establish new brand presence and consumer trust. The third recommended strategy was for the company to ultimately exploit the already developed Hillshire Black brand concept. This brand was developed to target premium markets and consumers who are primarily concerned with "premium foods and story driven cuisines" [1]. I think the first benefit of undertaking this course of action is that by utilizing the existing brand concept, the company can expand its product portfolio (of food offerings) by expanding into the new and emerging market segments. As stated in the case paper, the brand has already been conceptualized and thus by expanding the types of products offered under this brand the company can save on capital expenditures. Additionally, this strategy capitalizes on

differentiating the products (and the brand) from the Hillshire Farm traditional brand by targeting a more affluent, younger, and trend-focused demographic. This strategy could also be further elaborated by targeting the entire growing snacking consumer market, as well as the health focused, protein conscientious consumer. Doing this under the already conceptualized brand would provide a springboard and onramp for the company to effectively grow its product offering and target these new emerging markets. A final benefit of this course of action is that it effectively capitalizes on the growing demand for premium and “unique” food options and experiences. However, like all courses of action this one also comes with risks which are firstly associated with the unfortunate fact that the “premium” market is often niche, which in turn can lead to minimal or limited overall sales volume (compared to more mainstream product offerings). Another potential risk of expanding product offerings under this brand (given premium price points are maintained), is that unfortunately higher price points can lead to exclusion of the broader consumer and market segments. This risk can be magnified a lot more during economically uncertain times or geopolitically volatile events and situations. The fourth recommended strategy I provided for the company is to develop or produce strategic collaborations or partnerships with other brands or companies. Ideally these partners or collaborators would be with companies that are already well established in the target market areas (which Hillshire is seeking growth in). I advised that this could take the form of outright acquisition (of target brands/companies by Hillshire Farms) or through partnerships and co-branding opportunities with other well-established companies. I think that the first primary benefit to this course of action is related to the speed and quickness of action it facilitates for the company. For example, this strategy leads to a rapid gain of access (for Hillshire) to enter new markets and consumer segment areas, by partnering with (or acquiring) established brands and companies. Another key benefit of this strategy is that it provides a reduction in risk for the company. I think that this strategy reduces the risk – as well as the costs and associated increases in capital expenditure associated with developing new products (or brands) internally at the Hillshire company – because it leverages the experience of competent business partners. However, looking at the potential risks associated with this course of action, I think that the first primary risk is related to possible integration issues (if a company is acquired or partnered with). This risk additionally becomes magnified I think if the corporate cultures or brand visions (between the two companies) are not in sync. The final risk key risk to consider in relation to this

course of action is primarily related to corporate financial considerations. As mergers and acquisitions can be capital intensive events; and additionally, brand partnerships or collaborations may require significant upfront investments, complex financial considerations, and long-term factors to think about, related to revenue sharing and investment details.

## **5 – Recommendation.**

I think that each of these alternative courses of action presents viable paths for Hillshire Farms to expand into the growing snacking market, but these strategic courses of action also carry risks (along with their potential benefits). The choice of strategy that the company decides to implement should be based on factors such as Hillshire's willingness to invest in new market segments, increase its capital expenditure, its risk tolerance, and how quickly it wants to act relative to the market trends. A combination of these strategies, such as utilizing the existing Hillshire Black brand concept while simultaneously exploring partnerships or acquisition targets, could also be a viable multifaceted approach that would be worth considering, as it would work to balance risk and maximize market coverage. However, I think that the final decision should ultimately be the one that best aligns with the company's overall, long-term, strategic objectives and vision for growth in the food industry and snacks market. With that in mind, my own recommendation that I have come to conclude would be the most advantageous for the company – is to implement the third strategic course of action – which is to utilize the already existing brand concept “Hillshire Black” [1]. I think the company could utilize this already developed concept (the Hillshire Black brand) – which is a brand that is geared towards targeting premium, story-driven food experiences (for millennial aged consumers) – in a multipronged approach. First, by using this already developed concept brand, the company could begin to roll out new (and current portfolio) snack products under this brand. By rolling out new products, focused on the high-protein, frequent snacking trends in the market, the company can capitalize on the already existing brand concept while saving money that can be more effectively used in areas like product development or market research. Additionally, the company could utilize this brand to launch new niche products such as high-end, artisanal snack meats, or meal replacement snack kits which are developed under this brand's image (with a focus on the quality and unique flavors of the food). Finally, utilizing this existing brand concept opens the way to bundling new products in with existing Hillshire Black brand products (in promotions, deals, etc.). With the



goal to inform more consumers about the new products; while also sustaining sales and capitalizing on the developed Hillshire Black concept that targets upscale consumers and food enthusiasts who are seeking premium, artisanal products from the current portfolio of products. However, I would advise that while implementing this strategic course of action, the company keep its options open and continue to be open to considerations for mergers and acquisitions with strategic companies. Ideally the Hillshire Farms company would acquire a company with brand recognition and loyalty in the growing snacking market segment as well as in the growing health-conscious market of consumers that are increasingly seeking protein rich and healthier snack options. In conclusion, I think that the company can effectively grow its product base and sales volume in this emerging market (of younger health oriented snacking behaviors, and high protein products) by remaining open to strategic acquisitions; while also implementing the strategic action of utilizing the Hillshire Black concept to roll out new products (potentially at a more attractive price points) while specifically marketing these products to target the emerging market segments.

[1] Roese, N. J., & Pavlus, J. (2020). The Hillshire Farm Brand: Growth Opportunities in Snacking. Kellogg School of Management, Northwestern University.