Cacique - Introducing a new fresh cheese snack

15 March 2017

Honor Code

We pledge our honor that we have not violated the Chicago Booth Honor Code during this assignment

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Agenda

Project Objective

Executive Summary

Opportunity Identification & Concept Development

Concept Testing Results & Recommendations

Top Concept Forecasts & Next Steps

Summary

Appendix

Project Objectives & Process

Cacique's project objective is to develop & test entry strategy for a new, fresh cheese

Key Business Objective

Leverage Cacique's brand and expertise to enter a new and adjacent cheese category

Innovation

A new process that developed a smooth, soft fresh cheese in a variety of forms

Category

Fresh cheese category, with emphasis on snack or meal preparation

Geography & Audience

US Market

Primarily millennials

Our project spanned 11 weeks - Today we will recap our journey and share final results and recommendations

January	*February*	*March*
1. Opportunity Identification	**2. Ideation & Concept Development**	**3. Concept Test Results & Forecast**
Consumer interviews	**Idea Generation / Screening**	**Quantitative Testing & Analysis**
Secondary research	**Concept Development**	**Recommendations and Strategies**

Executive Summary

We created and tested a new concept with the potential to generate incremental revenue and access to a new market for Cacique

Issue: The snack market is saturated with options. Consumers seek a solution that not only meets their health and functional needs but also offers more fun and flavors

Proposal: We tested 3 concepts that met varying degrees of customer unmet needs - *Pop-out Packs, Spice Burst* and *Cheese Cup*

Top Concept: Spice Burst scored the highest with our target respondents and present the entry opportunity for Cacique in the fresh cheese snack category

Projected financial outcome: We estimate ~10 million units sold in the first year, translating to ~$12 million revenue

Recommended positioning: Our new product should be placed in the refrigerated dairy aisle next to yogurt and snack cheeses and should be targeted to millennials looking to explore with their food

Opportunity Identification & Concept Development

We started to learn about millennial consumption habits and work arounds through interviews, and found that **snacking** is a key occasion

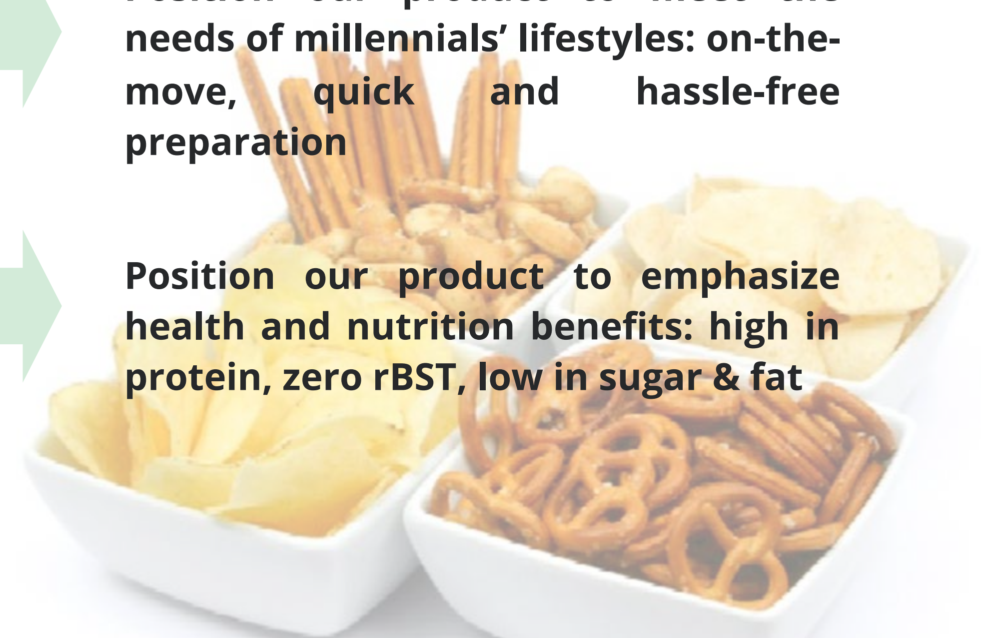
It's hard to find time for food during a busy day as a nurse...
Kristine replaces her meals with smoothies and snacks

I lead a very busy life, and most of my life is sitting at a computer...
Kevin snacks at his desk

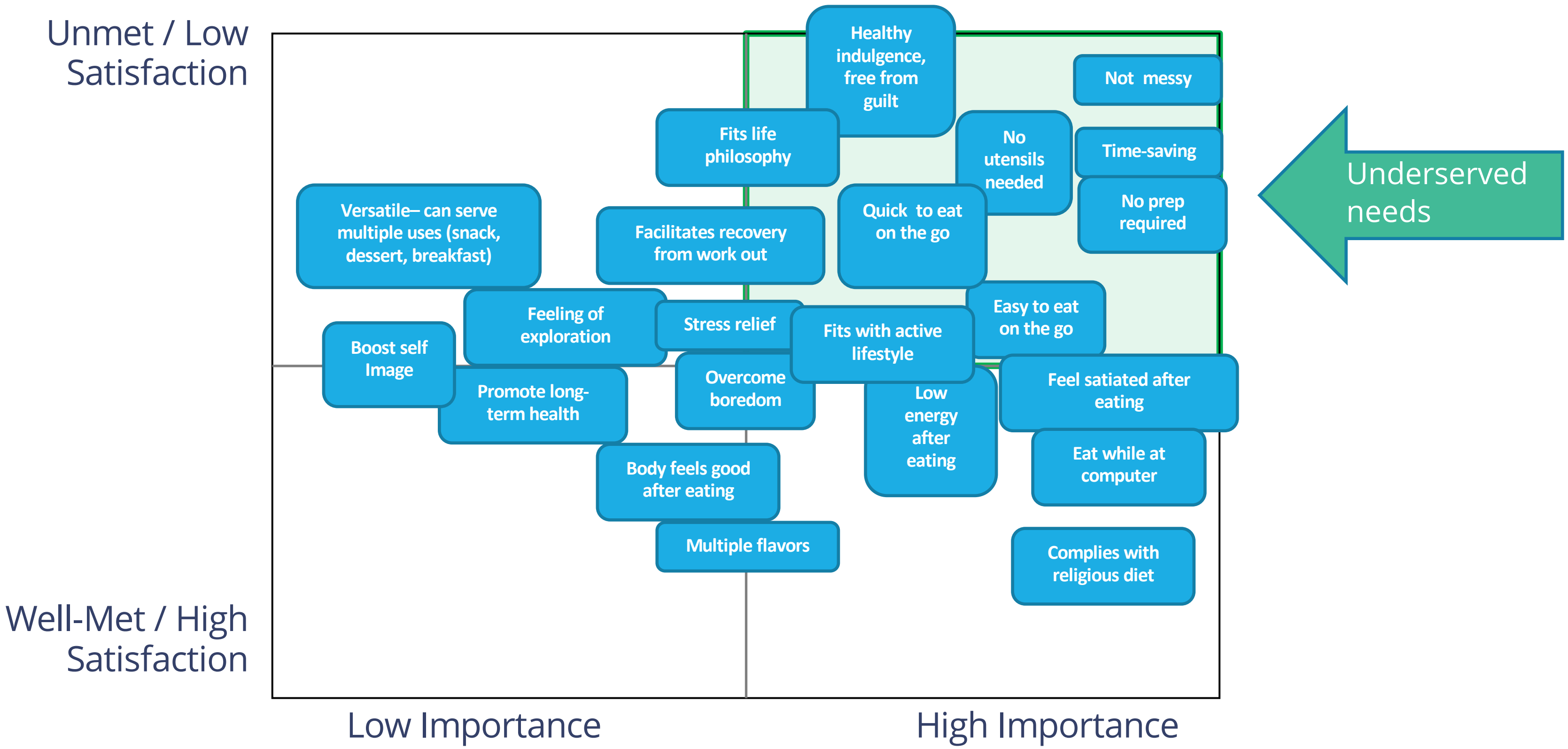
Cooking and clean-up is just too much work...
Jesse eats snacks from work as a makeshift dinner

We were encouraged by the snacking segment's growing size and importance to millennials

Findings	**Insights**
FoodNavigator-USA reported a 2016 survey funding that 92% of millennials replace meals with snacking	**Position our product to take advantage of an increasing trend of snacking over meals**
Millennials feel that they are too busy to sit down to a meal or can't be bothered to cook a meal	**Position our product to meet the needs of millennials' lifestyles: on-the-move, quick and hassle-free preparation**
Millennials tend to lean towards clean, organic, and less-processed products.	**Position our product to emphasize health and nutrition benefits: high in protein, zero rBST, low in sugar & fat**



Having narrowed in on snacking, we found that the cross-section of health & convenience alone were not meeting consumer needs



We identified 5 primary ‘need areas’ that drove our ideation process

Functional Convenience

Portable, accessible, mess- & prep- free

Good For You

Overall health; positive validation of healthy self; avoid guilt

Health

Seek to meet macronutrient goals

Snack as Therapy

Indulge, celebrate & overcome negative feelings

Exploration

Desire to experience new foods & flavors

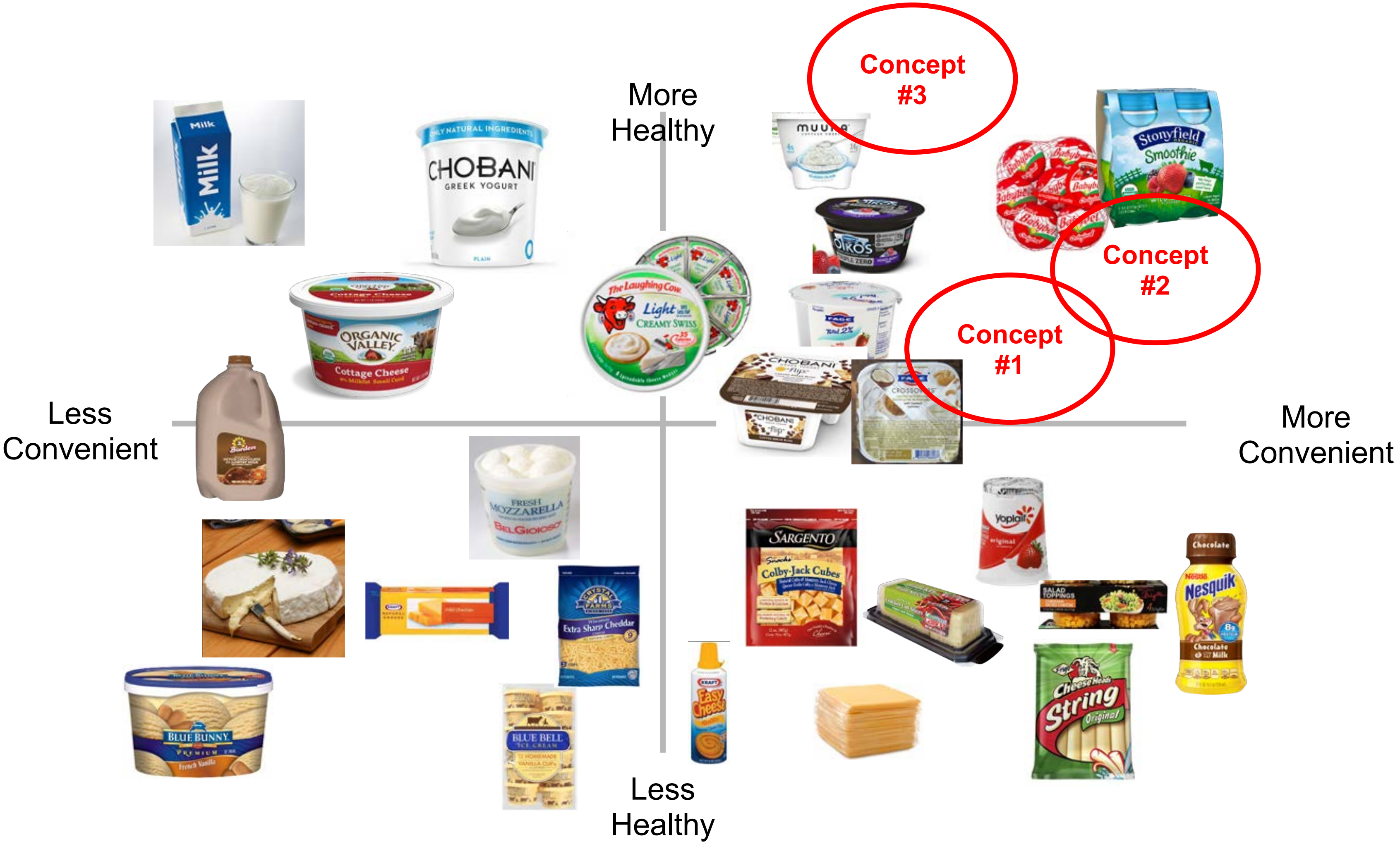
Concept Goal
Portable
Easy-open packaging
No or included utensils
No clean-up

Concept Goal
Moderate fat/sugar
Observable ‘unhealthy’ option to avoid
Easy-to-understand health benefits

Concept Goal
Exotic flavor offerings
Feeling of adventure satisfied
Rotating/new flavors

During our ideation process, we zeroed-in on pockets of whitespace

Consumers expect more from new innovations in the crowded dairy snacking space



Savory Dairy Snacking represents a promising whitespace

Findings

- Dairy industry exceeds $103bn, with cheese comprising 44% of purchases
- Snack industry is $40bn, with consistent y-o-y growth. Natural cheese & yogurt is in the top 10 subcategories

Insights

The cross-section of dairy and fresh cheese snack is a billions revenue industry

- 38% of consumers view ‘new flavor launch’ has the single most important factor toward savory snack purchase
  - 30% state ‘spicy flavors’ as influence to purchase
  - New product introductions to North American grew 19% in 2014 and 3% in 2015

New product innovation is particularly impactful in the savory snack category, particularly the introduction of spice flavors

Once we understood the primary needs and whitespace, we ideated to generate new concepts and screened to focus on the best ideas

Idea Generation

- Used several different processes learned through our course to connect disparate ideas and generate novel concepts
- We brainstormed over 55 new concepts

Screening Process

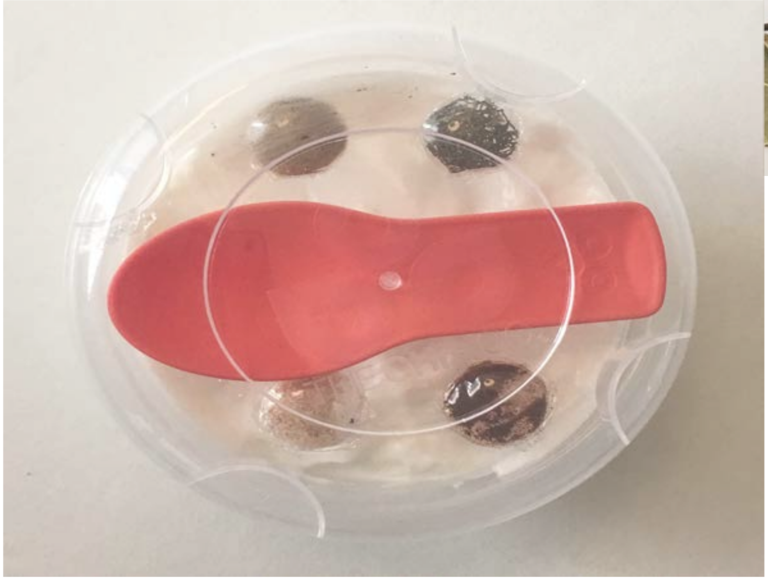
- Used five main screening criteria to narrow down to three main concepts:

  Intensity of Need
  Effectiveness of current solutions
  Strategic Fits
  Feasibility
  Market attractiveness

We identified concepts that best met consumer needs and gave consumers a delighter, from spice...

Concept #1: Cacique Spice Burst

Fresh, natural cheese with flavors you can control. Spice pockets include flavors like guacamole, mango tajin, lime & pepitas to name a but a few
The sturdy cup and included spoon make this a perfect on-the-go snack



Needs addressed:

- Exploration
- Snack as Therapy
- Good for you
- Functional

…to a fun, new way to snack on fresh cheese…

Concept #2: Cacique Cheese Snack Pop Pack

Fresh, natural cheese in a fun-n-go pop pack.
Easy to open, easy to eat, easy to share.
Each serving is portioned individually for portability
A healthy snack that's fun to eat

Needs addressed:

- Snack as Therapy (fun)
- Healthy
- Good for You
- Functional

…and a simple, versatile snack that you can make your own way

Concept #3: Cacique Fresh Cheese Cup

Reinventing a healthy snack - fresh, protein-rich snack cup that you can style as you want & eat when you want
Great also as a healthy dip or entertaining

Needs addressed:

- Healthy
- Functional

We compared concepts to a well-known benchmark product - greek yogurt with mix-ins

Fage Crossover - brand name removed to control for brand awareness

Benchmark: Cacique Cruncher

Fresh, natural Greek yogurt with a flavorful twist - add, sprinkle or mix it in!

Needs addressed:

- Healthy
- Good for You
- Exploration

Concept Test Results

We tested the four concepts with 245 respondents across key consumer segments

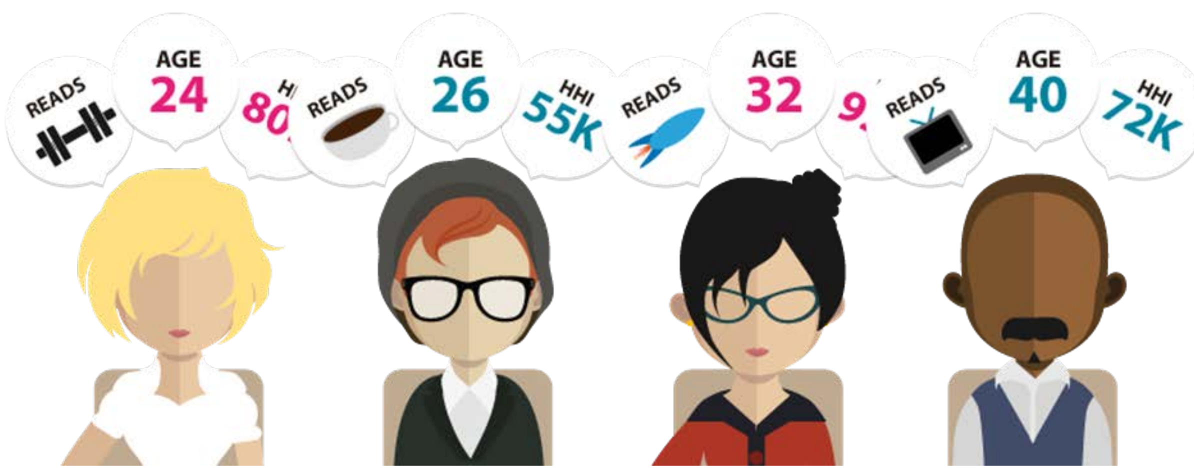
100% consumed dairy within the last 2 months

80% Millennials aged 20-34

Gender balance 60% F/40% M

35% Hispanic consumers

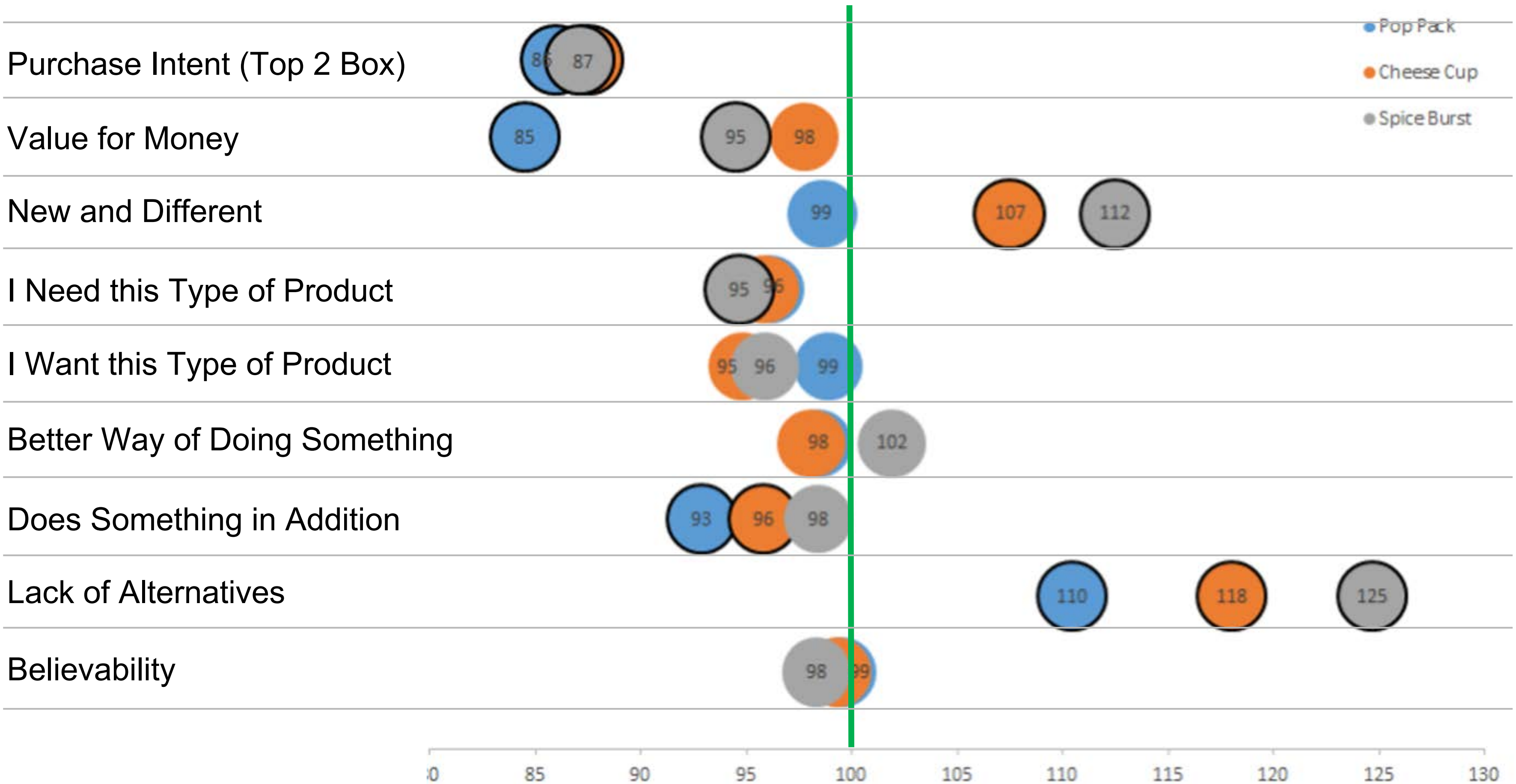
Balanced Income Distribution



Each concept was tested across 8 key metrics, including purchase intent, need intensity/satisfaction, and available alternatives

Purchase Intent	• Considering the price as shown, how likely would you be to **buy this product**?
Price and value	• Considering the price as shown, which statement best describes how you feel about the **value for the money** of this product?
New and Different	• How would you rate this product in terms of being **new and different** from other products currently available?
Likes and dislikes	• What do you **like best** about this product? • What do you **dislike most** about this product?
Problem Solving	• How much do you agree that the main benefit of this product offers a **better way of doing something** that other products already do? • How much do you agree that the main benefit of this product offers **something in addition** to what other products currently offer?
Lack of Alternatives	• If this product was not available, which statement best describes the **alternatives that are available** for you?
Believability	• How do you feel about the **believability** of the statements made about this product?
Need/Want Affinity	• How much do you agree that you **need** this type of product? • How much do you agree that you **want** this type of product?

While no concept consistently outperformed the benchmark…



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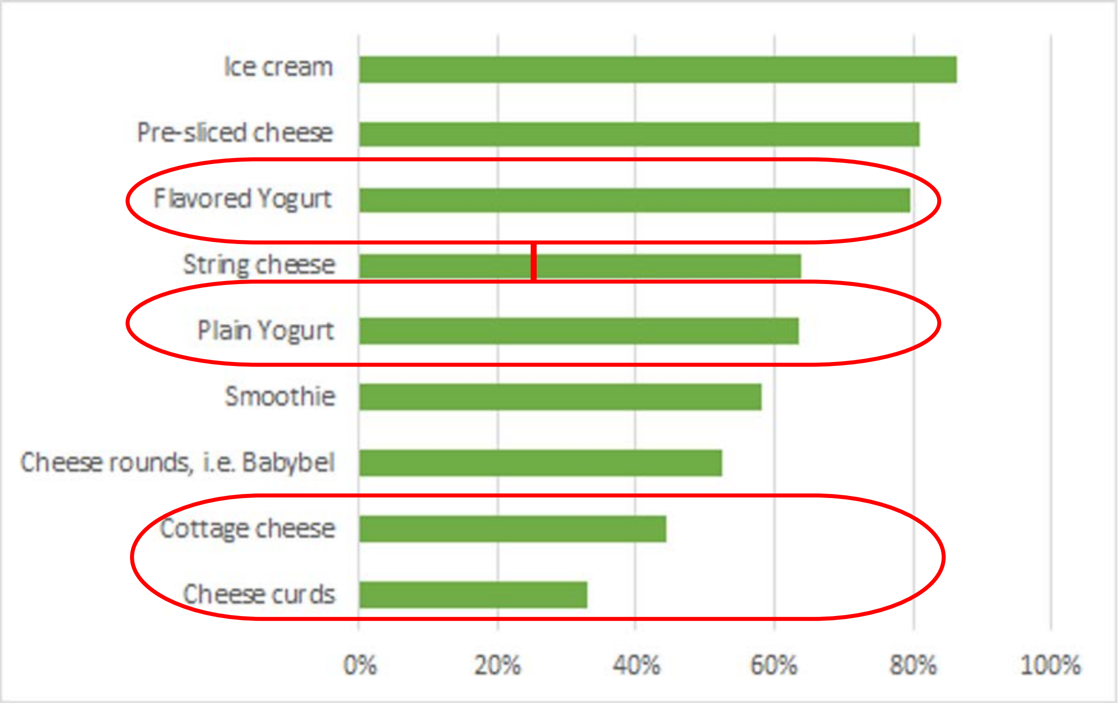
… this is likely due to our bold choice of benchmark, Greek Yogurt

- Market is very familiar with Greek yogurt - it has been growing in popularity in the US for years
- Market has no frame of reference for a fresh cheese product - it doesn't yet exist in the US
- Yogurt is widely accepted as a healthy snacking option, whereas consumers don't associate cheese with health (per interview findings)
- However, Greek yogurt is known for its health benefits but not flavor; new product positioning could take advantage of this perception

Our concepts did perform better than anticipated, given a strong preference for yogurt as reported by respondents

Number of respondents who purchased above categories of dairy in the last month



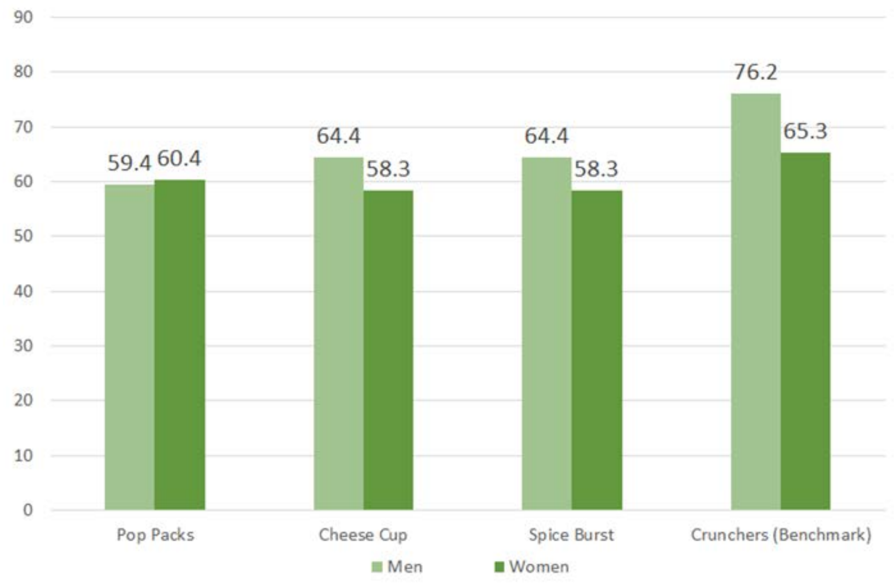
- **Fresh cheese snacks are purchased at ~half the rate of yogurt**
- **Respondents not familiar with fresh cheese reported apprehension**

"It seems odd to me to just spoon plain cheese down the hatch."

All concepts appealed to a broad market-- Purchase intent did not vary according to gender or Millennial status

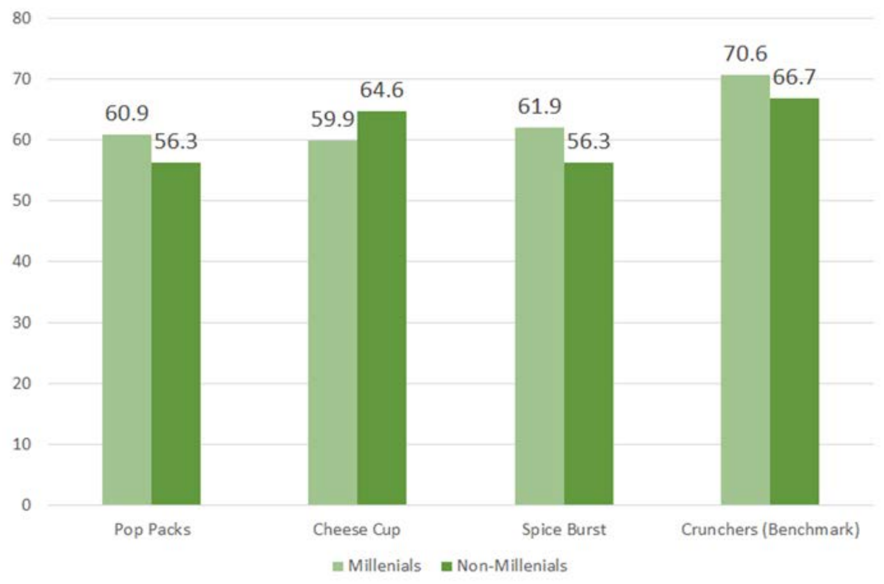
Men vs Women

(no differences statistically significant)



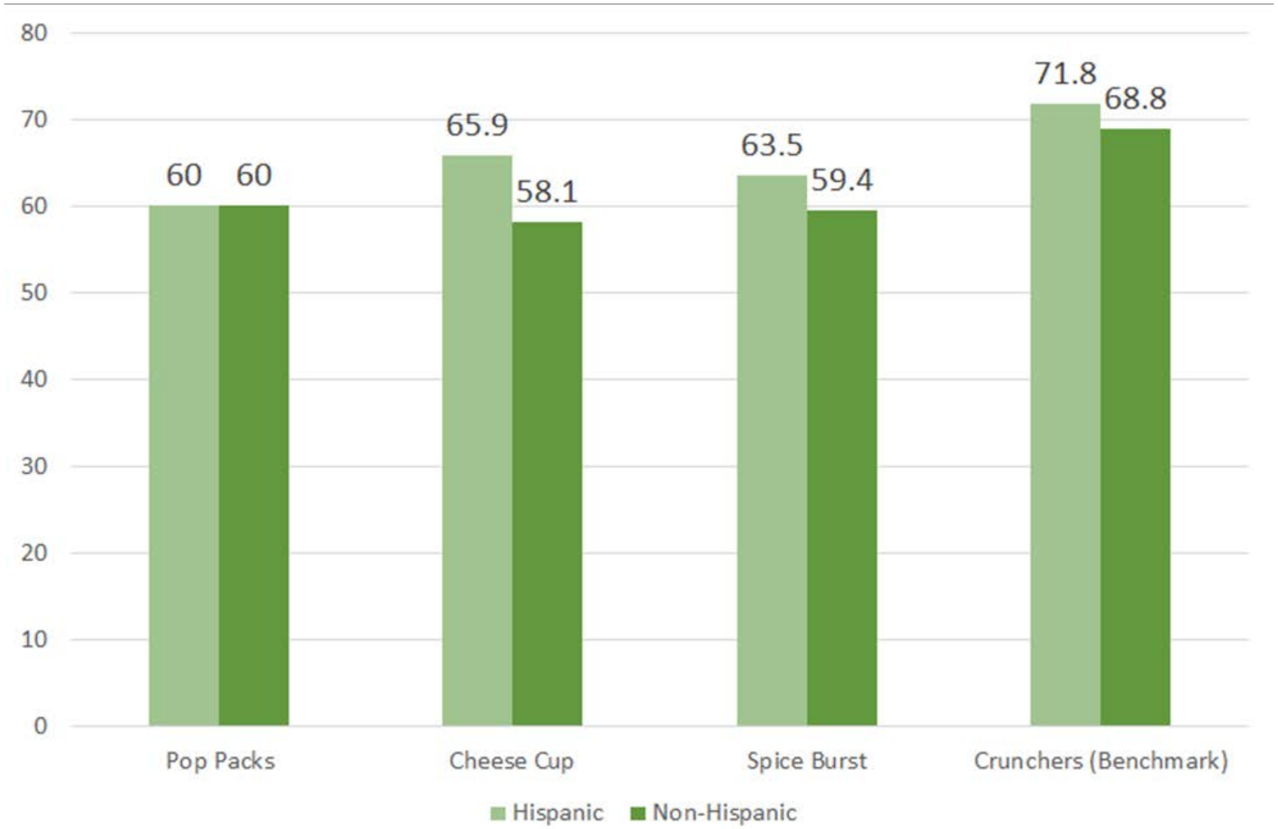
Millennials vs Non-Millennials

(no differences statistically significant)



Graphs depict percentage of respondents who said they would *definitely* or *probably* buy the concept in question.

Similarly, all concepts, except for the Cheese Cup, appealed equally to Hispanic and Non-Hispanic Markets

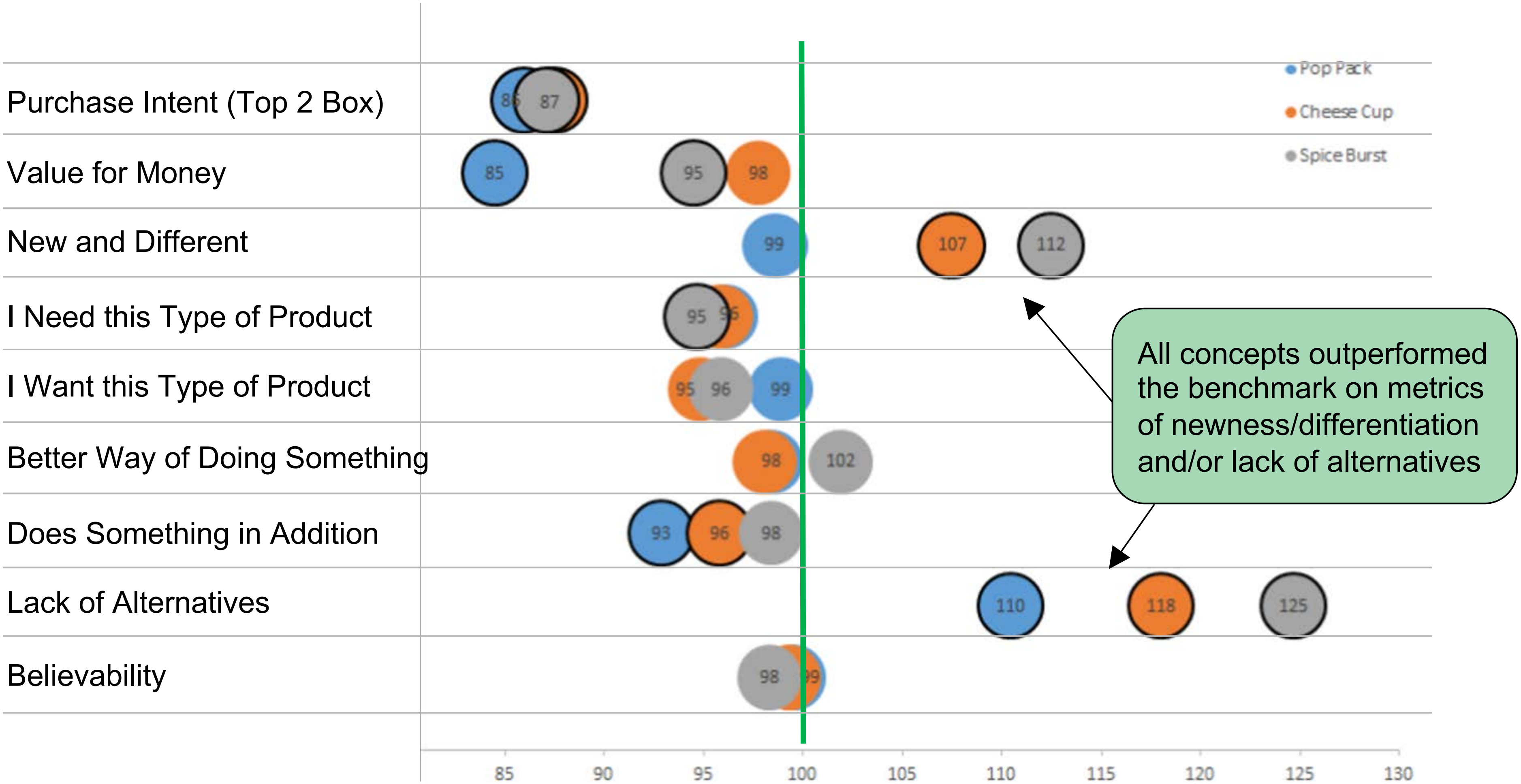


Purchase intent was significantly higher for the Cheese Cup among Hispanics compared to non-Hispanics.

For all other concepts, differences were not statistically significant--reinforcing the mass appeal of these products.

Graph depicts percentage of respondents who said they would *definitely* or *probably* buy the concept in question.

All concepts performed above benchmark on areas of differentiation and lack of alternatives



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Spice Burst Concept emerged as the frontrunner due to its differentiation, lack of substitutes, and attractiveness to health-conscious, on-the-go users

#1

Perceived as being most New & Different

#1

Perceived as offering a *better* way to do things

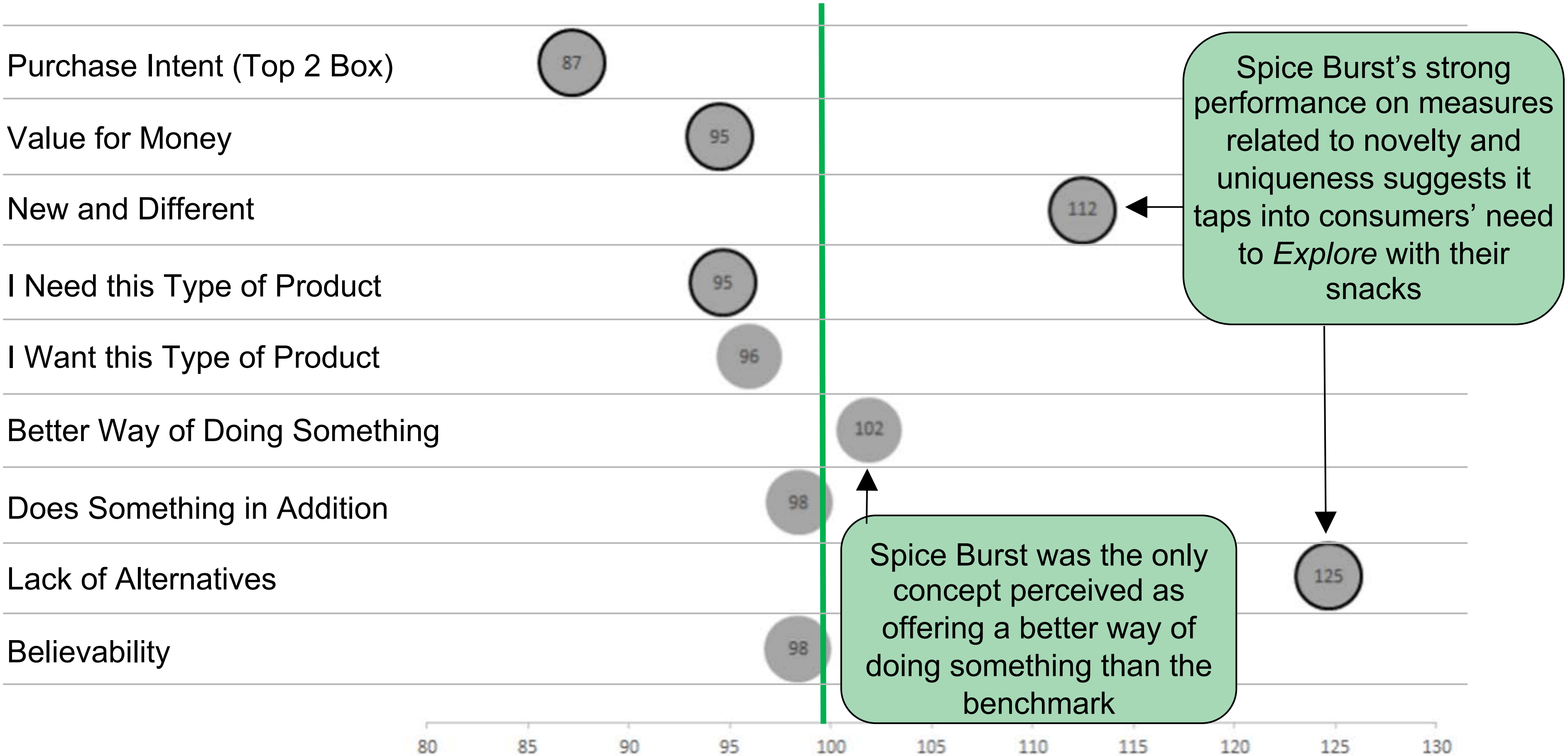
#1

Perceived as having fewest alternatives

#1

Respondents who favored concept are most likely to eat multiple snacks per day while on the go and place high importance on eating healthy

Spice Burst taps into consumers' desire to explore new flavors-- their top ranked need-- better than other concepts



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Spice Burst successfully met needs related to exploring new foods, convenient snacking, and healthy snacking

- **LIKES:** Customizability, convenience, health, and flavor
- **DISLIKES:** Lack of familiarity with product taste and usage
- **SOME LIKED, SOME DIDN'T:** Spices, inclusion of spoon/need to eat with spoon

Top snack needs for respondents who prefered Spice Burst:

1. Try new flavors
2. Can eat on the go / Satisfies hunger
3. Quick to eat

We analyzed qualitative responses to discover opportunities to improve positioning upon launch: Cacique Spice Burst

Concept #1

Areas for Improvement

Emphasize presence of customizable flavor

Media should include video of how to mix-in spices and person consuming the cheese

Package should emphasize nutritional facts

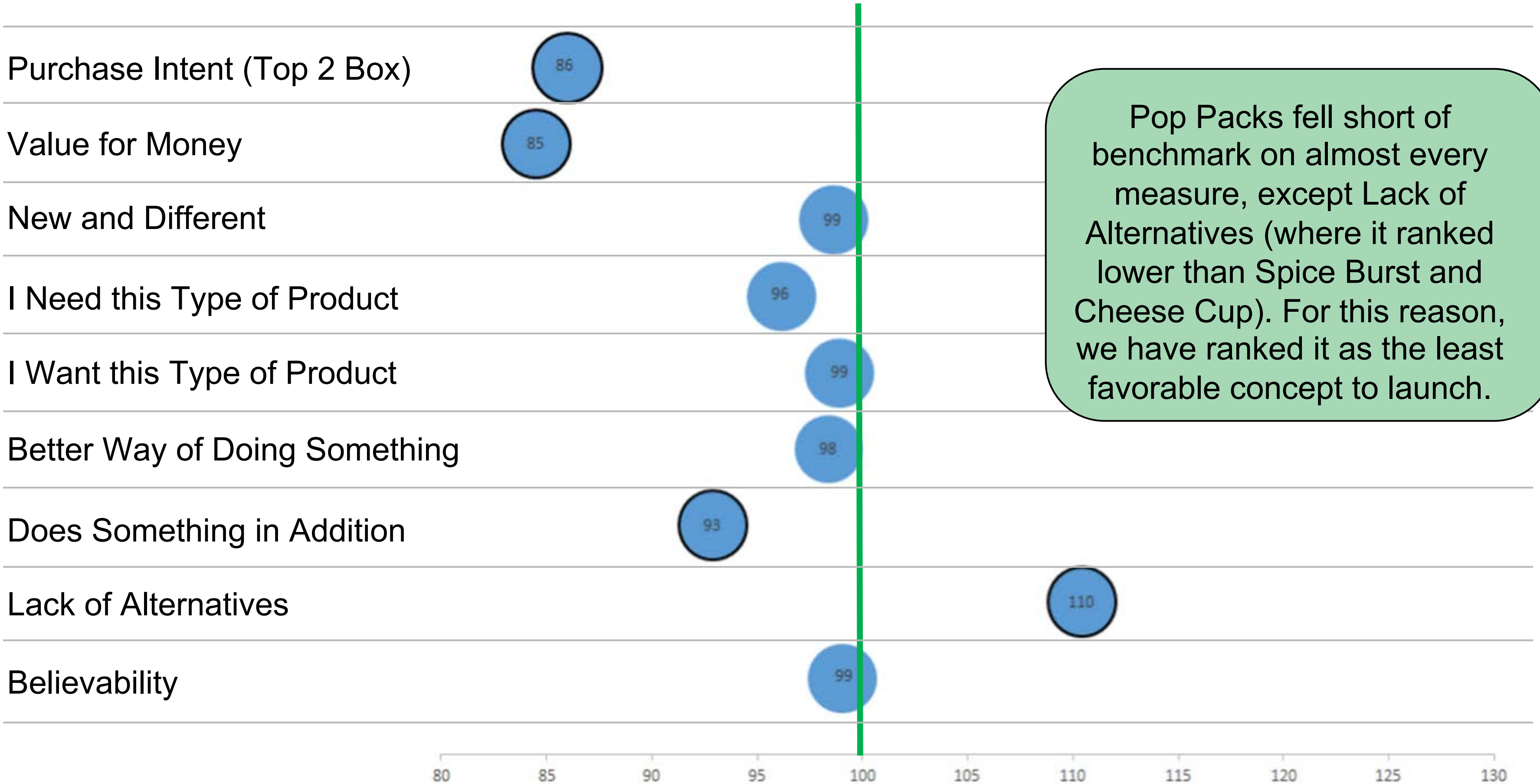
In-package spoon enhances convenience

Love the variety and intensity of the flavor choices.

I like the spoon, portability, and customizable spice options.

The term "spoonable cheese" doesn't sound very appetizing.

Pop Packs fell short of the benchmark more than other concepts



Pop Packs fell short of benchmark on almost every measure, except Lack of Alternatives (where it ranked lower than Spice Burst and Cheese Cup). For this reason, we have ranked it as the least favorable concept to launch.

Black outline around bubble indicates statistical significance

Pop Packs resonated with consumers' need for convenient snacking, but some felt the concept lacked innovation

- **LIKES:** Convenient, easy to take on-the-go
- **DISLIKES:** Health content (perceived as unhealthy), "non-innovative"
- **SOME LIKED, SOME DIDN'T:** Portion size

Top snack needs for respondents who prefered Pop Packs:

1. Satisfies hunger
2. Try new flavors
3. Promotes long-term health / Acts as an indulgence

Cacique Snack Pop Pack underlined the importance of convenience

Concept #2

Areas for Improvement

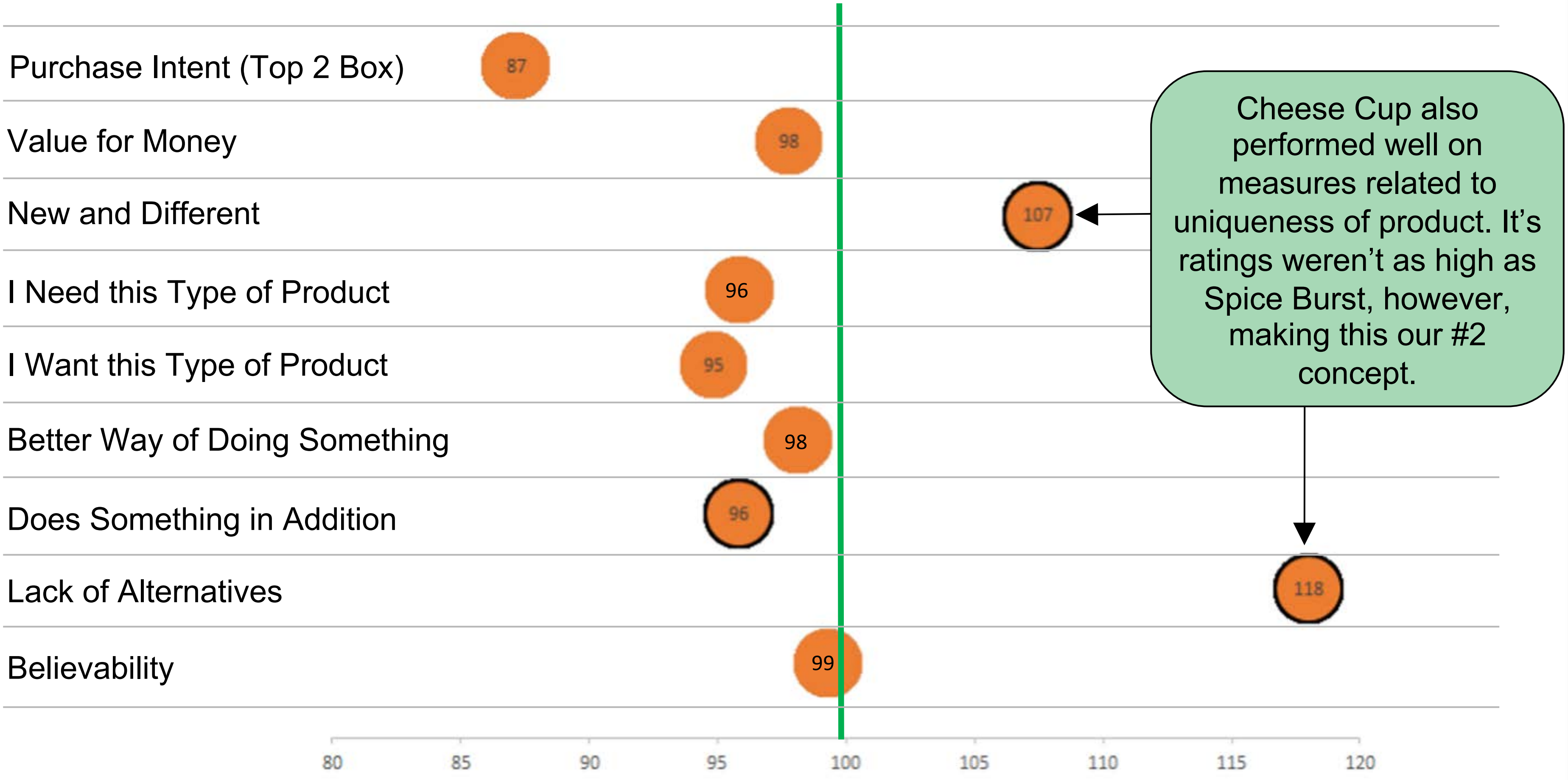
- Packaging should allow mess-free eating since that is an important benefit
- Cheese should be “dressed up” with flavor or other ingredients since plain cheese is not appealing

That type of cheese seems like it needs to stay in the fridge so I would be wary of having it "on the go" not cold.

I like how hassle free it is. I would love to have no dirty hands when I eat something.

It is too bland for my taste but may be something the kids may like.

Cheese Cup shows promise, scoring high on newness and lack of alternatives



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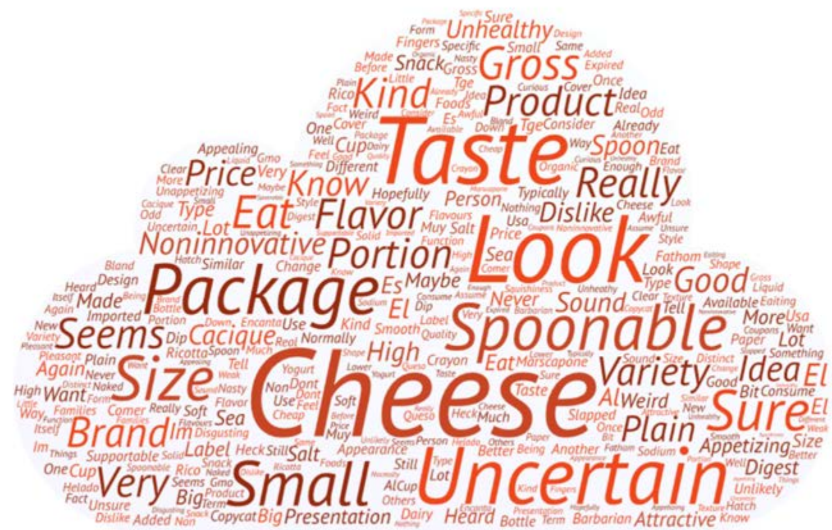
Many respondents found health claims for the Cheese Cup to be believable and appealing, but some still felt uncertain about an unfamiliar product



- **LIKES:** Seems to be healthy, high protein content
- **DISLIKES:** Unfamiliar with product
- **SOME LIKED, SOME DIDN'T:** Product appearance as plain cheese

Top snack needs for respondents who prefered Cheese Cup:

1. Satisfies hunger / Try new flavors
2. Quick to eat
3. Maintain energy levels

Cacique Fresh Cheese Cup alerted us to the potential challenge of consumer education on new spoonable cheese product

Concept #3

Areas for Improvement

- Emphasize nutrition facts such as high protein and no added sugar
- Normalize spoonable cheese by comparison to another "spoonable" dairy product
- Perhaps come up with a name for this style of smooth fresh cheese
- Presence of flavor will address consumer concerns about the "cheesiness" of the product

Naturally high in protein and low in sugar.

Not enough flavor varieties.

I am not sure that I would want to consume a lot of this cheese at once.

Recommendations

- **Move forward** with Spice Burst
  - See targeted suggestions that follow
- **Place hold** on Pop Pack & Cheese Cup
  - Consumer desire not as strong (especially for Pop Pack)
  - Don’t flood market with options that may cannibalize

Spice Burst - Forecast

We applied our analyses to formulate 4Ps targeting millennials with Cacique Spice Burst

Positioning Statement

For millennials looking to explore with their food, Cacique Spice Burst provides customized flavor perfect for an on-the-go lifestyle thanks to authentic spice combinations in a unique delivery system

Recommended price

$1.59

This price point is at a **slight premium** compared to existing yogurt snack cups indicating that the cheese cup is superior because of **added health benefits** and **customization**

We recommend reaching millennials with messaging via digital media and relevant retail channels

Promotion

- Launch digital media campaign to reach millennials where they already spend time to learn about new products
- Aid in overcoming hurdles to trial via in-store sampling
- Packaging should emphasize high protein and no added sugar

Placement

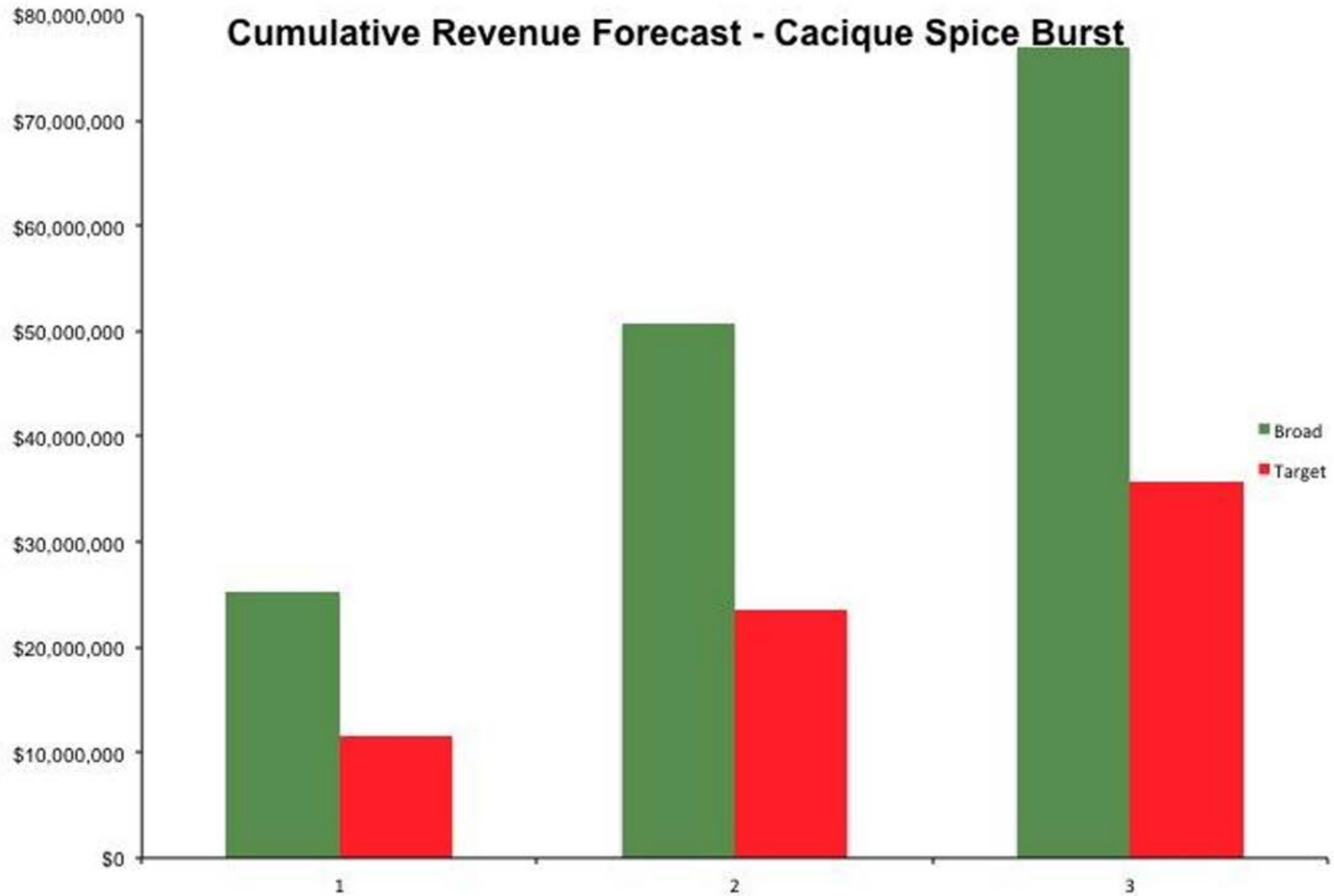
- Use placement in refrigerated dairy snack aisle to educate consumers
- Leverage existing retail partners and quality brand
- Expand to other Big Box retailers

We aim to mitigate uncertainties prior to the launch of Spice Bursts

	Uncertainties	Mitigation Steps
Consumer Interest	•Convincing consumers to try unfamiliar product (i.e. fresh cheese) & new form (i.e. spice pack) •Convincing consumers that our product is better tasting and healthier than existing dairy snacks	•Provide sampling and consumer education •Ensure flavor of cheese enjoyable on own •Ensure spice flavor combinations resilient to "human error" in mixing •Emphasize nutritional facts
Technical Feasibility	•Need to ensure we can produce technical requirements of packaging •Need to find right spice supplier to meet high quality and taste requirements	•Work with R&D to develop package prototype •Rely on existing supplier network
Competitor Response	•Competitors may replicate fresh cheese product •Competitors may venture into savory snacking •Competitors may replicate Spice Burst packaging design	•Consider patents on packaging •Leverage Cacique's brand •Focus on growing pie vs. fighting over share since innovative product will require consumer education for widespread adoption

Spice Bursts represent $77mn incremental revenue opportunity

Over 3 years, using ATAR Model (Awareness - Trial - Availability - Repeat)



Note: Revenue was estimated with a per-unit MSRP of $1.59 and assuming that distributor and retailers take 25%. In "Broad Population" estimate, population includes entire U.S. Population (Source: US Census Bureau 2014). In "Target Population" estimate, population includes millennial population less the percentage of population that is lactose intolerant (Source: U.S. Census Bureau; Physician's Committee for Responsible Medicine).

Based on our estimate selling between 10 and 21 million units in Y1

	Broad Population			Target Population		
Trial Volume	Base	Optimistic	Conservative	Base	Optimistic	Conservative
Population[1]	318,900,000	318,900,000	318,900,000	62,325,000	62,325,000	62,325,000
Awareness of product[2]	24%	36%	21%	33%	42%	30%
Trial Rate[3]	7.24%	7.24%	7.24%	10.63%	10.63%	10.63%
Distribution of product[2]	36%	42%	30%	40%	60%	36%
Triers	1,996,184	3,493,322	1,455,551	874,738	1,669,954	715,695
Number of Packages / Purchase[4]	1.51	1.51	1.51	1.51	1.51	1.51
Total Trial Volume	3,006,497	5,261,370	2,192,238	1,317,462	2,515,155	1,077,924
Repeat Volume						
Repeats / Year[5]	8	8	8	8	8	8
Total Repeat Volume	15,969,471	27,946,574	11,644,406	6,997,902	13,359,631	5,725,556
Year 1 Total Volume	18,975,968	33,207,944	13,836,643	8,315,364	15,874,786	6,803,480
Final Year 1 Volume[7]		**21,200,000**			**9,800,000**	

Note:

1. In "Broad Population" estimate, population includes entire U.S. Population (Source: US Census Bureau 2014). In "Target Population" estimate, population includes millennial population less the percentage of population that is lactose intolerant (Source: U.S. Census Bureau; Physician's Committee for Responsible Medicine).
2. Awareness of product and distribution of product were determined after discussion with client. Cacique has a household penetration of 8%. For the base scenario, we roughly multiplied by three since we are working with a population estimate instead of a household estimate.
3. See Schedule 1.A. Trial Rate Estimation.
4. See Schedule 1.B. Packages per Purchase Estimation.
5. See Schedule 1.C. Repeat Frequency Estimation. This estimation takes into account the 16% who do not anticipate repeat. Conservatively assume purchase of one unit per repeat. Consider that Cacique Spice Pack consumers were most likely to eat snacks multiple times a day.
7. Final Year Volume was calculated by taking a weighted average of all three scenarios. Weights determined by client conversation. Final volumes rounded to nearest hundred thousand.

We expect steady unit sales in Y2 and Y3

	Broad Population			Target Population		
Year 2 Projection	Base	Optimistic	Conservative	Base	Optimistic	Conservative
Year 2 Support Index	100%	105%	95%	100%	105%	95%
Year 2 Distribution Index	100%	115%	90%	100%	115%	90%
Year 2 Total Volume	21,200,000	25,599,000	18,126,000	9,800,000	11,833,500	8,379,000
Final Year 2 Volume[7]		**21,500,000**			**10,000,000**	
Year 3 Projection						
Year 3 Support Index	100%	105%	95%	100%	105%	95%
Year 3 Distribution Index	100%	120%	85%	100%	120%	85%
Year 3 Total Volume	21,500,000	27,090,000	17,361,250	10,000,000	12,600,000	8,075,000
Final Year 3 Volume[7]		**21,900,000**			**10,200,000**	
Total Volume Years 1-3		**64,600,000**			**30,000,000**	

Note:
7. Final Year Volume was calculated by taking a weighted average of all three scenarios. Weights determined by client conversation. Final volumes rounded to nearest hundred thousand.

Summary

Top Concept - Spice Burst - has the potential to open an incremental market and revenue for Cacique

Uniqueness: Not just a flavor player, but an *exploration* player, is new & innovative

Revenue Potential: Spice Burst has the potential to add $12mn incremental revenue to Cacique's top line in the first year

Projected financial outcome: We estimate ~10 million units sold in the first year, translating to ~$12 million revenue

4Ps: Placing Spice Burst against its main competitor - Greek yogurt - in the refrigerated dairy snack aisle will emphasize its uniqueness, higher protein & lower fat. Promote Spice Burst to millennials seeking exploration with digital/social media engagement and in-store sampling

Appendix

- Final Concept Statements
- Detailed Concept Test Survey Results
  - Demographics
  - Additional Concept Results
- 3-year Forecast Details
- Supporting Documentation for Final Recommendation
- Documentation of Opportunity Identification (from prior presentations)
- Documentation of Ideation Process (from prior presentations)
- Additional Industry Research

Final Concept Statements

Announcing Cacique Fresh Cheese Cup

A new generation of healthy dairy snack

Seeking a tasty dairy snack to revamp your tired yogurt routine? Cacique's new fresh cheese snack brings you a fresh, spoonable cheese that has a refreshing flavor and a smooth and creamy texture. This refreshing cheese snack is naturally high in protein and low in sugar and is made with rBST-free milk and fine sea salt.

Cacique is a family-owned company with over 45 years of experience producing quality authentic Mexican dairy products.

Reinvent healthy snacking with Cacique Fresh Cheese Cups

Price: $1.59 per 5.5 oz. cup

Introducing Cacique Cheese Snack Pop Pack

A ‘fun & go’ fresh cheese

Authentic fresh cheese is a fun and healthy snack but it’s difficult to eat when you’re on the go. Now you can enjoy your fresh cheese in a hassle-free option in the form of Cacique Cheese Snack Pop Pack, a convenient snack that is naturally high in protein and low in fat. Perforated small packs allow you to take as many or as few as you’d like. Simply pull back the cover, pop out the cheese, and enjoy – no prep, no mess, no dirty hands!

Cacique is a family-owned company with over 45 years of experience bringing you fresh, natural and nutritious cheese.

Enjoy this ‘fun & go’ healthy cheese snack anywhere, anytime.

Price: $3.99 for four 1.7 oz. pop packs

Introducing Cacique Spice Burst

Fresh, natural cheese with the flavors you can control

Current dairy snacks all come in the same, tired flavors and provide little opportunity to make them your own. Introducing a healthy cheese snack that you can customize with the spices you want. Press your choice of one, two, three, even four flavors on the lid to unleash new spices in a smooth, creamy and refreshing cheese. A spoon is included in each pack for a convenient, on-the-go snack. Our seasonings from around the world will add zest and spice to many different occasions!

Cacique is a family-owned company with over 45 years of experience bringing you fresh, natural and nutritious cheese.

Spoonable cheese customized to your flavor preferences.

Price: $1.59 per 5.5 oz. cup

Announcing Cacique Crunchers (Benchmark)

The Greek yogurt you love with a flavorful twist

We eat yogurt because it's good for us, but not because it's particularly fun or flavorful. Cacique Crunchers revamps the yogurt snacking experience. Bringing together unique flavor combinations that can be sweet or savory, along with the ability to add in the included mix-ins yourself, this new yogurt snack offers good-for-you snacking fun. Flavor options range from sweet to savory, including honey with glazed pecans, lemon with shortbread crumble, and carrot ginger with pistachios.

Cacique has been making authentic, fresh dairy products for over 40 years.

Snackable greek yogurt with new and exciting flavor combinations.

Price: $1.39 per 5.5 oz. cup

Detailed Concept Test Survey Results

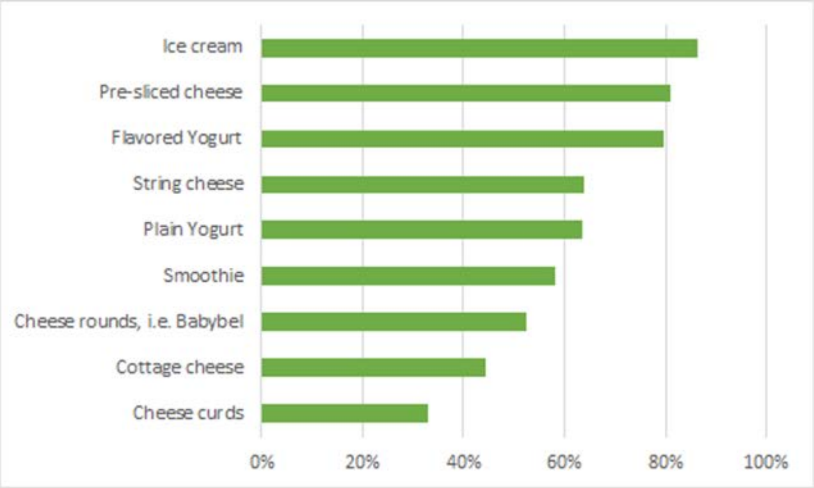
We began with 263 respondents but eliminated 18 that we felt were "bad data"

- Eliminated 18 data points due to:
  - Gibberish short answers
  - "Flat-lined" responses
- Survey took 15 minutes on average to complete

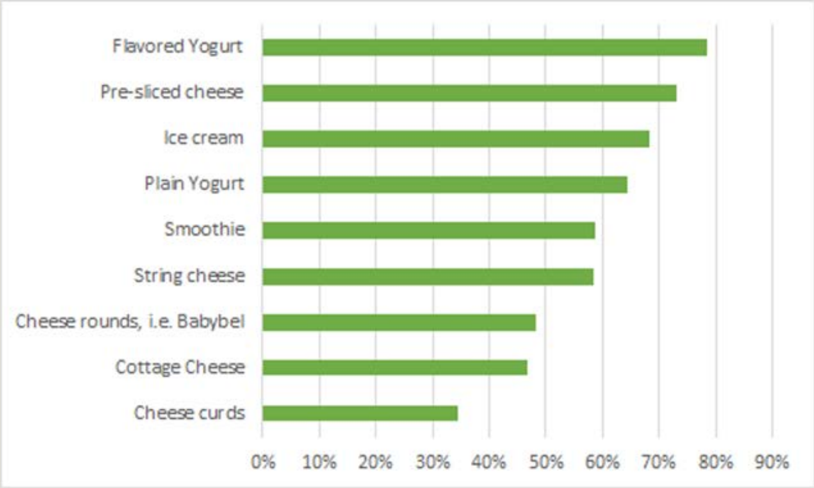
Survey respondents came from across the USA

Respondents reported most frequently purchasing and consuming: flavored yogurt, pre-sliced cheese, ice cream, and plain yogurt

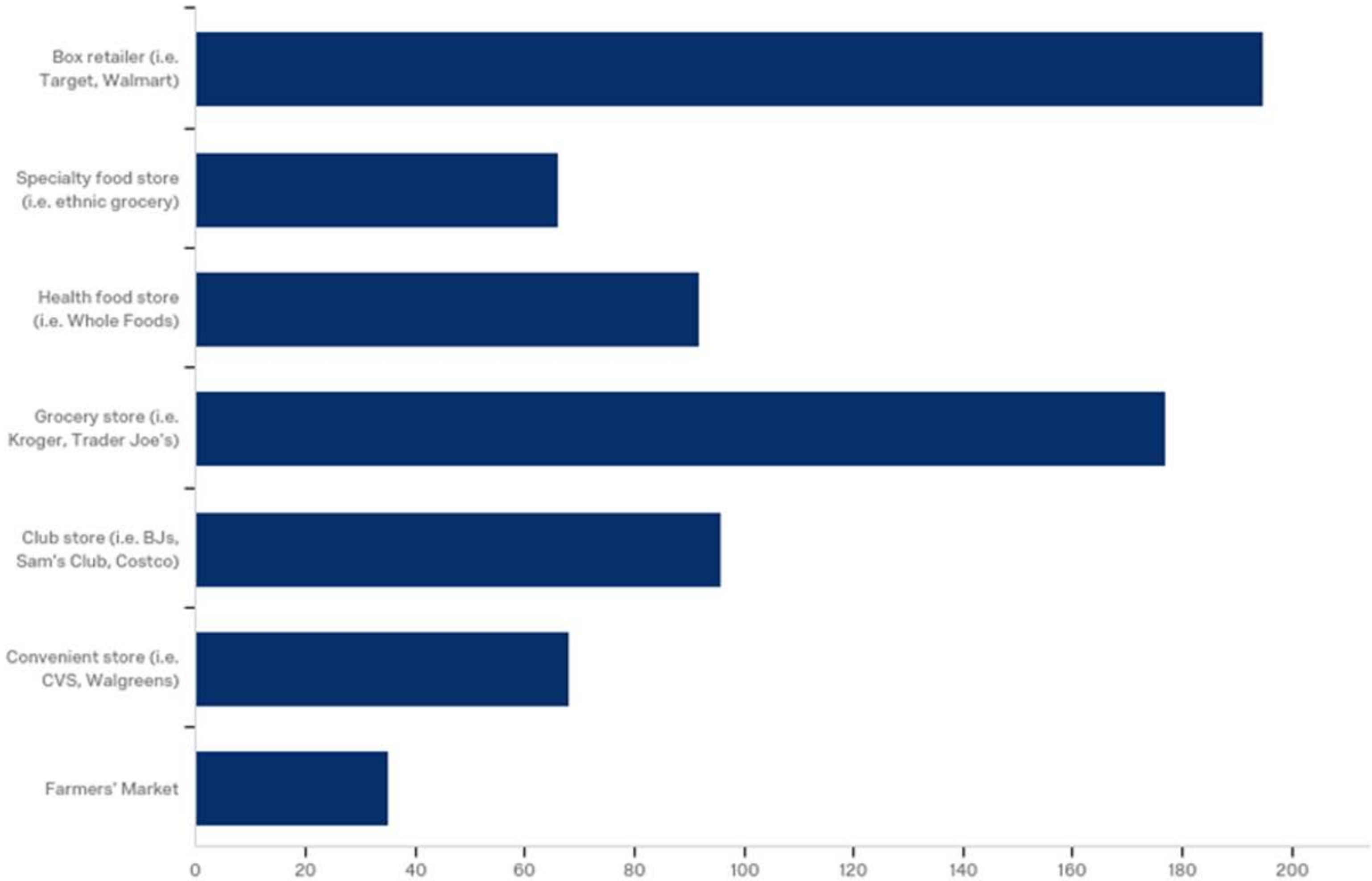
Majority of respondents reported purchasing more than one type of dairy snack within the past month



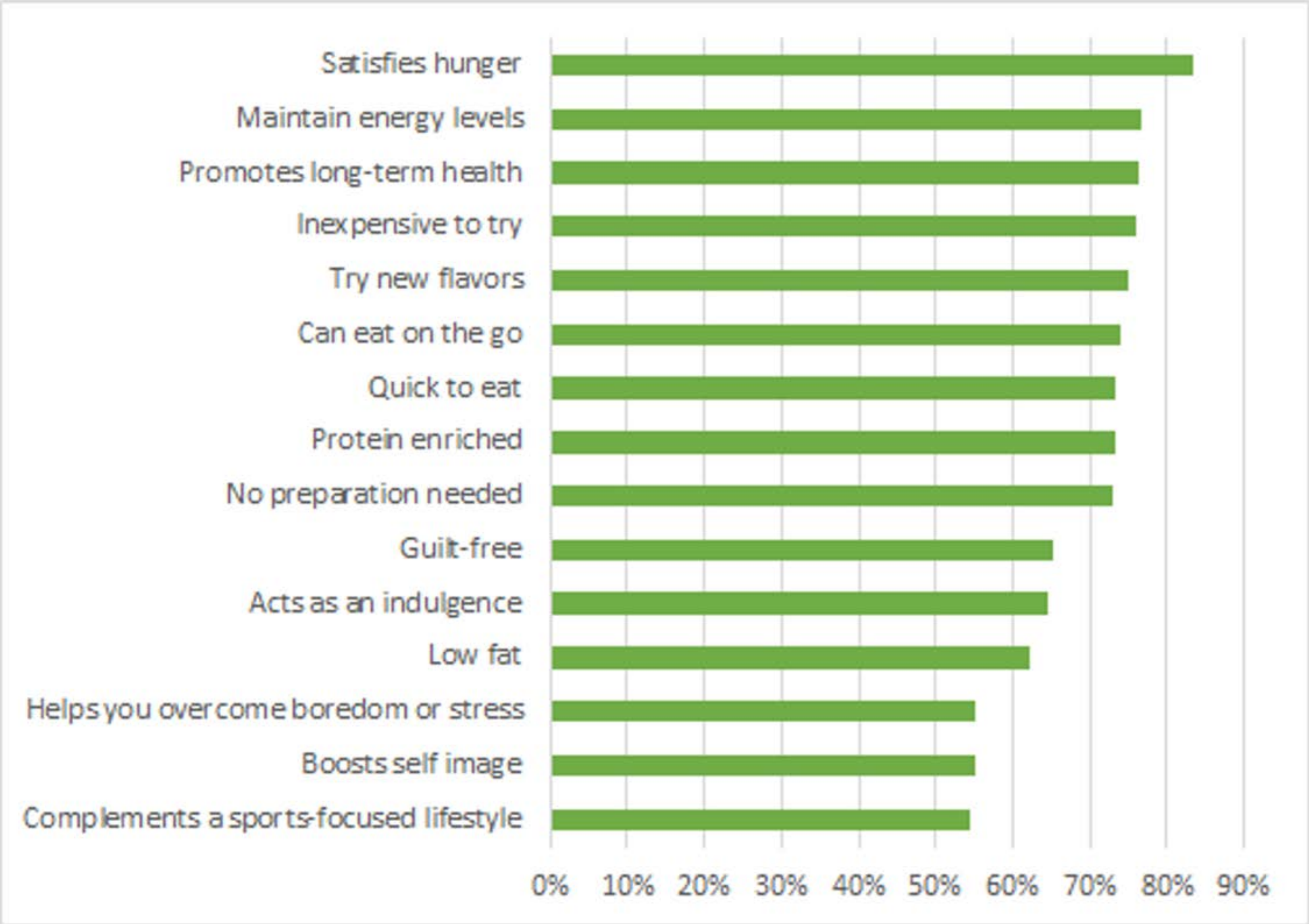
Respondents report consuming most dairy snacks at least once a week



Majority of purchases happen at box retailers and regular grocery stores

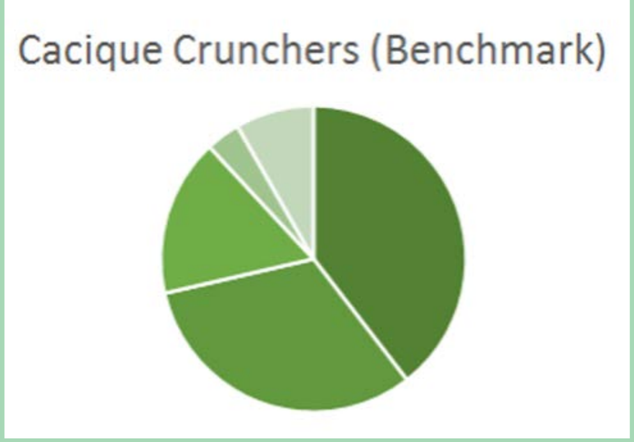


The majority of consumers placed our identified needs in the top 2 boxes, validating findings from interviews

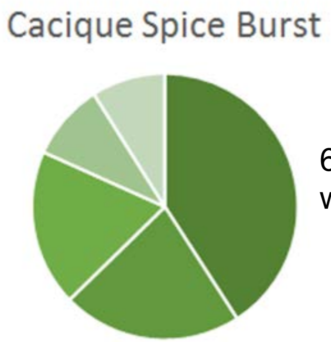


Although scoring slightly lower, consumer interest shows viability to launch new product

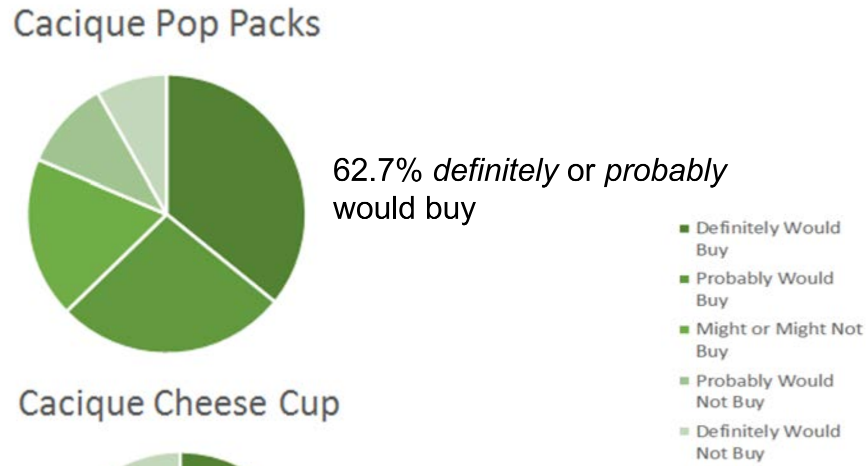
Benchmark Cacique Crunchers



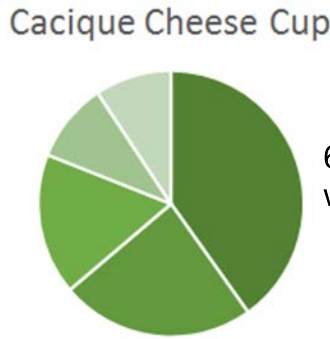
70.9% *definitely* or *probably* would buy



62.7% *definitely* or *probably* would buy

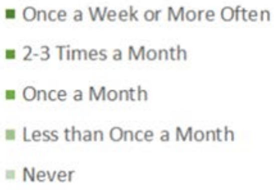


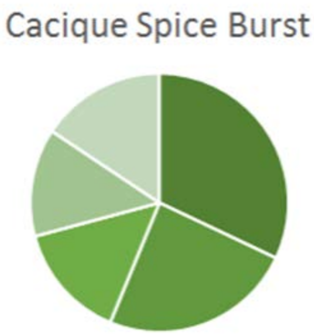
62.7% *definitely* or *probably* would buy



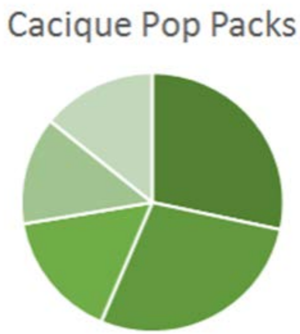
63.8% *definitely* or *probably* would buy

Respondents would purchase multiple times per month

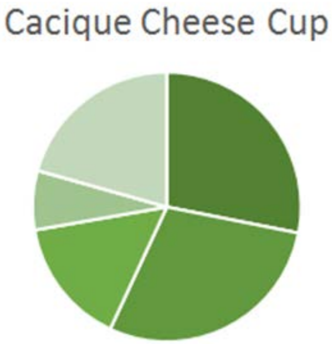




56.2% would buy multiple times per month

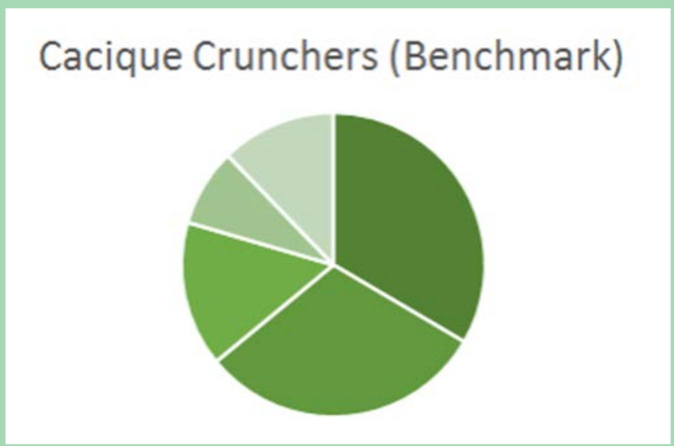


56.4% would buy multiple times per month



56.9% would buy multiple times per month

Benchmark
Cacique Crunchers

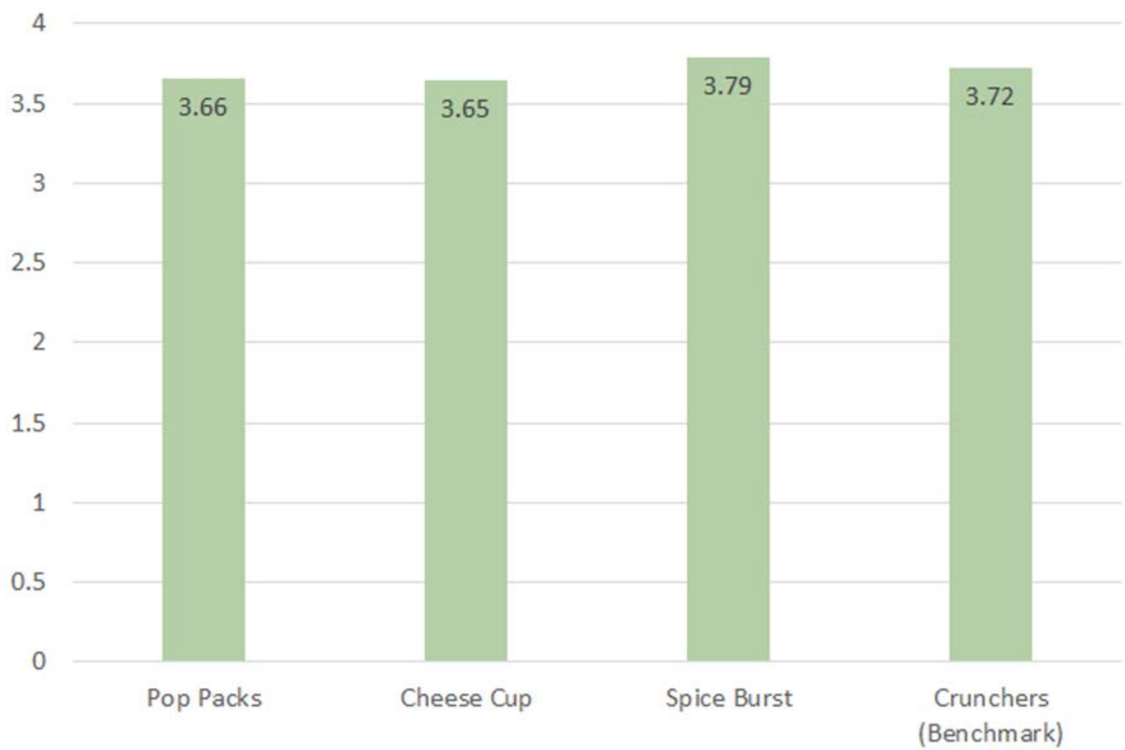


64.0% would buy multiple times per month

Although scoring slightly lower, consumer interest shows viability to launch new product

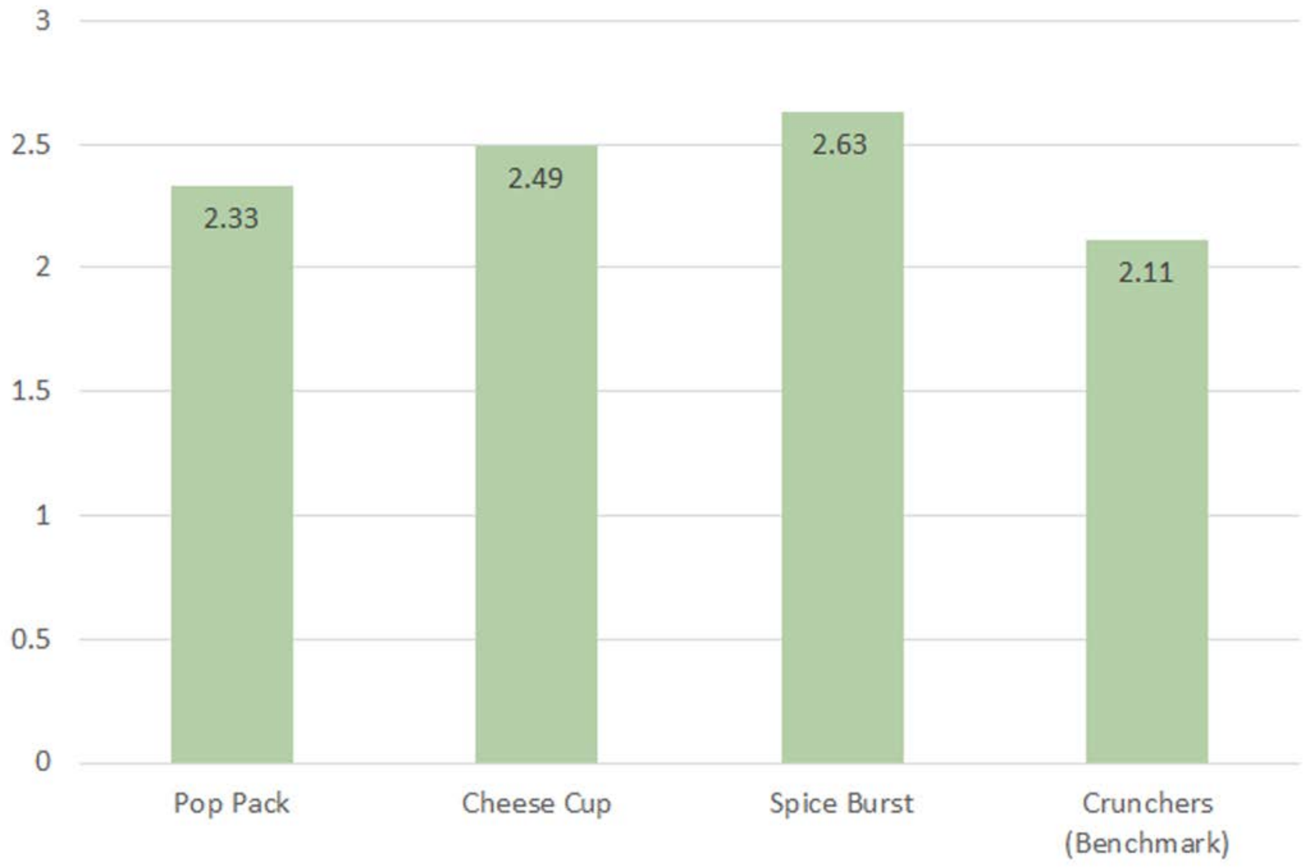
	Pop Packs vs Benchmark	Cheese Cup vs Benchmark	Spice Burst vs Benchmark
Concept and Benchmark given top 2 ranking	47.8%	52.7%	51.0%
Only Concept given top 2 ranking	12.2%	8.2%	9.8%
Only Benchmark given top 2 ranking	22.0%	17.1%	18.8%
Concept and Benchmark given bottom rankings	18.0%	22.0%	20.4%

Spice Bursts seen as doing something better than other current snacking options

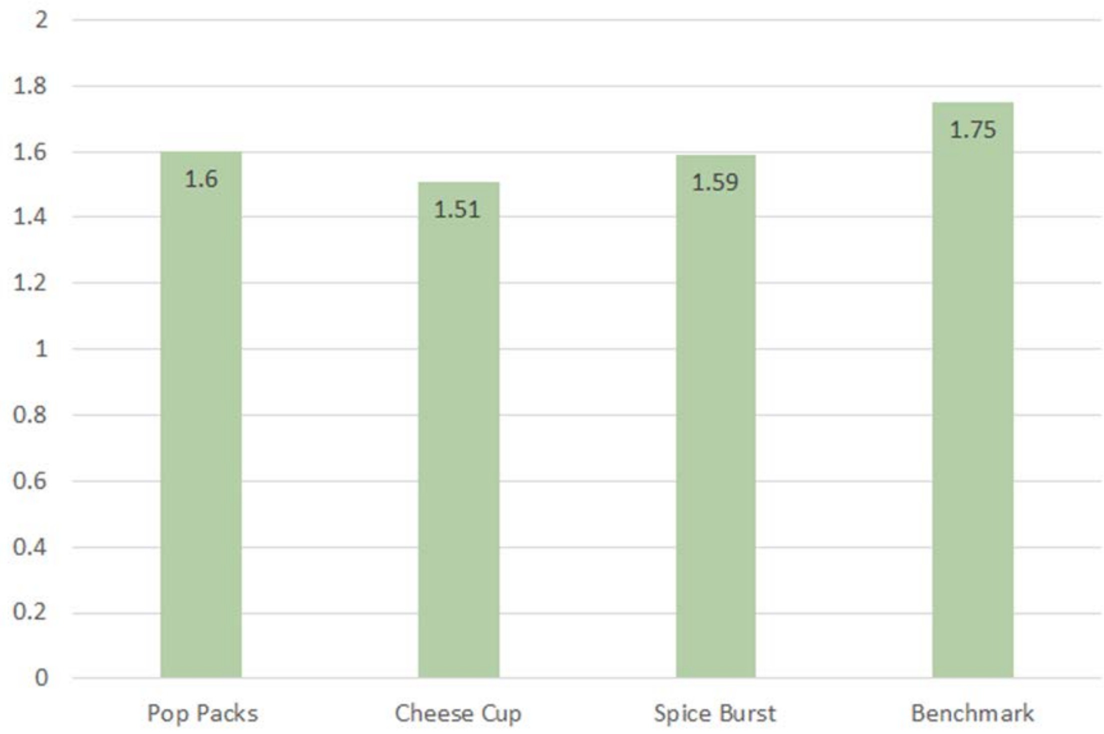


Ratings were given on a 5 point scale with 5 being the highest rating and 1 being the lowest rating.

Spice Bursts: perceived as having the fewest alternatives = unique



Respondents expected to purchase a similar number of units for each concept



Note: Only the results for the cheese cup were found to be statistically significantly different from the purchase intent for the Benchmark.

Spice Bursts: a new and inventive way to snack

- Extremely New & Different
- Very New & Different
- Somewhat New & Different
- Slightly New & Different
- Not at All New & Different

Cacique Pop Packs

60.3% say concept is *extremely* or *very* new and different

Cacique Spice Burst

74.0% say concept is *extremely* or *very* new and different

Cacique Cheese Cup

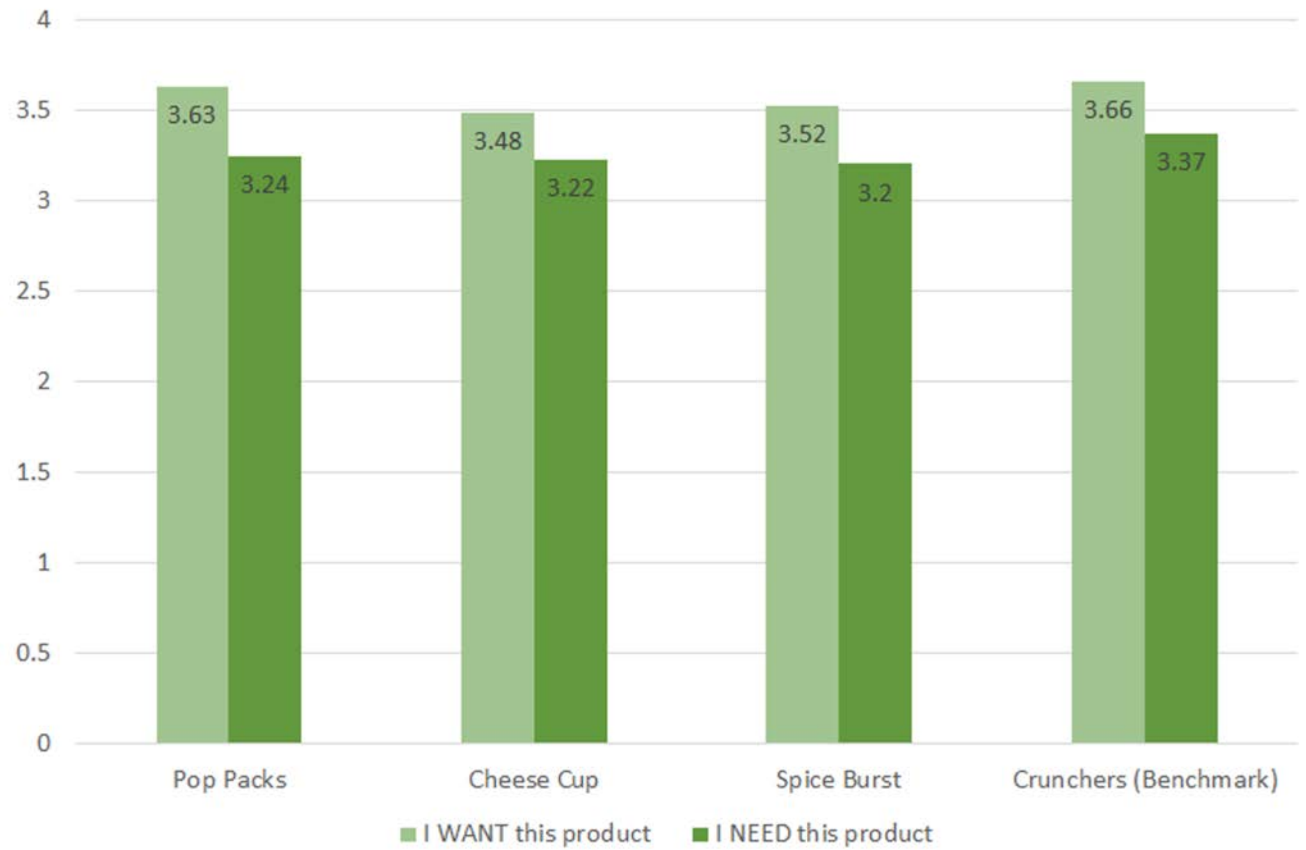
69.4% say concept is *extremely* or *very* new and different

Cacique Crunchers (Benchmark)

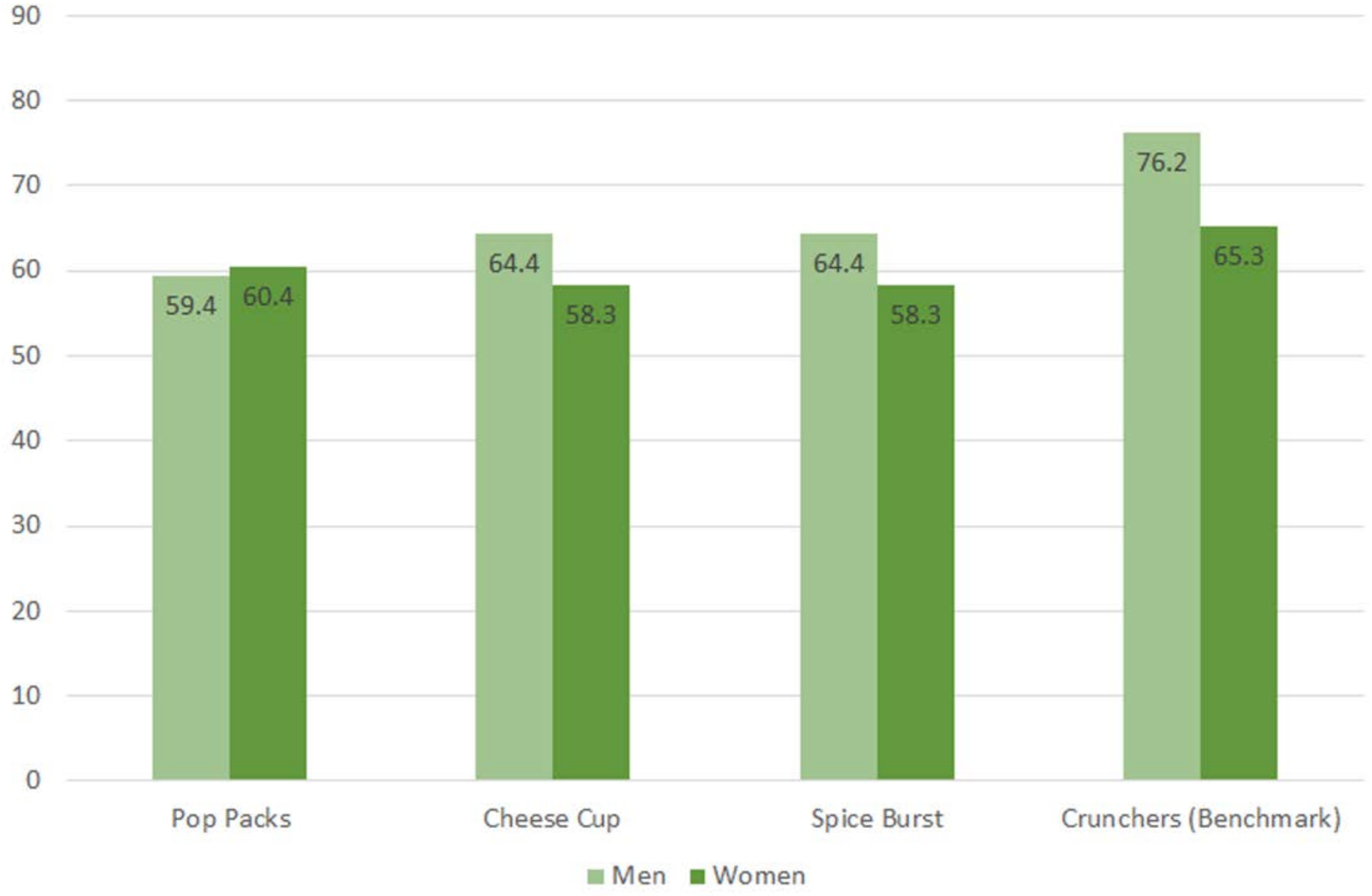
61.5% say concept is *extremely* or *very* new and different

Respondents felt like they wanted these products more than they needed them

This finding supports the idea that the concepts tapped into the "fun" snacking category.

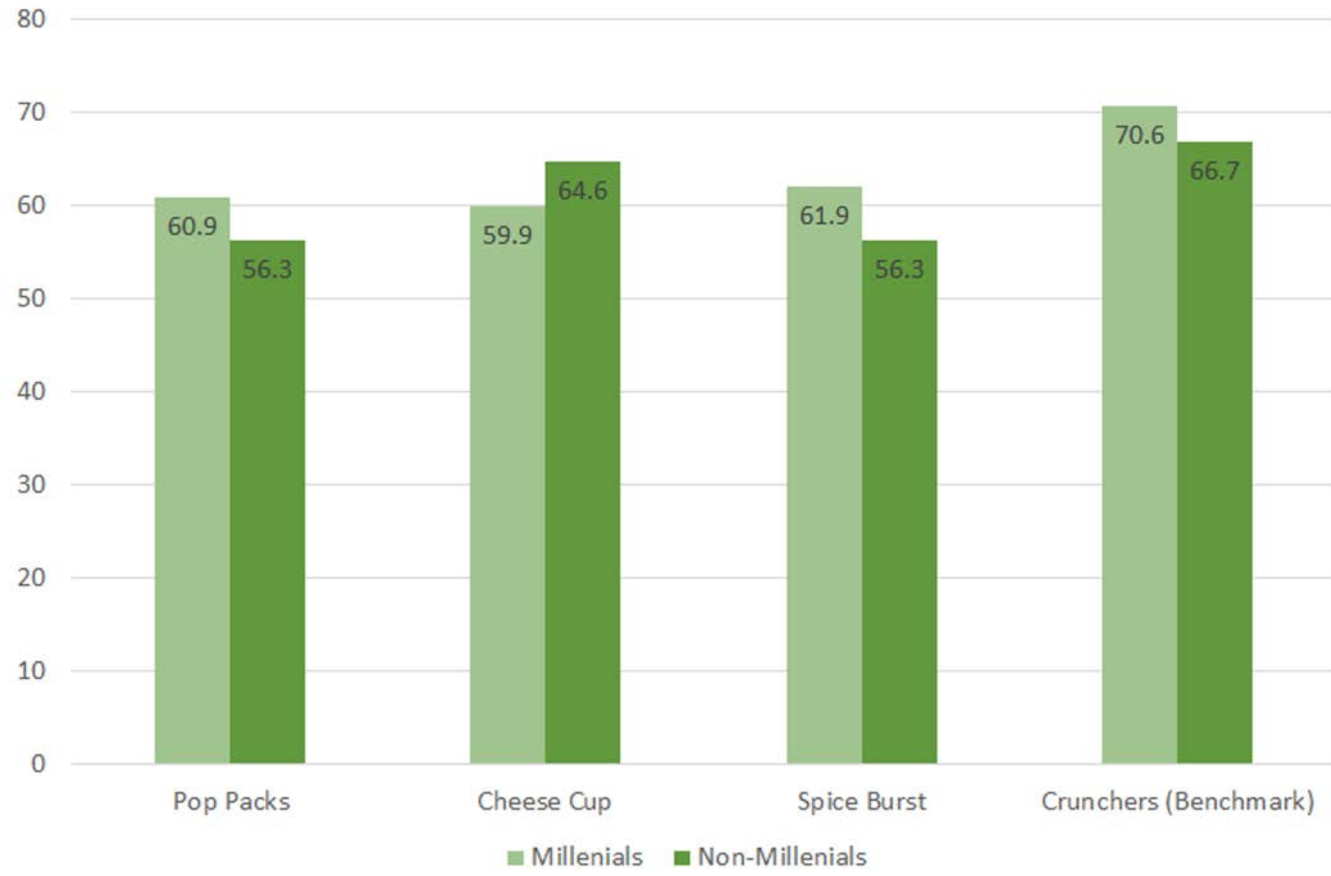


Purchase intent slightly higher in men - but results not statistically significant



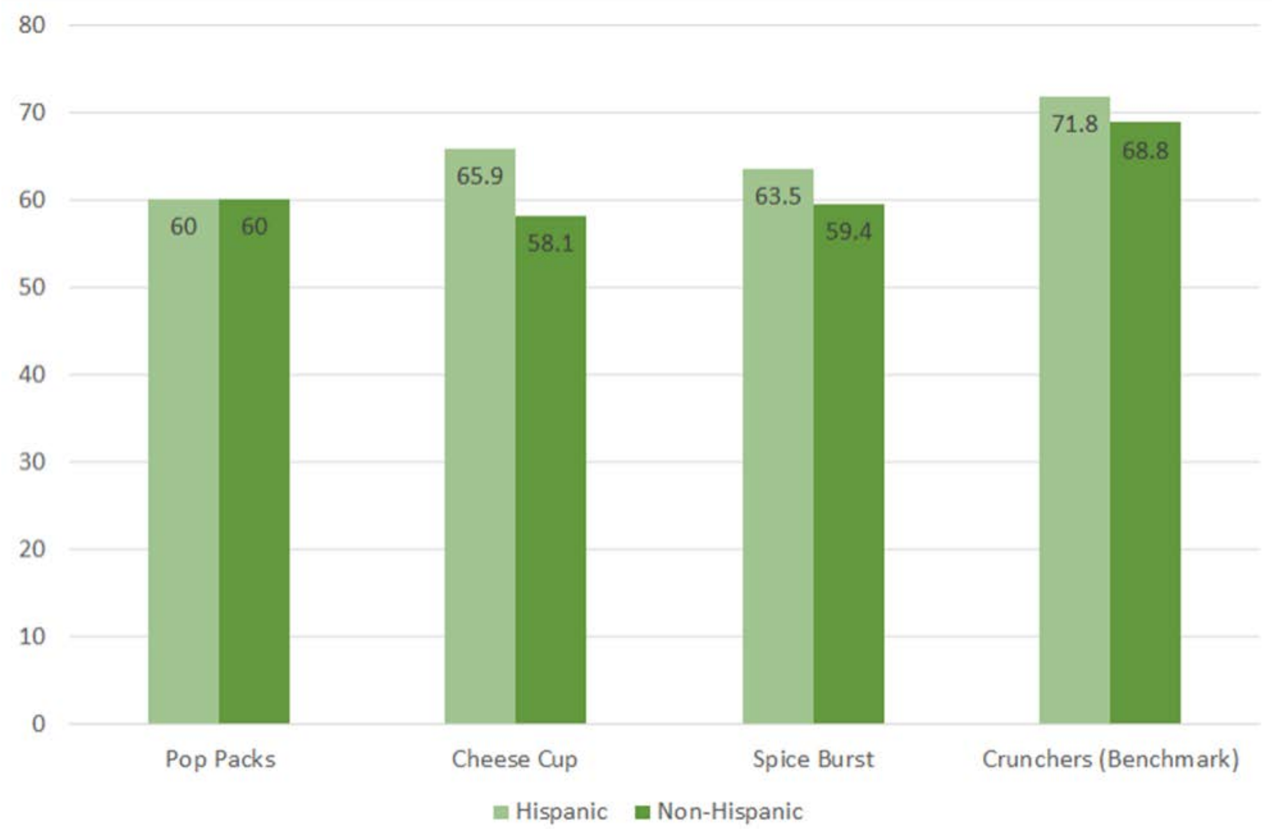
Graph depicts percentage of respondents in each category who indicated they were *extremely* or *very* likely to buy the product

Millennials showed greater intent to purchase for most product concepts



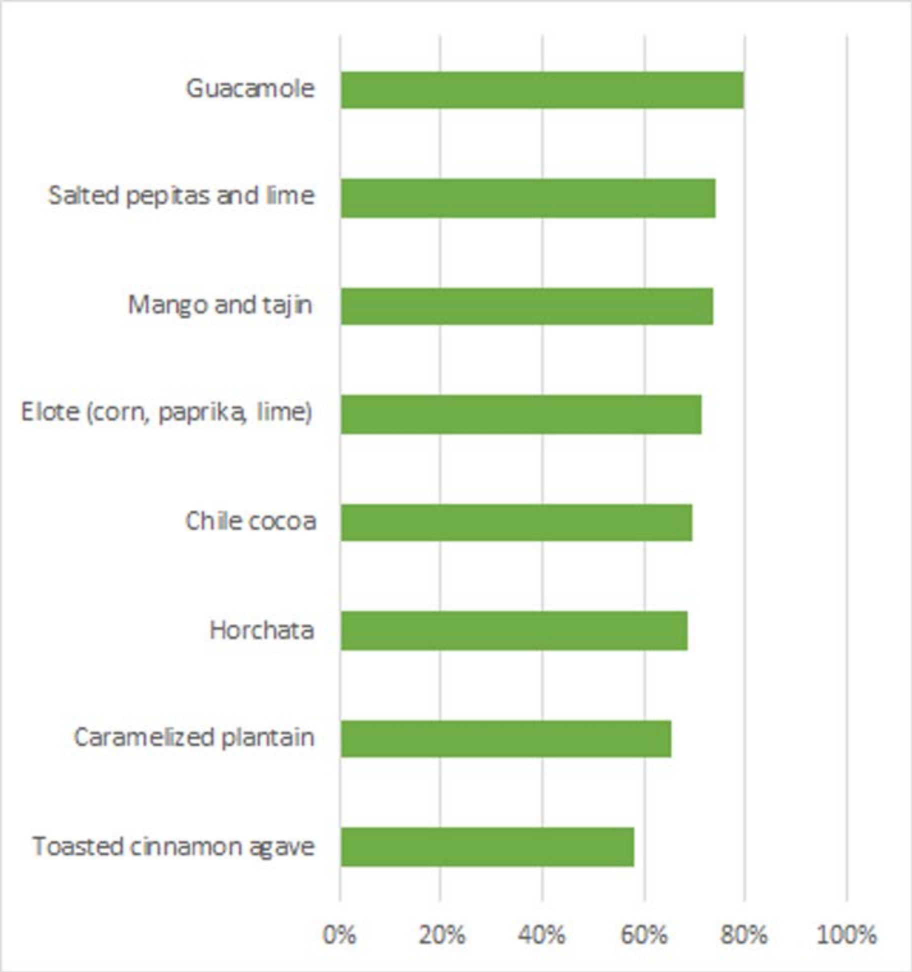
Graph depicts percentage of respondents in each category who indicated they were *extremely* or *very* likely to buy the product

Little difference in purchase intent between hispanic and non-hispanic markets - except with the Cheese Cup



Graph depicts percentage of respondents in each category who indicated they were *extremely* or *very* likely to buy the product

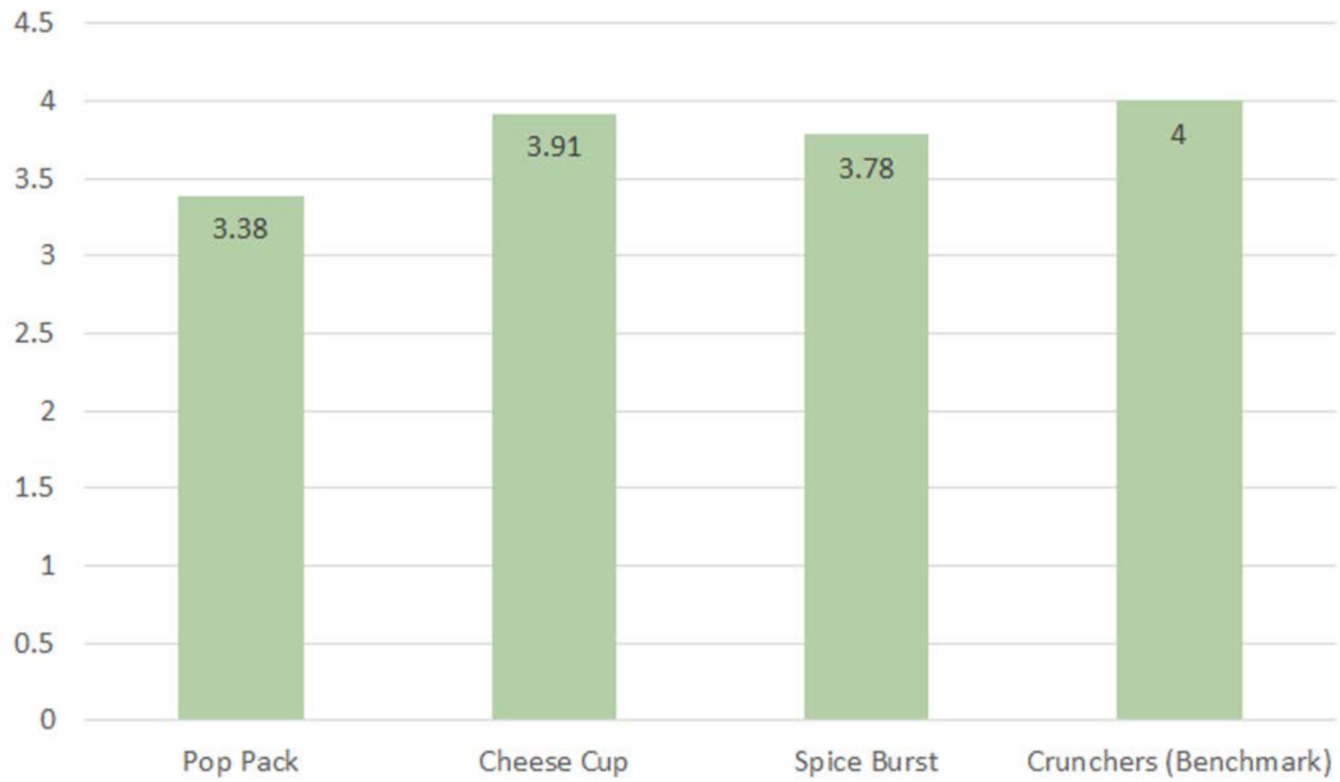
Guacamole, Salted pepitas & lime, and mango & tajin perceived as "most authentic" flavors among Hispanic and General survey takers



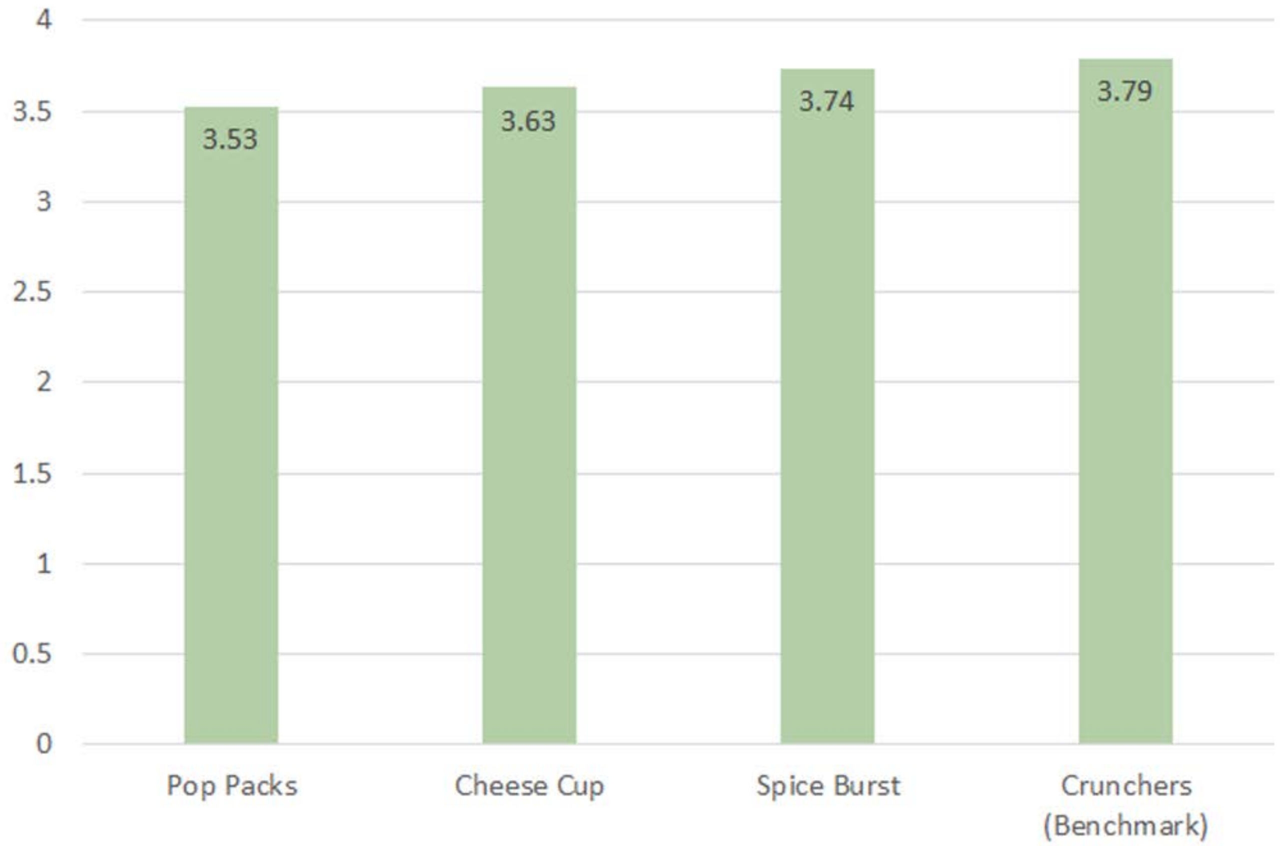
All Survey Takers
- Guacamole
- Salted pepitas and lime
- Mango and tajin

Hispanic Survey Takers
1. Guacamole
2. Mango & tajin/Elote (tied)
3. Horchata/salted pepitas & lime (tied)

Cheese Cup seen as best value for price



No concepts seen as offering something *in addition to* current product offerings



3-year Forecast Details

Volume Forecast for Cacique Spice Burst

Years 1 through 3

		Broad Population			Target Population		
	Trial Volume	Base	Optimistic	Conservative	Base	Optimistic	Conservative
[a]	Population[1]	318,900,000	318,900,000	318,900,000	62,325,000	62,325,000	62,325,000
[b]	Awareness of product[2]	24%	36%	21%	33%	42%	30%
[c]	Trial Rate[3]	7.24%	7.24%	7.24%	10.63%	10.63%	10.63%
[d]	Distribution of product[2]	36%	42%	30%	40%	60%	36%
[e]=[a]*[b]*[c]*[d]	Triers	1,996,184	3,493,322	1,455,551	874,738	1,669,954	715,695
[f]	Number of Packages / Purchase[4]	1.51	1.51	1.51	1.51	1.51	1.51
[g] = [e] * [f]	Total Trial Volume	3,006,497	5,261,370	2,192,238	1,317,462	2,515,155	1,077,924
	Repeat Volume						
[h]	Repeats / Year[5]	8	8	8	8	8	8
[i] = [h]*[e]	Total Repeat Volume	15,969,471	27,946,574	11,644,406	6,997,902	13,359,631	5,725,556
[j] = [g] + [i]	Year 1 Total Volume	18,975,968	33,207,944	13,836,643	8,315,364	15,874,786	6,803,480
[k]	**Final Year 1 Volume[7]**		**21,200,000**			**9,800,000**	
	Year 2 Projection	Base	Optimistic	Conservative	Base	Optimistic	Conservative
[l]	Year 2 Support Index	100%	105%	95%	100%	105%	95%
[m]	Year 2 Distribution Index	100%	115%	90%	100%	115%	90%
[n] = [k]*[l]*[m]	Year 2 Total Volume	21,200,000	25,599,000	18,126,000	9,800,000	11,833,500	8,379,000
[o]	**Final Year 2 Volume[7]**		**21,500,000**			**10,000,000**	
	Year 3 Projection						
[p]	Year 3 Support Index	100%	105%	95%	100%	105%	95%
[q]	Year 3 Distribution Index	100%	120%	85%	100%	120%	85%
[r] = [o]*[p]*[q]	Year 3 Total Volume	21,500,000	27,090,000	17,361,250	10,000,000	12,600,000	8,075,000
[s]	**Final Year 3 Volume[7]**		**21,900,000**			**10,200,000**	
[t] = [k]+[o]+[s]	**Total Volume Years 1-3**		**64,600,000**			**30,000,000**	

1. In "Broad Population" estimate, population includes entire U.S. Population (Source: US Census Bureau 2014). In "Target Population" estimate, population includes millennial population less the percentage of population that is lactose intolerant (Source: U.S. Census Bureau; Physician's Committee for Responsible Medicine).
2. Awareness of product and distribution of product were determined after discussion with client. Cacique has a household penetration of 8%. For the base scenario, we roughly multiplied by three since we are working with a population estimate instead of a household estimate.
3. See Schedule 1.A. Trial Rate Estimation.
4. See Schedule 1.B. Packages per Purchase Estimation.
5. See Schedule 1.C. Repeat Frequency Estimation. This estimation takes into account the 16% who do not anticipate repeat. Conservatively assume purchase of one unit per repeat.
7. Final Year Volume was calculated by taking a weighted average of all three scenarios. Weights determined by client conversation. Final volumes rounded to nearest hundred thousand.

Schedule 1.A.
Trial Rate Estimation

	Follow-through[1]		Concept 3 - Spice Packs		
	Broad Population	Target Population	Purchase Intent[2]	Broad Intent	Target Intent
Definitely Would Buy	70%	80%	8.16%	5.71%	6.53%
Probably Would Buy	15%	30%	10.20%	1.53%	3.06%
Might or Might Not	0%	5%	20.82%	0.00%	1.04%
Probably Not	0%	0%	23.27%	0.00%	0.00%
Definitely Not	0%	0%	37.55%	0.00%	0.00%
			Trial Rate	**7.24%**	**10.63%**

1. Follow-through estimated based on Nielsen recommendations.
2. Qualtrics Survey Results.

Schedule 1.B. Packages Per Purchase Estimation

Response	Respondents[2]
0	39
1	97
2	62
3	19
More than 3	28
Average Package Per Purchase	**1.51**

1. Qualtrics Survey Question text: "How many units would you buy the first time you purchased this product?"
2. Qualtrics Survey Results.

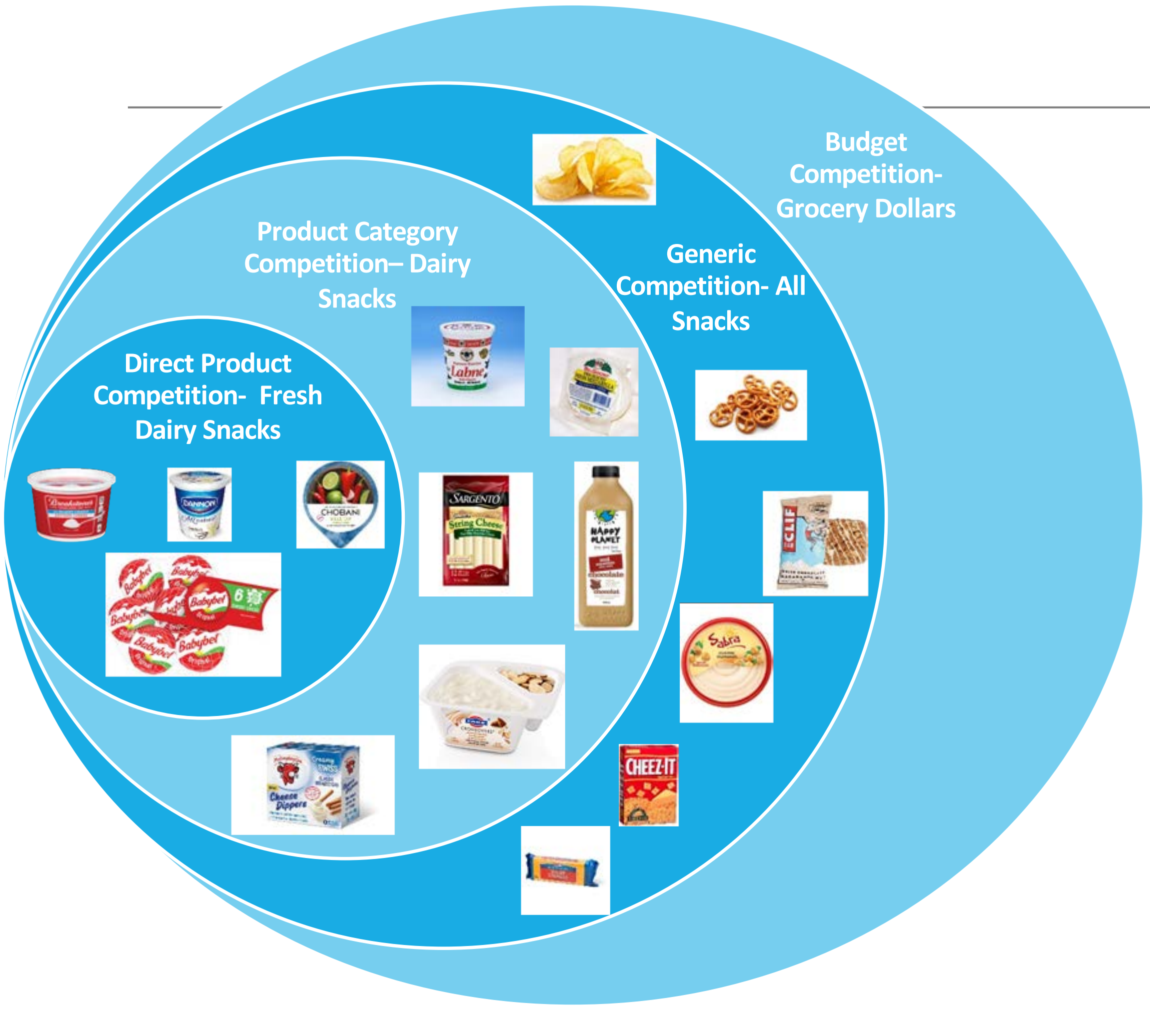
Schedule 1.C.
Repeat Frequency Estimation

Response	Respondents[2]	Percent Surveyed	Repeats / Year[3]
Once a Week or More Often	72	29%	18
2-3 Times a Month	56	23%	8
Once a Month	40	16%	4
Less than Once a Month	38	16%	1
Never	39	16%	0
Average Packages Per Year[3]			**8**

1. Qualtrics Survey Question text: "How often would you buy this product, if ever, if it was available where you shop?"
2. Qualtrics Survey Results.
3. Repeats / Year was reduced by 65% to control for survey overestimation.

Documentation of Opportunity Identification

Levels of Competition



- The dairy/snacking space is fairly crowded
- Some white space exists in a few key areas:
  - Savory snacking
  - Fun snacking

Analysis of Healthy and Convenient Space

Less Fun

More Fun

Sweet

Savory

Dairy Snack Affinity Diagram

Snack as Therapy	Functional Convenience (snack)	Good For You	Health	Explore
Overcome negative feelings	No preparation needed	Prevent guilt	Complement sport-focused lifestyle	Try new foods
Indulge and celebrate	Fits workplace environment	Boost self image	Promote long-term health	Low-cost trial
	Quick to eat	Achieve peer validation	Satiety of meal	
			Maintain energy levels	

Dairy Snack Detailed Affinity Diagram

Primary / Strategic Need	Secondary / Tactical Need	Tertiary / Detailed Need
Snack as Therapy	Overcome negative feelings	• Snack as a stress reliever • Overcome boredom
	Indulge and celebrate	• Indulge • Not feel guilt about food choice • Healthy indulgence
Functional Convenience (snack)	No preparation needed	• Easy to eat • No chopping • No preparation • Not gross to prepare • Safe and manageable by children
	Fits workplace environment	• Proximity to work • Accessible • Compatible with work schedule • Time requirements
	Quick to eat	• Individual portions and packaging • Utensils included or not required at all

Dairy Snack Detailed Affinity Diagram

Primary / Strategic Need	Secondary / Tactical Need	Tertiary / Detailed Need
Good For You	Prevent guilt	• Avoid feeling gross (bloat and discomfort) after I eat • Feeling good afterward • Not feeling bad (guilt) after I eat
	Boost self image	• Food that fits my life philosophy • Need to fit persona of self
	Achieve peer validation	• Social acceptance
Health	Complement sport-focused lifestyle	• Recover after workout • Replenish body after workout
	Promote long-term health	• Promote long-term, all-body health benefits
	Satiety of meal	• Satisfy hunger • Feel the right amount of fullness
	Maintain energy levels	• Need high energy afterward • Meals give me low energy

Dairy Snack Detailed Affinity Diagram

Primary / Strategic Need	Secondary / Tactical Need	Tertiary / Detailed Need
Explore	Low cost trial	• Satisfy hunger or craving • Feel the right amount of fullness • Size that I finish consuming or don't feel regret not finishing
	Try new foods	• Multiple Flavors and add-ins • Explore substitute flavors and habits • Explore child to new flavor • Cuisine-inspired explorers

Food Constraint Detailed Affinity Diagram

Primary / Strategic Need	Secondary / Tactical Need	Tertiary / Detailed Need
Vegetarian	Natural, meat-free source of nutrients	• Cheese provides a high level of protein, difficult to get as vegetarian • Increases energy levels • Satisfies hunger for longer than many vegetarian meals • Perceived as natural/good for you
	Meat-free indulgence	• Healthy indulgence • Meal add-on for taste • Care strongly for animal rights but cheese is exception • Cheese adds excitement to veg meals, which can get boring
Allergy / Intolerance	Replacement	• Satisfy hunger • Known to be high in protein and fat • Easy to add for taste when substituting for a constraint
	Adjustment to new diet	• Prevalent snacking habit to to feel fuller, compensating for constrained food groups • Easy-to-prep and easy-to-serve helps adjustment as new foods are explored • Cheese/dairy product an immediate go-to for celiac as it is easily discerned to be safe from gluten • Different textures and tastes adding to snack variety • Healthy snack and replacement – desire to enforce good snacking habits during adjustment period

Voice-of-the-Customer Quotes: Snacking and Functionality

"I lead a very busy life, and most of my life is sitting at a computer. My main mode of snacking is eating a little bit while I work."

Kevin, PhD candidate in Mechanical Engineering

"I want something that I can eat without being judged for eating at work, so I look for snacks that look like liquid. I can bring fluids on my rounds but can't actually eat food. This way I can actually eat breakfast."

Kristine, Medical School Student

"My go to snack is a banana. I don't like to snack on apples because they just take so much effort, you know? Like you bite into one and then it starts turning brown and gets juice everywhere and you can't set it down. And if you want to cut it into slices then you need to get a plate and a knife which is too much of a commitment."

Jesse, Iron Man Athlete

"Whether it [snack] is for when I pick them up from school or at home, it has to be handleable by the boys and individually wrapped."

Maylena, Babysitter

Voice-of-the-Customer Quotes: Flavor and Fun

"As a snack I will eat lactose-free Yoplait but unfortunately it only comes in two flavors. If there were more flavors I would probably try them. Sometimes I add peanut butter to the yogurt to make it taste better."

Matt, Lactose Intolerant

"When I make an appetizer I usually try to personalize it because I want people to feel welcome. If I make it myself it shows that having them over was planned and not just thrown together last minute."

"The boys [~1.5 years old] like Gogurt because they can hold onto it and feed themselves. They also love string cheese...they like playing with the cheese and just flopping it around."

Alicia, Pregnant Mama on Bedrest; Mother of Twin Boys

"I just want to grab the Babybels from the bin at work. They are fun to eat because they have that wax tab thing and they peel out of the package so perfectly. I like that they are bite-sized too."

Jesse, Iron Man Athlete

Voice-of-the-Customer Quotes: Health

"I eat extra protein on days I run. I try to avoid meat. For example, cottage cheese is a great way to get protein. If there were protein-enhanced cheese, I would definitely buy that over anything else in the grocery store, as long as it wasn't overly processed or tasted weird."

Kevin, PhD candidate in Mechanical Engineering

"I don't view cheese or sour cream from a health view. I just eat it because it tastes good. I know if I didn't get it it would be better for me but I get it because it tastes better."

Daniel, Accountant

"I'm not counting calories, so it's [added sugar] not a huge deal to me but it is a general thought in the back of my head "is this the healthiest choice that I could be making?" That thought makes me second guess myself."

Jesse, Iron Man Athlete

"I'm on the go a lot and end up eating a lot of take out... That''s a bad thing because it tastes good but isn't healthy. "

Omar, Security Guard

Interviewees have developed workarounds but few are truly satisfactory

Lactose-free yogurt doesn't taste great...
Matt enhances his with peanut butter

Cheap, vegetarian protein is hard to get...
Kevin eats a gallon of hummus a month

Cheese is an indulgence…
Natalie adds just a small amount of very flavorful cheese to a meal

It's hard to find time for food during a busy day as a nurse...
Kristine sneaks meals by drinking smoothies

Cooking and clean-up is just too much work...
Jesse eats snacks from work as a makeshift dinner

The boys need a snack that they can grab and handle themselves
Maylena feeds snacks that are individualised, low-mess and safe for young children to handle

Documentation of Ideation Process

Complete List of Ideas Generated by Need (1 of 3)

Need: Snack as Therapy

Packaging that you can write your name on
Wrapping disintegrates in your mouth (similar to rice candy)
Push-pop
Cute shape
Pillow
Innovate on packaging- fun ways to make ingredients
Pop-top to release mix-ins
Cheese globs in a cup (Think 'nibs')
Signature packaging/marketing (i.e. french bulldog ears)
Hidden in a toy
Art kit, scrape with crackers
Cheese tube (potentially frozen)
Breaded balls
Whipped/fluffy
Custard/mousse dessert alternative line
Playdough
Change taste/color as consumed

Complete List of Ideas Generated by Need (1 of 3)

Healthy
Daily portioned (e.g. juice cleans)
mix in green veggies (kale)
Gummy/chew
Super foods like "chia" to feel healthy
Protein enriched (approx. 15 g category)
Vitamin cheese (infused with vitamin a, c, etc.)
Pineapple and cheese, like cottage cheese

Good for You Food
Healthy dip (to go with tortilla)
Spread on bread

Exploration
Molecular gastronomy/Cheese juice ball
Regional flavors
Cheese filled with fruit
Cheese puffs
Pop in your mouth
Layers
Add texture, like kale chips, yucca, etc.
Cheese cup with space pack on top/add in one or multiple flavors so customizable
Ice cream

Complete List of Ideas Generated by Need(1 of 3)

Functional Convenience
Temperature steady packaging
Various sizes for different needs
Easy stacking in fridge
Reusable outer case with multiple single packs that you replace
Double wrap layer cheese
Pod ribbon- ravioli size
Capri-sun
Cheese Tube ala Gogurt
Wrapped cubes (like stock cube)
Straw
Built in spoon
Packet (pull open to bowl/plate)
Toothpicks
Packaging doesn't require full snack consumption, i.e. eat half now
2 buckets, one with cheese and one with veg sticks
Paper wrapping
Insulated containers so longer time outside fridge
Cheese sandwiched by fruit/vegetable so no touching required
Easy squeezy protein
Popout cheese, like a blister pack/bubble wrap/edamame pack

Total Number of Ideas: 55

Screening Criteria and Idea Evaluation

- **How Well Product Addresses Consumer Needs (Total Weight = 80%)**
  - Functionality (16%)
  - Health (16%)
  - Good for You (11%)
  - Snack as Therapy (9%)
  - Explore (8%)
  - Does product meet needs that are currently unmet/meet needs better than existing products? (20%)
- **Market Attractiveness / Competitive Differentiation (Total Weight = 10%)**
  - Number of Competitors / Differentiated Product (5%)
  - Attractiveness of Market / Opportunities for Penetration (5%)
- **Strategic Fit (Total Weight = 5%)**

Top 10 Ideas (1 of 2)

	Description / What Is It	Primary Benefit
Cheese cup with spice packs on top to mix in 1 or multiple	Individual portion-sized cheese cup that has 3-4 separate spice packs in the top. Consumers can add one or more spices to the cheese to customize the flavor	Consumers can customize their snacking experience with flavors from around the world
Pop-out cheese, like bubble wrap	Small portions of cheese in bubble wrap-like packaging. Depending on consistency of cheese, cheese ball can "pop" out of the packaging like a blister pack or the top can be peeled back like on goat cheese logs. Perforations between each bubble make it easy to take exactly as much cheese as you'd like with you.	Bubble packaging provides a fun and convenient way to eat a healthy snack
Highly functional cheese cup (Insulated container, built-in spoon)	Individual portion-sized cups have extra insulation, so the snack can be kept without refridgeratation for longer	Packaging makes this a convenient grab-and-go snack, no need to pack it in anything or bring a utensil
Healthy dip, to go with kale chips, tortillas, etc	Individual portion-sized cup of cheese dip with chips of kale/tortilla/other pourable into the dip. This ensures crispy texture maintained for chips	Provides a healthy alternative to popular dips like queso
Multiple regional flavors/spicy mix-ins (potentially toasted cinnamon agave)	These flavors will draw inspiration from Spanish and Mexican heritage. They will give the consumer a variety of different and authentic flavor combinations to explore.	Consumers can explore Latin American flavors and vary their dairy product snacking consumption routine

Top 10 Ideas (2 of 2)

Protein enriched (approx. 15 g)	Simple cheese cup (styled like a yogurt cup) that is enriched with extra protein	Extra protein refuels your body and keeps you feeling full longer
Cheese balls filled with flavor/pop in mouth	Truffle-sized cheese balls with different flavours inside. Balls can be coated with edible casing to maintain shape and make it fun to pop into your mouth	Consumers can eat with one hand an indulgent and flavorful, yet healthy, snack
Push-pop	Plastic, cylindrical container with a "push up" mechanism that delivers the cheese without the need to touch or prepare	Push-pop container makes it easy to eat cheese with one hand while on the go
Cheese globs in a cup	Marble-sized balls of the soft cheese that hold their shape in a cup with a lid that would fit in a cupholder. Similar concept to Nestle Dibs.	Bite-sized cheese pieces allow for fun snacking, convenience, and portability

Additional Industry Research

Dairy Product Industry

Estimated Size

- $103 B annual revenue
- Projected annual growth of 2.4% from 2016-2021
- Cheese production makes up 43.4% of industry (largest product segment)

Snacking Trends

- Growing interest in more unconventional dairy products (kefir) and dairy alternatives (nut milks)
- More brands looking to play in this space to offer healthier options
- “Clean labels” increasingly important

Snacking Industry

Estimated Size

- $38.2 B annual revenue
- Projected annual growth of 1% from 2016-2021
- Yogurt and natural cheese in top 10 US snacking groups
    - Categories grew by 3.3% and 2.6%, respectively, in 2015

Snacking Trends

- Average American consumes 2.7 snacks/day
- Savory and salty snacks gaining popularity
- Increasing preference for fresh snacks
- Healthy snack growth outpacing growth of indulgent snacks (3.8% vs 3.4%)
- Increasing number of Americans view snacking as meal substitute

Recent packaging trends support on-the-go consumption

- Millennials are motivated to try new products, with packaging that allows them to eat their food on-the-go

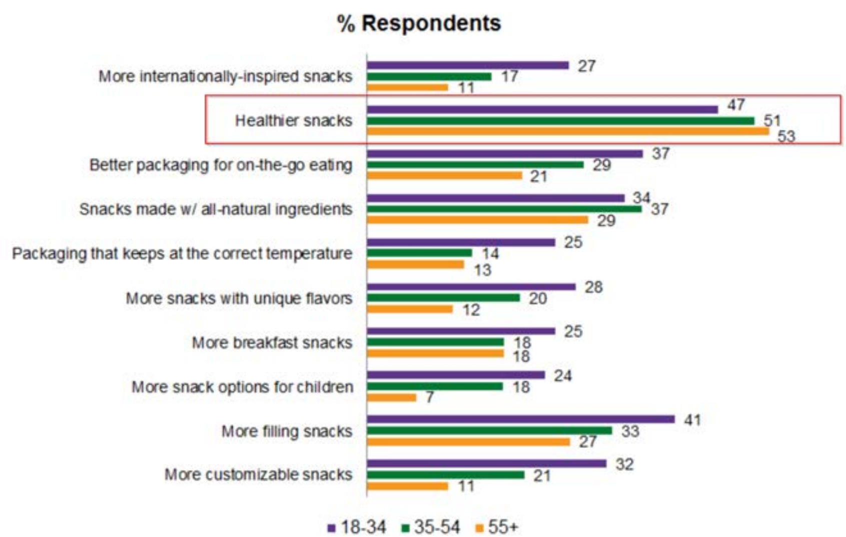
- Other packaging qualities consumers prefer:
  - Re-sealable
  - Easy to open
  - Ability to see contents
  - Takes up minimal storage space

Snacking is a massive market, with health and emotions influencing purchase decision

Health is the #1 snack purchase motivator

FIGURE 2: SNACK PURCHASE MOTIVATORS, APRIL 2016

"Which of the following offerings would motivate you to purchase more items from a specialty snack shop? Please select ALL that apply."

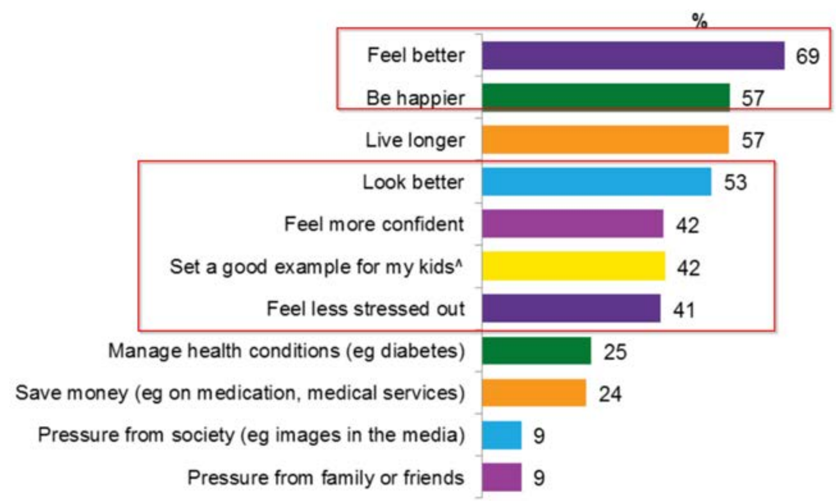


Base: 1,368 internet users aged 18+ who have purchased food or drink from a specialty snack shop in the past three months
Source: Lightspeed GMI/Mintel

Consumers are tapping into emotional reasons to motivate themselves to live a healthy lifestyle

FIGURE 6: REASONS TO BE HEALTHY, OCTOBER 2016

"What motivates you to try and live a healthy lifestyle?"



Base: 2,000 internet users aged 18+
^ base: 840 internet users aged 18+ who have children
Source: Lightspeed/Mintel.

SOURCE: MINTEL