



# **The Junk Box: Project Report**

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# Market Research Report

## Snack Industry

The snack industry in the United States is constantly evolving, with revenue in this market amounting to \$101,100 million in 2020. The market is expected to grow annually by 1.7% (CAGR 2020-2025). It is predicted to grow due to the rising youth population, increasing demand for fast and functional foods, and an increasing urban population. However, with diminishing disposable income and high unemployment rates caused by the pandemic, spending on snacking - among other things - might be severely affected. Nevertheless, snacking has become a core component of our daily lives. More consumers are eating smaller meals out of convenience, straying away from the conventional meal structure. To provide some statistics to outline this point, the number of individuals who eat 5 or more snacks a day rose from 11.5% in 2016 to 14.2% in 2017, suggesting a gradual upward trend over time in snacking habits. Mid-afternoon snacks tend to be the most popular, with 67% of individuals saying they snack then, compared to 58% of them who eat in the evening and 45% who have late night snacks. In this report, we carry forward the definition of the snack industry to be composed of three broad categories - cookies and crackers, potato chips, and tortilla chips, flips, and pretzels.

## Competition

We identified the following businesses that operate in the industry for snack care packages:

- Snack Box USA
- Amazon
- CraveBox
- Snack Box Canteen
- Pantry Shop by PepsiCo
- Crafty in a Box

These companies place their customers at the epicenter of their business model, allowing them to craft personalized and customized snack packages. Freedom and flexibility to select and customize snack packages seems to be of utmost importance to consumers - and understandably so, because of different tastes and preferences. In addition, most of these companies also sell household or mainstream brands that customers are well-acquainted with. Your approach to including snacks authentic to Chicago makes them unique. However, for you to gain popularity outside of the Chicago market, we believe that the snacks included in your packages should be well-marketed. Consumers should be aware of what they are purchasing and shouldn't be discouraged from buying simply because they are unfamiliar with the snacks. SnackBox promotes some care packages as being specifically suitable for particular universities, despite the products being standard. However, we feel that you can take inspiration from this concept. You could conduct surveys and establish focus groups to understand popular

snacks based on college, location, and general tastes and preferences across a demographic and region.

## Industry Trends

### Health

The pandemic has shifted snacking priorities from convenience to consciousness. Prior to the pandemic, consumers sought food that they could carry on-the-go to meet the needs of their hectic lifestyles. Once the pandemic began, people continued to snack - but this time, they grew more conscious about their diet and moved towards healthier alternatives. Thus, the pandemic exposed the importance of nutrition and maintaining a balanced diet even when snacking. Consumers have been searching for healthier snacks for a while, on the heels of plant-based diets, going dairy-free and sugar-free, and eating organic. 81% of Gen Zers surveyed by Food Service said that they seek convenient and healthy foods that they can consume at any time. And since you aim to target the military industry, it would be a good idea to add some savory healthy food into the mix, since so much food on most military bases is bland. Overall, healthy snacks in the “macrosnack” category saw a 2.2% decrease in sales in 2017 whereas indulgent macrosnacks saw an increase in sales of 2.5%. Specifically, protein snacks are a huge driver of revenue in the snack food industry today, experiencing 582% revenue growth in 2017.

### Comfort Food

Contrary to those growing health conscious, some consumers seem to be turning to indulgent foods (cookies, salty snacks, and ice cream) during the pandemic. This helps them cope with stress and bring some joy into their lives during at-home confinement. In the week of March 8 to 15, 2020, these core snacks saw a 39% increase in dollar sales. Potato chips saw a 2.9% sales bump, while crackers experienced a 10% increase. The search term of ‘snacks’ has seen an increase of 82% over the past 12 months, drawing in 301K monthly searches. Searches for ‘cereal bars’ have jumped by 22%, while queries for ‘popcorn’ and ‘cakes’ have doubled.

### Ethics, Environment, and Marketing Tips

67% of college students surveyed by Food Service agree that they would spend more on snacks with ethical origins. Younger people are increasingly advocating for going plant-based and supporting consumption that is cruelty-free. Compostable and recyclable packaging are helping to boost appeal amongst students who want the convenience of go-to items but simultaneously seek to reduce their environmental footprint.

## Changes in Consumer Behavior Since COVID-19

Generally, food and beverage companies have witnessed a reduction in consumption from their customers and are also struggling because of supply chain disruptions, causing many chains to move their inventory to retail stores. Customers’ at-home consumption has increased, but their out-of-home consumption has decreased. It is predicted that once COVID-19 is under control, out-of-home consumption will gradually rebound, but it will not be immediate. You should analyze your sourcing strategies, analyze the products you want to sell, and check how the

respective products' supply chains are doing. Pricing and promotion strategies might also reduce costs.

Your business model is well-suited to the growing use of digital technology and subscription services that have arisen due to the pandemic. Snack companies may lose traditional impulse purchases made in-store because more people are ordering online and avoiding time spent in stores. There has been an increase in the popularity of snack subscriptions within the last 12 months, as evidenced by an 85% yearly increase in searches for them. In addition, citizens are presently supporting small and local-owned businesses to help them brave through the pandemic.

## **Potential New Markets**

### Individuals and Snacks

In addition to continuing to target college students and those in the military, we'd suggest also targeting marketing efforts towards busy professionals since more and more people are eating snacks in between meals each day. And to quickly rehash some of the snack trends mentioned throughout this report, mid-day snacks are most popular, followed by evening and night snacks.

### Locations

Outside of Chicago, we suggest expanding to the cities with the most densely populated amount of college students and the cities with the most military bases.

The most densely populated cities, with regards to college students are, from top to bottom:

- Los Angeles
- New York City
- Boston
- Philadelphia
- Dallas
- Houston
- Atlanta

And the top ten military towns are:

- Pensacola, Florida
- Virginia Beach, Virginia
- Washington DC
- Tacoma, Washington
- Honolulu, Hawaii
- Anchorage, Alaska
- Charleston, South Carolina
- Colorado Springs, Colorado
- San Diego, California
- Monterey, California

## **Conclusion**

Your company should raise awareness about your snack items to familiarize your customers with your array of products. It is imperative that you distinguish yourselves from competitors by presenting a balance of health and wellness along with comfort, while also incorporating some features adopted by competitors, such as allowing customers to customize their snack packages.

Additionally, it is crucial that you have a strong marketing presence compatible with mobile devices, as one part of your target market is college students. 46% of this market spends their time browsing the Internet on their phones, and 43% of them work on their tablets pretty consistently. Post pandemic, personal interaction as a marketing tactic is also important, since companies like Redbull have achieved fame among college students through regularly dropping off crates of their energy drink at universities. Most of all, packaging that is resealable will be a great asset to any marketing efforts because on-the-go-snacking that preserves the freshness of the food will be essential.

# Social Media Action Plan

With social media being a huge marketing utility in today's day and age, we would definitely recommend returning to Instagram and any other platforms you feel comfortable with. It's important to note though that the interface has specific pros and cons, and being aware of these could potentially affect our action scheme in some way, shape, or form. As a result, outlined below is our suggestion based on the company's current standing and our own research/experience with the app. Hopefully, and by the end of this report, your team can take the necessary steps that follow the plan either loosely or strictly based on how comfortable you feel with it.

Firstly, it's important to get the brand out there. Getting your products out in the open can be primarily done through posts, and we recommend you do so about 2-3 times a week. If you plan to use Facebook Lead Marketing: the more meaningful your posts, the larger and more diverse your viewerbase will be. Keep in mind though that quality and quantity should be balanced, otherwise the Lead Marketing tool will be void and produce less than optimal results. To put this into perspective, using the right hashtags (using tools like Hashtagify, Talkwalker, Sproutsocial, etc.), visually appealing pictures, smart and meaningful captions, diversity in the types of posts (ex. products, customers, community, etc.), and even promoting forms of user engagement all make a difference. In the end, we want traffic to be directed towards the page itself (and eventually the website whose URL will be on the page's bio), so including a good amount of content that builds the page's overall aesthetic will be important.

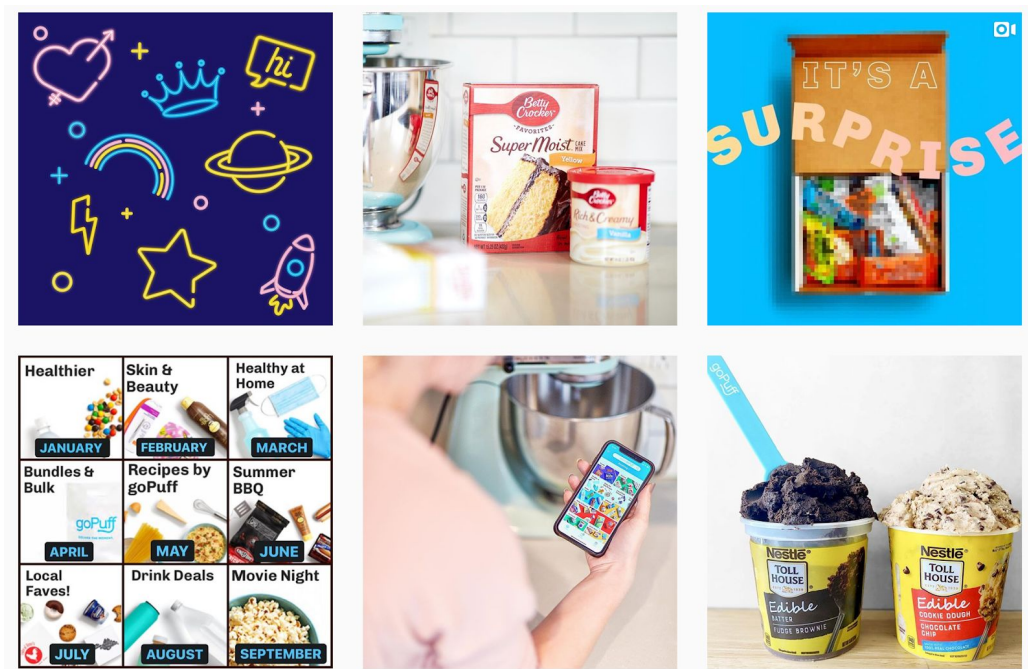
## Hashtags

Right, so let's get down to the nitty gritty. We first recommend you use the hashtag tracking tools we mentioned above (Hashtagify, Talkwalker, Sproutsocial, etc.) to find about 30 hashtags that gain traction per each post. Perhaps ~10 hashtags that are 1M+, ~10 hashtags that are 100K to 1M, and ~10 hashtags that are less than 100k. Having this variety will allow you to pop up in larger feeds along with communities that are medium sized and/or small-knit. It's not against the rules to reuse these hashtags, but keep in mind that if you are trying to target a different demographic at a certain time, changing up what you have will give you access to varying viewer pools. Some examples of relevant hashtags that we found were: #carepackage, #covid, #love, #giftbox, #nostalgia, and #happy. One final note before moving on, it's important to note that when searching for the popularity of hashtags on these tracking sites, you select Instagram since the default is usually Twitter.

## Design/Aesthetics

Moving on to the designs and pictures themselves, keeping a minimalistic yet consistent aesthetic is a pattern that other professional companies like to use, as it will promote customer trust and authenticity to your brand. In other words, we recommend that Junk Box take newer pictures of their products with a higher end camera and/or utilize photoshop to highlight certain

aspects of their current photos. Attached below is an example of one company (also small/medium sized) that enforces what we talk about:



Though the 2nd and 6th photos are quite simple, the background that they were taken in and the focus on the products themselves bring definition to the page and encourage the user to believe that the company is professional enough to purchase from. As a result, if your company were to follow suit, then having these sorts of pictures would not only build the page's aesthetic, but also encourage viewers to click on your posts through the Facebook Lead Marketing scheme. Additionally, it's a fact that 60% of the best-performing brands on Instagram use the same filters each and every time they post. So try out a few filters and then stick to one that gives your content a distinct look and feel so that your followers can recognise and relate to it. Attached at the end of this report are some designs that you can use as leverage to get things moving!

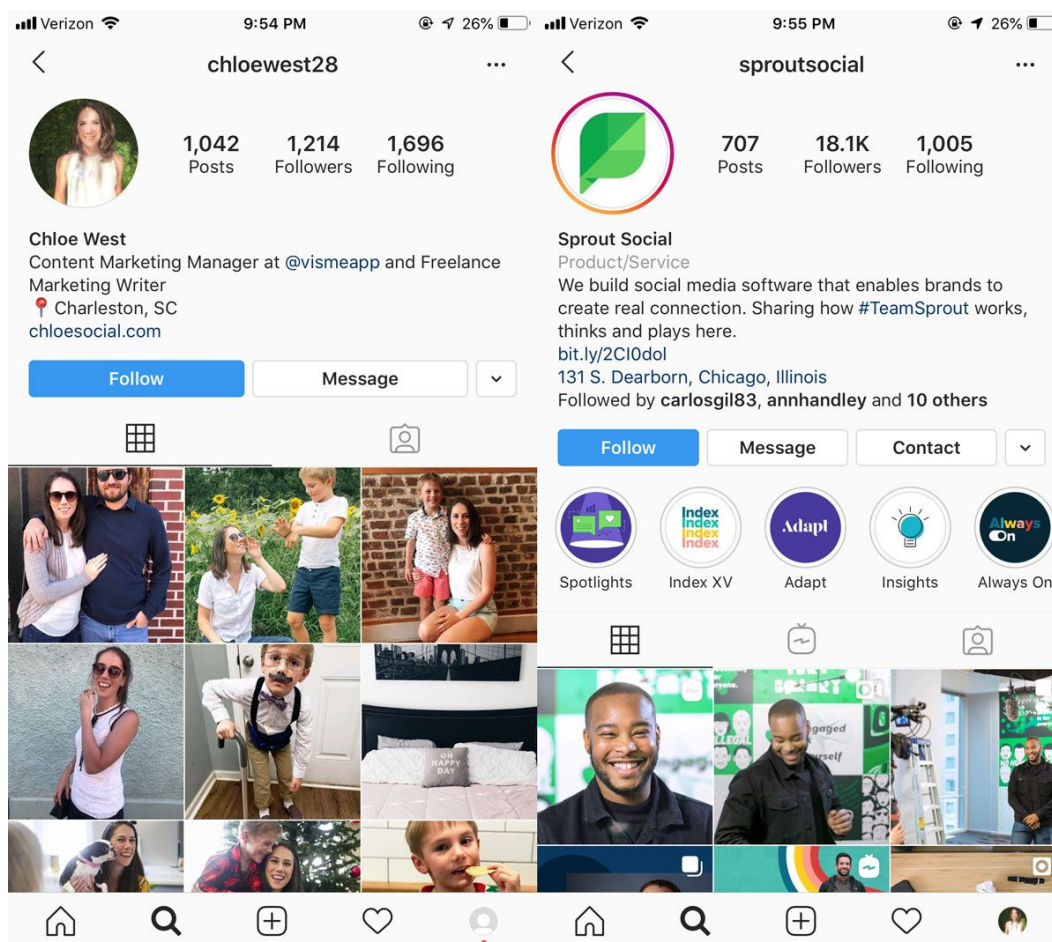
## Post Diversity

Another thing that the collage above has that we talked about in the previous paragraph is having a variety in the types of posts. It shows people a different side to your company while also giving more definition, and some ways you can do this are pictures of your community (Chicago), customers receiving your products, the communities of your target demographics (specific colleges campuses and/or military bases), previous Youtube videos of unboxings, advertisements on your guys' subscription plans, holiday content, customer reviews/comments on your website, etc. It all comes down to creativity, and though we included a few examples with our own posts, having an open mind and being able to think outside of the box will be key.

Don't be afraid to look at what other brands are doing and feel free to gain inspiration from their pages! Everyone's building off of each other, so we might as well too.

## Stories

Just as an additional thought, it will also be in your best interest to utilize Instagram's fairly new Story feature. Though this isn't related to the Lead Marketing interface in any way, having small messages, updates on inventory/shipping, upcoming promotional details, hosting customer polls, getting feedback with questions/answers, and more would show users that your company is active and posting content. We advise that you add to your story at least once everyday or every two days, but optimally multiple (2-3) times every 24 hours. Not only can this add to your consistent theme, but it also brings the page to "life" in a way. It's funny how these small design additions can change our perceptions huh?



As you can see, a page with Stories feels a little more alive and in-depth! Definitely a tool to get short messages across.

Remember to use hashtags in your Stories, just like you would in regular Instagram posts. With Stories, you can use broader and more popular hashtags, as long as they are relevant to the content you're posting. If you were to add a quick snap of someone, you also have the option to tag them (this however, will be expanded upon in a later section). Additionally, and one last



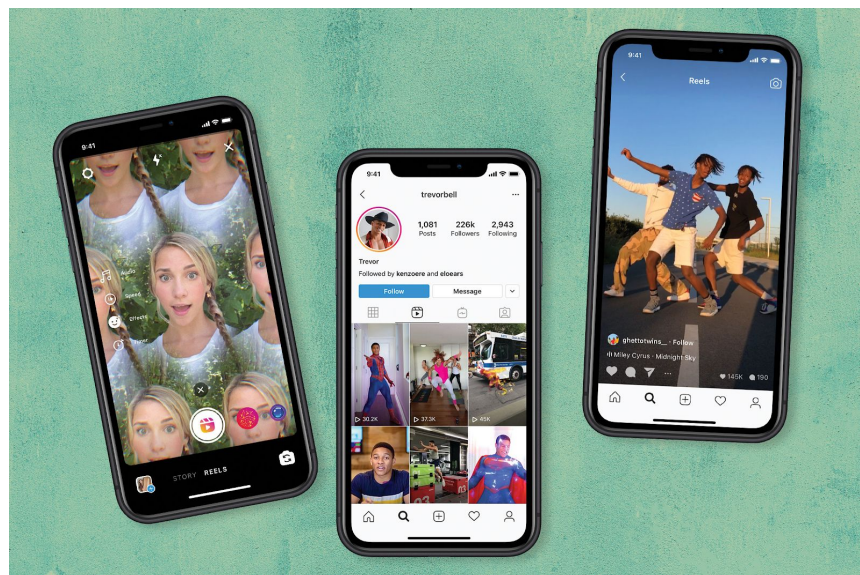
detail, notice how you can view older stories a company's previously put out right below the Follow, Message, and Contact buttons. These small circles can address a lot of areas your viewer base is interested in knowing more about, all while adding to your consistent page layout (that we mentioned in the previous section). As a result, it's important to caption these with meaningful yet concise phrases/words to not only get the viewer's attention quickly, but also add to your simple/minimalistic aesthetic.

## User Engagement (Tagging)

Pertaining to user engagement, it really comes down to understanding the system and how to make it work to your advantage. Once you get a few weeks into Instagram, you will quickly learn how notifications generally work and tagging others is a great way to bring attention to your page. For example you could tag other businesses you've partnered with in a collaboration post, tag customers who've bought your products in an appreciation post, ask other businesses to tag you through one of their posts or through their comments section/DMs, ask customers to tag you when making their own posts on your products, tag customers (shouting-out) in your stories, and even ask customers to tag their friends in your posts through the comments section. Though this may be hard to comprehend at first (due to the many ways one could go about it), it's essentially a direct way of asking for someone else's attention. Utilizing this feature in the right places is another strategy to bring traction onto your profile and eventually, your website and if done correctly, will aid the Lead Marketing interface at the same time.

## Future Endeavors (Reels)

Finally and if eventually your company were to start shooting promotional commercials/videos of some sort, you could, in a practical sense, put them out as regular posts. Recently however, Instagram has taken up a new interface known as Reels, which are essentially longer videos that you can put out that utilize features such as filters and music.



We've seen companies use this to put out their own professional videos, as previously mentioned, but even if you had fun ideas of your own, like posting a collage of reactions of your customers receiving their products, vlogs of a day in the life, etc, you could definitely do so with this additional feature. Think of it like Instagram's version of TikTok, Facebook TV, or even YouTube.

## **Conclusion**

All in all, there are many factors to take an Instagram profile from A to B, and eventually Z, but it really comes down to learning the culture and program itself. With it being a social media application, you have the possibility to learn and gain inspirational ideas from other users with the Search Bar and Discover Page, so we highly recommend you do so when trying to see what other companies are doing. In the end though, we want for your company to be authentic. These methods are great and all for gaining traction, but if there's something you feel you have that nobody else is doing, go for it and post! Instagram, at the end of the day, is a platform of self expression, and it's important to not forget that behind all the business advantages it has to offer. Hopefully, this advice does you well and you have a better idea as to what your company needs to accomplish. We at Ignis look forward to your future endeavors!

## Designs (Canva)

