



Mad Amount of Angles

Your client is a potato snacks company in the Middle East. They're facing a gradual decline in their profits over the last five to six years. It was a gradual decline. Find out why.

CASE TYPE
Profitability

COMPANY NAME
Boston Consulting Group

DIFFICULTY LEVEL

Mad Amount of Angles

Can a Potato Snack Company come out of their rut?

Case Type
Profitability Case

Company Name
BCG

Round
Partner

Difficulty Level
■ ■ ■ ■ ■

Problem Statement

Your client is a potato snacks company in the Middle East. They're facing a gradual decline in their profits over the last five to six years. It was a gradual decline. Find out why.

I have some clarifying questions.

Sure, go ahead.

What are the different parts of the value chain that they're part of? What are the different types of products? What are the different types of customers that they're serving?

The company is an end-to-end manufacturer. They have a wide portfolio of potato chips. And the decline in profits is uniform across all sectors.

Okay, is the market fragmented? How much market share do we have?

We're a market leader with a 65% market share in a very fragmented market. The market is not reducing; only our market share is. The decline is about one percent.

Alright, the facts lead me to assume that this is a revenue-side problem. Revenue can be further broken down into the number of units into price per unit. Is the issue arising from the company's or the customer's side?

It is a demand-side issue.

Alright. I would take into consideration five factors that might be affecting the demand for our product. Firstly, the needs of the consumer, both absolute and relative. Secondly, the affordability criteria of the consumer and the availability of cheaper alternatives in the market.

Next are the accessibility of the product, the marketing and awareness efforts undertaken, and the experience of the consumer. I believe it's more of a need problem than an experience problem, and we should take into consideration the product features, the taste of the product, the packaging of the product, the quality of the product, the values that are associated with our brand, etc. May I focus on these aforementioned factors?

There's a problem with how people are living their lives. Consumers are moving towards healthier options. Give me some information regarding that.

Sure, of course. Our company may start with retargeting the market, engaging in marketing efforts, product diversification, undertaking cost-benefit analysis, and providing a greater quantity of chips in each packet.

Alright great, we can end the case here.

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CASE FLOW

CASE FACTS

- 1 The Client is facing Gradual Decline in Profits over the last 5-6 years.
- 2 People are becoming more health conscious which is causing them to shift to healthier alternatives.

