



DRIVING THE DEVELOPMENT OF A PREMIUM LINE OF COOKIES

Supplier: Medium-sized Cookie Manufacturer

Manufacturing Capability: Moderate

Customer: Major Supermarket Chain

Our Role: Identify the market opportunity and guide the development process between manufacturer and retailer.

Brief History: Innovative private label products began to appear in stores of progressive supermarket chains in the early 1990's. Manufacturers with superior product development skills were successfully introducing new flavors, utilizing superior packaging and offering novel concepts in order to transform the obligatory lines of private label products. While the target continued to be the "best selling national brand," a few retail chains had started to reach out for unique formulations, textures and flavors that placed products a level or two above the top national brands. The items and lines created were limited at first. One of the earliest categories to be entered was premium/super premium cookies. There was no national brand target. There was significant potential volume. And, the introduction would be high profile, for both the supplier and the chain.

The Assignment: In consultation with the retail customer, we identified a manufacturer that appeared suited to the goal of creating a premium cookie line. We started the process without existing samples or recipes. We identified 6-8 flavors through category analysis, competitive sampling and supplier/customer consensus. We tasted many existing product lines in the market and determined that we needed to create our own formulations. We commenced active involvement with the baker towards making samples for Chocolate Chip, Chocolate Chip with Nuts, Chocolate Chocolate Chip, Peanut Butter with Chocolate Chip, Oatmeal Raisin, Toffee with Chocolate Chip, and Cranberry with Nuts. And, for the purpose of taste and product positioning, we required that each variety was to be formulated with all butter.

The R&D process continued for a year. Four major sample evaluation meetings were held that involved 6-8 middle and upper management of the retailer in addition to 3 from their Quality Assurance group. Unanimity in opinion was an elusive and unrealistic objective. Our function was to be a guide and facilitator amongst the four groups: manufacturer, retail management, retail quality control and private label marketing. Super Premium cookies were introduced in 1993.

Project

Coordination: During the product development stage, cost estimates and promotional models were created. Retail pricing was set. Volume projections were estimated. Ordering methods were discussed and the format for communicating with plant production established. Foodmark established a process for reviewing weekly sales, managing current customer inventory, adjusting estimates for product sales, and recommending orders for two warehouses.

Foodmark coordinated the advertising and promotional calendar with the customer and managed the material and ingredient requirements with the manufacturer. The entire process worked very well and service level to

the stores averaged 97%. To maximize visibility and presentation of the “bag graphics,” a special 3 or 4 foot section was dedicated to the Super Premium Cookie line in every store.

The program was remarkably successful during the first two years. Customers loved the superb quality of the “all butter” cookie formulations. Sales increased rapidly, annualized at \$1.5 million for each of the first two years. The success was noted by all participants. The retail business was profitable and maintaining an in-stock position was the largest challenge.

Lessons

for the Future:

Custom projects require special and, sometimes, extraordinary effort and patience. Many times, the project may be aborted along the way. However, just sometimes, all of the efforts pay off and a project comes to fruition as planned.