**Business Plan**

Jennifer Simmons

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**Company name and its significance**

The proposed snack food company name is ByGrace. The company will specialize in providing fast foods and snack products in its areas of jurisdiction. Among the snacks that the company will provide to customers include Doughnuts, Pancakes, Pizza, cookies, Ginger snaps, cakes, pastries, and sandwiches among others. The company will manufacture and produce the snacks on its premises, package, distribute and sell the products to customers either online or in the company eating joints. The significance of “ByGrace” is that it is memorable, gives snack-lovers a greater sense of identity with the products, and makes them feel that the company cares about their needs, preferences, and tastes. Grace is synonymous with good manners, courtesy, or elegance. Therefore, the name “ByGrace” makes customers feel that the company is embracing good ethical values in snack production and service delivery.

**Products Produced by the Company**

ByGrace is a fast-food company that deals with snacks and fast foods, including doughnuts, Pancakes, Pizza, cookies, Ginger snaps, cakes, and much more. ByGrace Company understands that different customers like different snack flavors and therefore several ingredients and flavors will be used in producing and selling our snacks. The increasing demand for snacking will enhance creativity in our snacking both in flavors and ingredients to ensure our customers are not only healthier but also satisfied. Therefore, ByGrace will use several flavor trends including smoked and burnt flavors in snack production, as well as many other flavors which are ethnically suitable such as Asian, Jamaican and American. The four snack ingredients that will be used in producing our snacks include pita, sorghum, lentils as well as chickpeas. These flavors and ingredients will enhance product diversification and therefore ensure customers have choices.

**Company's Mission Statement**

The company’s mission statement is “to offer our esteemed customers quality and healthy snack food products, that promote healthier people, to spread the power of sweetness while not causing unnecessary harm to our customers.”

**Mission Statement’s Components and Rationale**

 This mission statement has three major components, including quality, health, and safety. The reason for focusing on the quality aspect is to attract customers who go for quality products as opposed to quantity. Touching on the health component is used to win the attention of customers who prefer healthier products. Finally, the safety component is integrated into the mission statement to show customers that the company cares about their safety.

**Trends in the Industry**

Before 2020, the snack food industry had registered significant growth. In 2020, the industry was valued at about $215.9 billion, from $210.4 billion in 2019. However, COVID-19 restrictions, social distancing policies, and trade embargoes impacted the industry negatively. Due to work-from-home arrangements, snack-lovers have been forced to stay without eating snacks, resulting in a sharp decline in industry size and growth. The slow growth in the snack food industry can be attributed to economic upheavals across the globe owing to the COVID-19 restrictions and measures used to contain it. It is projected that the industry will register a notable growth of about 7 percent from 2021 and reaching about $264 billion in 2021.

In the industry, on-the-go snacking and demand for convenience snack foods are growing at a faster rate. The faster growth can be attributed to changes in economic and social patterns, as well as rising expenditures on beverages and food, changes in existing food habits and meal patterns, awareness about healthy foods, and customers’ desire to experiment or taste new products. Currently, the U.S is the largest market for snacks and other convenience food worldwide. Due to stiff competition in the industry, companies are using differentiation strategies and market diversification to gain a competitive advantage over others in the industry.

On-the-go snacking is becoming vastly popular, especially among bachelors, persons living in hotels, teenage children, and working-class people (Trinh & Dawes, 2020). The on-the-go snacking trend is linked to easy handling and consumption of snacks, including bakery snacks, confectionery snacks, savory snacks, frozen snacks, and other varieties of snacks. This is why the demand for snack products is rising due to the perceived consumption convenience, aided by eco-friendly disposable packaging. Currently, snack-lovers prefer purchasing snacks with packaging that snack bars from coming in contact with hands, maintaining high cleanliness.

The snack food products are sold by partnerships, sole traders, and organizations that make, package, and sell snacks. The entities in this industry primarily engage in cooking, drying, roasting, salting, and canning snacks. Some companies process seeds or grains into snacks, while other manufacture pork rinds, hard pretzels, popped popcorn, corn chips, potato chips, or similar snacks. The entities package and distribute their unique snack products using various distribution channels to commercial establishments and individual customers. Some use global distribution channels, while others use domestic distribution channels.

**Strategic Positioning**

A low-pricing strategy is a positioning strategy used. Low-pricing is implementing by selling snacks at very low prices as compared to competitors. Low pricing is implemented because it is very effective in attracting a large number of customers (Kienzler & Kowalkowski, 2017). Considering that snack-lovers are price-conscious, they tend to go for companies that sell their products at low prices. By attracting a large number of customers, ByGrace will register huge sales which translate into higher profits. A low-pricing strategy will help the company to win customers' loyalty and trust. By winning customer loyalty, the company will register a stable income, which is good for its long-term growth and development.

Low pricing is very effective in reducing inventory and production costs. This is true in the sense that low pricing allows the company to sell large quantities of products, thus minimizing storage costs (De Toni et al., 2017). By selling large quantities, ByGrace will order larger inputs or raw materials from suppliers, which will mostly lead to huge discounts from vendors or suppliers. Through low pricing, ByGrace will reach wider audiences in a very short time. Through word-of-mouth or other communication strategies, customers will spread information about the company’s services to their friends, family, and peer.

**Company’s Distribution Channels**

ByGrace reaches the marketing using the following distribution channels: direct-to-customer sales, online sales, direct store delivery (DSM), and via selected retail stores. Online delivery allows customers to order snacks at the comfort of their homes and products are delivered to their doorsteps. Online distribution is selected because it is faster, safer, minimizes food spoilage, and scalable. Studies have shown that online distribution tends to be very cheaper as compared to conventional distribution channels because it eliminates the extra cost incurred in reaching customers. Online distribution has no time restrictions and tends to attract higher profit profits and better cashflows.

Direct-to-customer eliminatesthe need for middlemen, allows the company to serve global customers easily, and enables the business to operate from anywhere (Hosseini, Johansson & Westberg, 2017). Middlemen have often been accused of hoarding or charging extraordinary prices. By eliminating middlemen, customers can purchase products at a very cheap price. Selected retail-wholesale stores are selected because they help the company to reach a large number of customers, reduce marketing costs, and eliminate the need of hiring sale agents. DSM saves time by ensuring that products reach the market quickly, reducing breakage by allowing the company to maintain greater control of handling, and reduce labor costs.

**SWOT Matrix**

As a new company, it has its strengths, weaknesses, opportunities, and threats as follows.

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| * The company offers quality and a variety of snack flavors to satisfy the needs, preferences, and tastes of all customers. * It offers healthier products that meet the dietary needs of customers. * Providing food that suits different ethnic groups considering that their customers come from other places around the globe. * The company has well-trained, committed, and competent human capital that enables the company to assess diverse talent pools and wide arrays of skills. * The company has a strong online presence on various social media networks to establish and maintain strong relationships with customers (Bragg et al., 2020). | * The company has insufficient current assets, which erodes the company’s liquidity position and overall business performance. * Finding hard to address issues of foods with fat. * It also needs to do a lot of marketing, which will incur high costs as other companies are already well known in the market (Suciati, Kurniawan & Iswahyudin, 2020) * The staffs are also not in line with today’s customers’ expectations as they are new to the industry. * Slow supply chain and distribution due to unreliable suppliers both from the domestic and global environment. |
| **Opportunities** | **Threats** |
| * Growing demand for healthier foods offered by the company. * The dramatic growth in the global population, especially in the potential and existing customer segments. * The changing customer preferences, tastes, and needs in favor of the company. * The advent of new technologies, social media marketing, and e-commerce is a huge opportunity that can boost the company’s production and online presence. * Huge market potential to offer a cheap menu to increase the affordability of the foods. * Improvement in the potential customers-standards and lifestyles due to rising income levels means more consumption of the company’s products. | * Stiff competition in the market from popular fast-food restaurants. * The rising cost of resources at a global level. * The changing global and domestic regulatory frameworks and the introduction of the new complex, stricter, and harsher regulations pose a major threat to the company. * The deteriorating economic situations triggered by the COVID-19 pandemic will negatively affect the customers’ purchasing power and spending patterns. * The shortage of skilled workers in the domestic and global market makes it harder for the company to undertake innovation activities and to attract and maintain the right skill set. |

**Key learnings from the matrix**

From the matrix, it is evident that offering quality and diverse snack flavors help in satisfying the needs, preferences, and tastes of all customers. ByGrace understands that customers have different tastes, and through that, they provide different snack flavors to make sure they fulfill all customers. Second, general growth in population offers huge growth potential for the company, thus allowing the company to enjoy new markets and high quantity demands in the future. Finally, stiff competition in the market from popular fast-food restaurants is an enormous threat to the company's growth and development.

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