Enjoy Life Foods

INTRODUCING A NEW APPLICATION INTERFACE TO ASSIST CONSUMERS IN LIVING FREE-FROM THROUGH A COHESIVE OMNI-CHANNEL PROMOTIONAL CAMPAIGN IN 2017

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10 November 2016
November 10, 2016

Mr. Joel Warady, CEO
Enjoy Life Foods
8770 W. Bryn Mawr Ave.
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Chicago, IL 60631

Dear Mr. Warady:

Here is the report you requested on August 29, 2016. G3 Consulting LLC has developed an innovative application (app) that integrates the website and pre-existing apps Enjoy Life Foods currently utilizes: Ibotta, ContentChecked, and Ingredient 1. Our goal is to simplify the consumers shopping experience and ability to live free-from.

Our research has shown that the new app will benefit both Enjoy Life Foods and its growing consumer base. The app will provide Enjoy Life Foods with detailed information about customer shopping tendencies and preferences. Additionally, the app will provide an individualized, cohesive, and interactive experience for the customer. In conclusion, the app will help Enjoy Life Foods advance in the free-from industry and simplify living free-from.

Thank you for the opportunity to work alongside an already successful business and help to enhance the free-from lifestyle. We fully intend to keep the lines of communication open. You may reach us at G3consulting@indiana.edu. We look forward to providing our support for Enjoy Life Foods in the future.

Sincerely,

Michael Axman      Kendall Englert      Sodbileg Ganbat

Sipei Li          Joshua Schmitt      MaryCate Swift
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EXECUTIVE SUMMARY

Introduction

The free-from industry is very competitive and rapidly growing. Enjoy Life Foods (E.L. Foods) has established a strong name in the competitive market, but in order to further differentiate itself and increase market share E.L. Foods needs to implement a strategic plan. Developing an innovative application (app) will help customers live a free-from lifestyle rather than simply eating free-from foods.

Introduce a New Application Interface

The new E.L. Foods app will integrate the existing website, online cookbook, and E.L. Foods three current apps. The app will provide a convenient experience for the consumer to purchase products online, view product recommendations based on dietary needs and create grocery lists on their smartphones. With direct access to consumers, E.L. Foods will have insight into current trends in the market and differentiate itself in an increasingly competitive industry. Furthermore, introducing a customer loyalty program will allow for consumers to save money, receive discounted products based on individualized profiles and receive rewards for referring a friend to the app. As the availability, quality and variety of free-from food is rapidly expanding, E.L. Food’s new app will take advantage of the growing consumer base.

“Don’t Just Eat Free-From: Live Free-From”

E.L. Foods was created based off of the idea that everybody should be able to eat delicious, nutritious snacks without having to worry about their food intolerances and/or allergies. The free-from segment is in the midst of a large expansion process that only intensifies the importance of living free-from. The Millennial generation leads the majority of the free-from movement, priding themselves on being tech-savvy individuals who care about what goes into the actual product. Once these Millennials start to see and hear the E.L. Foods brand more often, they will be more likely to utilize the E.L. Foods app to its highest potential.

Implement a Cohesive Omni-Channel Promotional Campaign

In order to effectively promote the app, E.L. Foods will need to utilize as many channels as possible to reach the target demographic. Zooey Deschanel, the recommended celebrity endorser, will relate the free-from brand to a familiar face. She will reach Millennials through her social media sites and current fan base. Social media will also be a key factor in advertising the new app. Facebook, Instagram, and Snapchat are successful channels to reach Millennials and lead the way to growth in the free-from industry.
Conclusions/Recommendations

E.L. Foods already reaches an ample amount of consumers with its wide range of snack options that are free-from the eight common allergies; however, implementing a new app will help E.L. Foods differentiate itself in the competitive industry. In order to advance in the free-from market E.L. Foods should create a mobile app, implement a customer loyalty program, hire Zooey Deschanel as the face of E.L. Foods, and utilize social media platforms to advertise the new app.
Enjoy Life Foods:
Introducing a New Application Interface to Assist Consumers in Living Free-From Through a Cohesive Omni-Channel Promotional Campaign in 2017

INTRODUCTION

Problem and Purpose

Enjoy Life Foods (E.L. Foods) is in a very competitive and rapidly changing market. The problem E.L. Foods is currently facing is being able to differentiate itself from its competition in order to drive growth in the industry and increase its market share.

The purpose of this report is to develop and effectively communicate a clear strategic differentiation plan that will help E.L. Foods drive a sustainable competitive advantage in the food industry.

Scope and Limitations

The report describes the development and implementation of a sustainable mobile application, which will be used to increase sales and differentiate E.L. Foods from its competitors. The proposed marketing and promotional strategies in the report are oriented around the target demographic, Millennials.

The report is based on current online sources, questionnaires, and financial information that is based on estimations and the illustrative data provided by E.L. Foods. The cost of creating the app itself is based off of the assumption that Mondelez does not currently have smart bridges within this realm. Additionally, the cost and profitability of a celebrity endorsement is based off of companies who have implemented similar promotions. The celebrity endorser, Zooey Deschanel, was selected based on her quality reputation and past marketing experiences with endorsing brands.

Report Preview:

The following report articulates a detailed plan that will allow E.L. Foods to differentiate itself within the free-from industry, thus increasing market share. The report starts with a tangible solution and outlines the features of E.L. Foods’ new app. Next, the report will provide the market analytics and how E.L. Foods will effectively market the app to reach as many people as possible. The last section of the report will discuss the costs and benefits of implementing the app, as well as risk mitigation. The conclusion will provide recommendations for E.L. Foods’ goals in the future.
INTRODUCE A NEW APPLICATION INTERFACE

The Enjoy Life Foods (E.L. Foods) application (app) will integrate the existing website, online cookbook, and three apps E.L. Foods already utilizes. The app will provide a convenient overall experience for the customer. Additionally, this mobile solution will encourage customers to go beyond eating free-from and make free-from a way of life.

How the App Will Affect E.L. Foods

The innovative E.L. Foods app will not only provide convenience for the consumer, but the app will also allow E.L. Foods to create a back and forth interaction with its customers. According to Harvard Business School senior lecturer, Jose Alvarez, a majority of current retailers use their loyalty programs at a very basic level however, “With smartphones, you have location-based information, so you can communicate with customers based on where they actually are.” Combining the understanding of trends in the marketplace with loyalty programs will provide insight into what customers want, while helping retailers “achieve greatness in a crowded and commoditized space” (Starvish).

This app will have advanced features and diverse functions. The first version of the app can be created in less than four months, but to produce a functioning and efficient app, complete production time will extend to around a year (Yarmosh).

In a survey taken by 100 people, 89% answered ‘somewhat likely’ to ‘very likely’ when asked about the likelihood to buy multiple products at a time and/or continue shopping with a brand that has an app to simplify the shopping experience (Englert). Customers are willing to remain with a brand if the brand has a simple and accessible app.

The three main functions of the E.L. Foods app will be a free-from foods cookbook featuring E.L. Foods’ products, a personalized customer profile featuring a loyalty program, and background information about the company and eating free-from. (See appendix A for graphs depicting more survey results)

Free-From Cookbook

The cookbook feature will make the existing E.L. Foods cookbook more readily available and accessible, while simplifying the overall shopping experience. The cookbook will encourage ingredient based purchasing because the recipes will include all of E.L. Foods’ products. Customers will also be able to purchase products through the app and have them shipped directly to their house. Having the cookbook readily available on the app will make differentiating snack options easier for people with food allergies.

Recipes for Snacks and Small Meals

Seventy-one percent of in-store shoppers who use smartphones while they are shopping say the device has become more important to the in-store experience (Samat). The recipes
used in the cookbook will come directly from E.L. Foods’ website. Having the recipes and products on the customers’ mobile device will enhance the shopping experience because the customer will have the ingredients available at their fingertips. Recipe options will include:

- Breakfast
- Snacks
- Soups and Salads
- Appetizers and Sides
- Entrees
- Desserts
- Drinks

Interactive Grocery List

A study done by the Hartman Group in 2012 showed that 69% of female shoppers and 52% of male shoppers create a list prior to a shopping trip. The interactive grocery list feature on the app will provide a simple and convenient way for customers to shop. The user will be able to add items to the list from the cookbook or product list, as well as add items manually.

The interactive grocery list featured on the E.L. Food’s app will combine the successful components of the already existing list-making apps in the App Store. AnyList, which features a grocery shopping list, recipe manager, and meal planning calendar, is a highly rated app and well recommended on iTunes (Purple Cover, Inc.). This app gives the user the capability to customize weekly meal plans, start grocery lists for future dates, and save recipes. The E.L. Foods app will also feature these capabilities. (See Figure 1 for a visual representation of an interactive grocery list)

![Visual Representation of Interactive Grocery List Feature](image)

*The above images are not accurate representations of E.L. Foods app*
Making Knowledge-Based Choices for You

The app will enable users to create an account and enter in their taste preferences, specific allergies, and other dietary needs. This section will also allow the customer to scan products in the store to create complete transparency when looking at product’s ingredients. Essentially, this app will combine the functions of E.L. Foods current apps, ContentChecked and Ingredient 1, to eliminate the use of multiple apps for a similar purpose.

This feature of the app will process the ingredients for all products, not just E.L. Foods. Mr. Scott Mandell wants consumers to purchase E.L. Foods’ products, but he also wanted to promote eating free-from. Combining the current apps and integrating their functions into this new app will make customers more aware of the ingredients in the food they purchase and simplify living free-from.

Customer Loyalty Program

Card-based loyalty programs have been established as a strong marketing standard; however, with the recent growth of smartphones, the industry has looked to transform its traditional rewards program (Graham). According to Vaughn Highfield’s, 1 in 3 people gain no value from loyalty cards due to forgetting them. The companies using loyalty programs need to make modification to accommodate current market trends. The loyalty industry “… became far too reliant upon giving a brand what the brand wants rather than giving the customer what they want” (Highfield).

Receive Reward Points

According to a survey conducted by TechnologyAdvice that asked people why they join loyalty programs, 59% would be more likely to join if they offered a digital smartphone app because shoppers are more likely to view social websites before buying products online (Parekh). With easy access to product recommendations and purchasing preferences, consumers can order their products directly from the new app. Furthermore, nearly eighty percent of consumers would be more likely to shop at stores that offered some type of loyalty program (Graham). Stores then use customers’ information from their loyalty account to retain more customers and to increase shoppers’ spending.

The “How To’s” for Earning Rewards

E.L. Foods’ rewards program will offer consumers the ability to save money, receive discounted products based on individualized profiles, and receive rewards for referring a new friend to the app. For existing customers, one point can be earned for every dollar that is spent on free-from foods, which then can be redeemed for coupons or other discounted items (Graham). Similar to Starbucks’ My Starbucks Rewards program, new customers will receive a free rewards card that can be used when a purchase is made and will allow customers to build up their points (Agios).
**Broadcast Enjoy Life Food’s Mission**

The E.L. Foods information section of the app will feature a glance at E.L. Food’s mission, what free-from food is, and how to live a free-from life. This section will allow new and current free-from consumers to learn more about the lifestyle and for E.L. Foods to gain momentum in an increasingly competitive industry. Consumers will be given the opportunity to advocate for the E.L. Foods brand through social media as their knowledge about the brand increases. According to Target Marketing, “The ultimate goal for any brand is to have their customers become brand advocates or ambassadors; thereby creating a momentum and a story that is authentic and therefore most meaningful for consumers” (Wade).

This section of the app will be increasingly important in the future for distinguishing E.L. Foods from other brands. In addition, this section will represent the purpose of the company because “branding is what people say about you when you’re not in the room” (Kolowich). After E.L. Foods was acquired by Mondelez International in February 2015, E.L. has maintained the same mission to “create and share tasty free-from food products the world trusts and loves,” (Forbes). Maintaining a consistent mission and promise promotes loyalty efforts among consumers, especially for millennials who trust their relatives more than corporations. (See Appendix B for what will be included on the Enjoy Life Foods Mission portion of the application)

The future of the free-from industry is based on consumers who look towards healthier alternatives to feed themselves and their children. Michelle Berridale-Johnson, food historian and editor of FoodsMatter, has seen “…a huge growth in the number of ‘voluntary restrictors’ — people who want to go gluten-free but don’t have a medical reason” (Chittock). The availability, quality, and variety of free-from food is rapidly expanding; E.L. Foods needs to take advantage of the growing consumer base.

**“DON'T JUST EAT FREE-FROM: LIVE FREE-FROM”**

E.L. Foods was founded on the idea that everyone should have the ability to eat delicious, healthy snacks without worrying about harmful ingredients (Mandell). People understand the need to live free-from, but do not know how. E.L. Foods will be able to invest in spreading their brand awareness to keep up with the increasing demand through the new app.

**Importance of Living Free-From**

In the past two years, the free-from segment has experienced a 50% growth rate with projected revenues of over $18 million (Horovitz). Overall, the healthy snack industry is currently valued at $374 billion industry, which proves that E.L. Foods’ has a large untapped market (“Global Snack Food Sales Reach $374 Billion Annually”).
Shift in Focus to a Top-Line Solution

The Mondelez acquisition gives E.L. Foods the freedom to prioritize growth. Combining the newly hired marketing and sales employees with the available “smart bridges” creates an optimal opportunity for E.L. Foods to differentiate itself from its competition (Mandell). E.L. Foods’ new 200,000 square foot facility in Jeffersonville, Indiana will modernize production to fulfill the increase in demand (Whetro).

Free-From Market is Booming

The healthy snacking industry is projected to grow approximately $7.5 million each year (“Global Snack Food Sales Reach $374 Billion Annually”). Specifically, the market for food allergies and intolerances has been valued at $13 billion in 2015 (“Content Checked to Present at the LD Micro Invitational”). The free-from segment of the healthy snacking industry is projected to grow 30% (as seen in Figure 2) (Gagliardi). According to a global study, 20% of respondents rate their foods being gluten-free as “very important” and 47% said that being natural and unprocessed is the most important attribute about their food (“We Are What We Eat”).

Figure 2
Projected Sales Growth from 2015 to 2020

Source: Mintel

Application Simplifies Living Free-From

A mobile app is the most efficient means promoting free-from living to as many people as possible. Over 74% of people feel that new technology makes their lives easier (“Millennials: Technology = Social Connection”). This app will unify the free-from community, simplify living free-from, and solidify E.L. Foods’ digital presence.
Tech-Friendly Millennials Lead the Free-From Movement

E.L. Foods has the most potential for growth within the Millennial demographic. Thirty-two percent of this demographic said that they would be willing to pay more for healthier products (Watson). Millennials want to know the ingredients, how the items were produced, and want a product that is easy to prepare and consume (“We Are What We Eat”). According to Joel Warady, 60% of Millennials are aware of harmful ingredients (Whetro).

When asked what makes their generation unique, Millennials ranked “Technology Use” first. More than 85% of the Millennial demographic owns a smartphone (Smith). Consumers use apps to seek out the best deals and promotions. Deals account for 31% of their shopping dollars, and many of the top apps used by Millennials are either retail or discount focused. Technological advancements have allowed consumers, mainly Millennials, to effectively use these apps in place of in-store shopping (“Millennials: Technology = Social Connection”).

Integrates E.L. Food’s Digital Presence

To expand the free-from movement, E.L. Foods needs to solidify their digital presence. Currently, E.L. Foods utilizes three independently operated app interfaces. These three different apps are costly and do not promote E.L. Foods brand:

- Ibotta
- ContentChecked
- Ingredient1

A mobile app provides both accessibility and interactivity. Millennials spend approximately three hours each day on their phone, which accumulates to forty-seven days each year of free advertising (Kelly). Nearly eighty percent of the Millennial demographic enables push notifications on their mobile apps, allowing E.L. Foods to alert customers of deals, new products and rewards (Relander).

IMPLEMENT AN OMNI-CHANNEL PROMOTIONAL CAMPAIGN

Digital retailing has quickly evolved into a new entity of omni-channel retailing, which incorporates direct and indirect contact with customers (Rigby). Omni-channel retailing creates a seamless shopping experience for customers, and facilitates sales through customer-specialized discounts (Trefis Team). To meet increasing consumer demands and expectations, E.L. Foods will provide a more personalized, unified, and engaging customer experience through omni-channel retailing.

Zooey Deschanel: A New Face to Living Free-From

Celebrity endorsements are a powerful marketing strategy to promote products, build brand awareness and credibility. A study done in 2014 on celebrity endorsements, estimates that twenty percent of all U.S. advertisements feature a celebrity (Chung and Cho). Modern mass media has increased the exposure and power of celebrities to impact
consumers on a global level. According to Statista, in 2014, 45% of worldwide internet users aged 16 to 34 years discovered new brands through celebrity endorsements (See Figure 3 for graphical representation of data). Effective celebrity endorsement is about finding the right fit, and Zooey Deschanel best represents E.L. Food’s target demographic, brand image, and values.

**Figure 3**


<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 to 24</td>
<td>24%</td>
</tr>
<tr>
<td>25 to 34</td>
<td>21%</td>
</tr>
<tr>
<td>35 to 44</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Statista *The percentages in the graph are percentages of the 18% of users

Zooey Deschanel (Seen in Figure 4), a 36-year-old, professional actress with celiac disease, is a familiar face to the average Millennial consumer. Deschanel has taken an active effort to live a gluten-free life, and has promoted awareness of celiac disease to the public, making her an ideal candidate to represent E.L. Foods (Biography.com). Deschanel’s relatable figure both off-screen and on-screen in New Girl will help E.L. Foods to increase its brand exposure and differentiate itself from competitors. (See Appendix C for additional background information about Deschanel)

Effective celebrity endorsement must identify common values, interests, and goals between the endorser and the endorsed products. Zooey Deschanel shares similar values as E.L. Foods in increasing awareness of celiac disease and promoting a healthy diet (Deschanel). Deschanel’s past experiences with endorsing products, and reliable reputation adds credibility to the endorsement of E.L. Foods’ product mix.
Successful celebrity endorsements not only increase brand awareness, but also are attributed to the success of new product lines, new marketing strategies, and increased sales. One example is the partnership between extreme sportsman Felix Baumgartner and Red Bull. Baumgartner participated in the Red Bull Stratos project, where he jumped from a record-breaking 128,000 feet. Over 52 million viewers watched the jump, and as a result, Red Bull experienced a 7% sales increase—an equivalent of $1.6-billion-dollar increase in the U.S. alone (Weinstein). E.L. Foods needs a similar channel to expand their market reach in the free-from industry.

**Utilize Social Media Platforms**

E.L. Foods needs to utilize its current social media platforms; Facebook, Instagram, and Snapchat to more actively reach its consumer base. According to Hubspot, “92% of marketers in 2014 claimed that social media marketing was important for their business. Additionally, Social Media Examiner exclaimed, “97% of marketers are currently participating in social media,” (DeMers).

**Facebook:** More than 1.13 billion people visit Facebook daily (Zephoria). When E.L. Foods runs a Facebook advertisement, the company is able to choose the audience who view the ad based on location, age, and interests (“Audience Targeting Options”). This customization makes E.L. Foods’ ads more relevant for the viewing customers and brings the company real results. (See Appendix D for an example of a successful Facebook ad)

**Instagram:** Instagram is a mobile photo-sharing app and social network with 400 million active users. Instagram offers three formats for business promotion (Helmrich).

- **Photo Ads:** These look like regular photo posts, but they have a Sponsored label above the photo. They also have a Learn More button on the bottom right corner, under the photo (Helmrich).

- **Video Ads:** Like the photo ads, these look like regular video posts, but with a sponsored label on top (Helmrich).

- **Carousel Ads:** These ads look identical to photo ads, but feature multiple photos that users can swipe through (Helmrich).

E.L. Foods will be able to feature new products, promote ongoing deals and their brand promise through advertising on Instagram. (See Appendix E for an example of a successful Instagram ad)

**Snapchat:** Snapchat is a popular video sharing and messaging app that has 150 million active users (Frier). Snapchat is able to reach 41% of the U.S. Millennial target daily and appeal to the users’ creativity. The content disappears within ten seconds, creating a user sense of urgency to react to the E.L. Foods’ ad. By swiping up, the user will be exposed to more information regarding the company and will be able to download the E.L. Foods’ app (Snapchat Inc). (See Figure 5 for visual representation of U.S. Snapchat user base) (See Appendix F for an example of a successful Snapchat ad)
Cost-Benefit Analysis:

E.L. Foods’ website currently utilizes less than all of its potential capabilities. The benefits far outweigh the upfront costs that are necessary to convert the current website into an all-inclusive app. The figures below represent the overall costs and subsequent benefits of each step in the roll out plan for the new app. (See Figure 6 for the projected costs and benefits of the app)

Figure 6
Breakdown of Costs and Benefits by Category

<table>
<thead>
<tr>
<th>Cost</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile shopping sales projected to grow around 12% per year (Mintel)</td>
<td>Zooey Deschanel: Celebrity Endorsement</td>
</tr>
<tr>
<td>App Production</td>
<td></td>
</tr>
<tr>
<td>Projected Revenue 2017: $52.57 million</td>
<td></td>
</tr>
<tr>
<td>Projected Revenue 2018: $130.75 million</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>$75,000/post on Instagram - 1 post per month = $900,000/year (Capitol)</td>
<td></td>
</tr>
<tr>
<td>Twitter: 5.83 million followers (Deschanel)</td>
<td></td>
</tr>
<tr>
<td>Facebook: 6.2 million likes on page (Deschanel)</td>
<td></td>
</tr>
<tr>
<td>Instagram: 4.3 million followers (Deschanel)</td>
<td></td>
</tr>
<tr>
<td>Benefit</td>
<td></td>
</tr>
<tr>
<td>Projected profits per year = $3,240,000+ (Tomuson)</td>
<td></td>
</tr>
<tr>
<td>Zooey Deschanel: Celebrity Endorsement</td>
<td></td>
</tr>
</tbody>
</table>

Source: Snapchat Inc. (Screenshot)
The cost for the first year (2017) is projected to be approximately $2.5 million. Yearly costs after that are projected to be approximately $2.3 million. Conversely, in 2018 the projected revenue from the app is $130.75 million and projected profits from the promotion roll-out plan is $3,240,000+ per year.

The projected timeline of the roll out plan is:

- January 2017 – April 2017: Create the first version of app and release to employees.
- May 2017 – September 2017: Make improvements based on employee feedback and release app to brand ambassadors. Zooey Deschanel will start endorsing the brand and products.
- September 2017 – December 2017: Make improvements and finalize the app. Release the final app to the public. Start advertisements through social media.
- January 2018 – Future: Continue improving the application based on customer feedback and software updates. Finish contract with Deschanel and evaluate how effective her endorsement was – potentially renew contract. Social media advertisements will continue each year.

**Risk Mitigation:**

With the implementation of the new, integrated app and the use of a celebrity endorsement, E.L. Foods will incur some risks. In order to reduce these risks, the app will
need to be implemented in phases with different marketing techniques at each step. (See Figure 7 below for the risks and the associated mitigation for each)

**Figure 7**
**Risk and Risk Mitigation**

- **Zooey Deschanel**
  - The celebrity endorsement is the highest risk. To mitigate this risk E.L. Foods will conduct a thorough background check, talk to previous endorsers and draft a contract that explicitly defines E.L. Foods expectations and values. In doing so, a trustworthy and mutually beneficial relationship will ensue.

- **Production Time**
  - Production time taking longer than projected is the next highest risk. To mitigate this E.L. Foods will implement a roll out plan that allows for multiple trial and error periods. Additionally, signing a contract with an app provider will ensure production continues at the projected pace.

- **Ineffective use of app**
  - The third risk would be customers incorrectly utilizing all the apps' features. Feedback from the roll out plan and updating the app as necessary will assist in fully immersing the customer base into the app.

- **Non-E.L. Foods Promotion**
  - The feature that allows customers to check ingredients has the capability to analyze all products, not just E.L. Foods' products. This could potentially promote other products. In order to mitigate this, the app will provide direct access to E.L. Foods' products in the cookbook. In addition E.L. Foods is only shipping its products to customers.

- **Social Media**
  - Advertising on social media is the lowest risk. To mitigate this risk, E.L. Foods has the ability to tailor the ads to target demographic.
CONCLUSION

The competitiveness of the free-from industry provides a need for E.L. Foods to further differentiate itself and increase its market share. E.L. Foods supplies a wide range of snack and meal options free-from the eight common allergens. This allows the company to reach a variety of consumers who both want and need to live a free-from lifestyle.

Implementing a new app interface will help E.L. Foods distinguish itself within the competitive free-from industry. By promoting the app through an omni-channel promotional campaign, E.L. Foods will attract more customers from the target demographic. This will lead to an increase in market share and a competitive advantage.

RECOMMENDATIONS

E.L. Foods aims to differentiate itself from its competition in order to increase its market share in the free-from industry. In order to drive a sustainable competitive advantage, E.L. Foods should:

1. Create a mobile application that will integrate the existing E.L. Foods website, online cookbook, and the three apps that E.L. Foods currently uses.

2. Implement a customer loyalty program that will allow consumers to save money, receive discounted products based on individualized profiles, and receive rewards for referring a new friend to the free-from movement.

3. Hire Zooey Deschanel as the face of E.L. Foods and endorse the brand on her social media pages.

4. Utilize Facebook, Instagram and Snapchat sponsored advertisements to increase brand awareness among Millennials.
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APPENDIX A
Graphs/Charts from Survey Results

Are you more likely to download an app if...

What Percent of your shopping is done digitally?
How many hours each day do you browse online channels, social media apps, and shopping apps?

How likely is a coupon to influence whether you buy a product?

How likely are you to buy more products at one time or continue coming back to purchase products with a brand if there is an app that makes the shopping experience simple and convenient?

Source: Englert
This section of the new E.L. Foods application will incorporate existing information from the EnjoyLifeFoods.com website into a convenient location for easy access and answers to frequently asked questions for new and current free-from consumers. Below is an example of what could be included to inform customers about what free-from food is, what E.L. Food’s mission is, and how to live a free-from life.

Source: Enjoy Life Foods
Appendix C
Zooey Deschanel Background Information

Zooey Deschanel is an American actress and songwriter who is allergic to eggs, dairy, and wheat gluten. Deschanel leads a private life, with no major scandals and mishaps. With the addition of a new family member, Deschanel has started to focus more of her time with her child and family. Her character provides a more transparent, and secure investment for E.L. Foods. In addition, Deschanel is the perfect fit for E.L. Food’s target demographic, and a role-model for the living free-from movement (Biography.com).

Besides her stable acting career, Deschanel has had previous successful experiences with both endorsing products and brands. She has done advertisements for both Rimmel’s Lasting Finish lipstick and Apple’s iPhone 4S Siri release. She is also a recognized celebrity ambassador of Pantene, featuring in a variety of Pantene’s volumizing and damaged hair repair shampoo commercials (Biography.com).

APPENDIX D
Example of Successful Facebook Advertisement in 2015

Cupcakin’ bakeshop is a successful example of a business that utilizes Facebook’s marketing strategies. The gourmet cupcake shop used local business promotions to expand its customer base, bringing 25% more people to its store and increasing website traffic by 30%, resulting in 4.5 more sales compared to results from print advertising (Facebook).

Source: “CupCakin Bakeshop”
Appendix E
Example of Successful Instagram Advertisement

Reaching Snackers with a Flavor Swap
Lay’s wanted to leverage people’s appetite for unique chip flavors so it launched a video series on Instagram and Facebook that encouraged people to vote for their favorite flavor—driving in-store sales and a great return on ad spend.

Story
Decades of snacking
Founded in 1932, Lay’s is one of the most popular potato chip brands in the world. The company, a division of Frito-Lay, manufactures a number of popular flavors and chip styles, and was the first snack brand to purchase a television commercial.

Goal
Heating up sales with Flavor Swap
The Lay’s team wanted to reach millennials and encourage them to vote in its Flavor Swap program which pit classic Lay’s flavors against new ones. The overall aim of this campaign was to increase offline sales at a lower cost per impression.

Solution
Beating the flavor heat
Lay’s wanted to leverage people’s appetite for unique chip flavors, so it partners with media agency OMD, content creator Deep Focus, and Facebook Marketing Partner Adeptly. The team launched its Flavor Swap campaign on both Facebook and Instagram during February and March 2016.

The team ran a series of four video ads that pit classic Lay’s chip flavor, like Flamin’ Hot, against a new one, like Fiery Roasted Habanero, and encouraged people to vote for their favorite.

One of the 5-second videos featured a bag of Flamin’ Hot on one side and a bag of Fiery Roasted Habanero on the other. Each bag ‘filled’ with the appropriate cartoon pepper, before being replaced with Lay’s chips. Ad copy encouraged people try both flavors then vote for their favorite.

Lay’s targeted the ads to people age 18-49 and utilized Facebook’s reach and frequency to ensure that people viewed each flavor math-up in sequence.
Finally, Lay’s worked with Datalogix to measure the results of its 8-week campaign. It found that the addition of Instagram increased reach by 5%, and had a 3% lower cost per impression, and lifted sales by 5% versus Facebook alone.

Source: Instagram
Appendix F
Example of Successful Snapchat Advertisement

Kraft Mac & Cheese:
Sponsored Lens Campaign

Snapchat and Kraft Macaroni & Cheese partnered to create a playful Lens to take Snapchatters back to their childhood. Say cheese!

**The Story**
After performing the world’s largest “blind taste test”, Kraft was ready to share the news that they removed artificial flavors, preservatives and dyes from Blue Boxes of Kraft Mac & Cheese. To kick off their “It’s changed. But it hasn’t.” campaign, Kraft partnered with Snapchat to create an interactive Sponsored Lens. Once unlocked, Snapchatters could virtually catch cheesy macaroni with their mouths, scoring points for every successful mouthful of Kraft Mac & Cheese. In 24 hours, the Kraft Macaroni & Cheese Lens reached nearly 20 million Snapchatters, and 84% of those who remembered the Lens enjoyed it. Further, Snapchatters spent an average of 20 seconds playing with the Lens – a testament to the timeless and playful personality of the Blue Box, which can make anyone feel like a kid again.

**Objectives**
- Drive Snapchatters to engage with the Kraft brand in a fun, engaging, and highly interactive way
- Increase purchase intent, as well as reaffirm a positive brand perception

**Strategy**
- Create an interactive and engaging Snapchat Lens to complement Kraft’s broader marketing efforts.
- Build in an accessible, game-like element to the Lens, incentivizing Snapchatters to frequently send and receive Snaps using the Lens.

Source: Gilbertson
Appendix G
Q&A Session: Scott Mandell and Jordan England Oct. ‘16

Background:
Scott Mandell thought there was a great potential for the free-from foods industry. Founded Enjoy Life Foods, free-from food business. Later acquisitioned by Mondelz, in February 2015, a 34-billion-dollar international company. Mondelz wanted to acquisition differently from traditional acquisitions. Enjoy Life Foods would run as an independent entity – retaining its original identity, but it will have a 34-billion-dollar resource.

New Resources:
- Building of a brand-new production facility in Jefferson, Indiana that will grow the brand as they move forward.
  - 200,000 sq. ft. facility

Who is your target market, particularly focusing on?
- Core: Individuals and Families who have people that have food-allergies, food intolerances and need special diets (Type 1 diabetes etc).

Do you plan to expand the market beyond millennials?
- “We have considered expanding our market, but have chosen to focus on our core demographic.”

Enjoy Life Foods was the very first company to incorporate Facebook on their product packaging. E.L. Foods priority is to stay well-read in technology, being a step-ahead in the industry is where they want to be. To accomplish this, E.L. Foods utilize various mobile applications, online promotions and digital coupons.

From reviewing the provided financial information, the advertising expenses doubled. Why is that?

After being acquired by Mondelz, with the additional financial and professional support, E.L. Foods has continued to grow a healthy profitable business. They have focused on consumer outreach events through bigger spreads in magazines, and advertisements. E.L. Foods attend numerous expo’s such as “A Walk by FARE”, a walk for food allergy consumer event.

You sell packaged products. Do you intend to sell fresh produce?
E.L. Food’s current strategy does not incorporate the selling of fresh produce, and they would rather allocate resources to specialize in their current product mix. “We want to grow existing portfolio products. We want to be very aggressive in innovation.”

With the shift from the traditional 3 big meals per day to a more 5-6 smaller meals a day, are there any thoughts of moving from snack products to small on-the-go meals?
- Consumers on average buy 2-3 packages on a given visit.
- They want to focus on innovation and insight in the industry.
Have you considered branching out into Organic rather than just non-GMO?
- Have considered. The issue is that the premium tag on organic will increase the pricing and may deter customers.

Would you consider a bottled drink product?
E.L. Foods have considered bottled drinks, but as mentioned before, they are focusing on their current strategy. Bottled drinks are another market, and would require a lot of investments in time and research & development.

What is Enjoy Life Food’s Biggest Weakness?
- Currently they have 2 major projects going at the same time.
  - Moving to Jefferson.
  - Implemented an ERP system.

Do you have a relationship with companies that would restrict E.L. Foods from partnering or joint-venturing with others?
“If it makes sense from a business standpoint, such as complimentary products, there is no reason to not make a strategic alliance.”

Has Enjoy Life Foods ever had to cut any products from the product line?
- Consumers/Retailers appreciate discontinued products. It shows growth.
- Developed 12 new products, only 2 of which exist today.
- People desire real and genuine products.

E.L. Foods current situation:
Distributors approach E.L. Foods to market E.L. Food’s products rather than the other way around. To change this situation, E.L. Foods wants to become more strategic. E.L. Foods recently launched into the United Kingdom market this weekend with the help of Mondelz. Potential areas to research are:
- Identify good markets to penetrate.
- Potential niche markets.

In regards to developing of e-commerce, do you have a growth plan already set? Do you have any performance indicator to quantify that growth?
- E-commerce makes a small percentage, but made resources internally ELF e-commerce sales, and utilize the resources of Mondelz.
- 2016 New Direct Consumer. Go to website. Click on Shop. You will be able to buy the product, but are buying from customer who bought from company. Distribution Channel – change 2017. Packing – ship directly from the new facility.

What are your relationship with other brands from Mondelz?
Smart bridges allow E.L. Foods to receive professional assistance from Mondelz’s team, people within Mondelz’s organization or departments, where E.L. Foods can turn to with their needs or
problems. Set up points for direct access. There is no real need to communicate with specific brand managers.

What are some of the costs you incur from introducing a new product to the line?

- Research & Development
  - Testing – figure if you want to launch
- Graphic Design
  - Packaging & collateral Material
- Initial Samples
  - Test buyers and markets. Bloggers. Presentation.
- Distributor/Retailer Cost
  - Sliding Fees sometimes.
- Launch Cost
- Brokers
- Cost of time.

Aside from main customers, what percentage of consumers do not have these allergens. Have you made any efforts to reach out to allergen-free consumers?

E.L. Foods still focusing on their core target demographic. Honesty is a core value of E.L. Foods. Negative review on their website are left, to show consumers authenticity of the brand. Other passionate users are often the first to refute/discuss these negative reviews by showing proof or their own evaluations.

Who right now is biggest competitors in the free-from industry?

  - E.L. Foods introduced Grab & Go Packs, with new products and flavors.
- E.L. Foods is the only free-from foods producer who is gluten-free, and free from the 8 common-allergens. Competitors are more or less specialized – providing different benefits or addressing different health concerns, but not all like E.L. Foods.

In terms of a proposed plan, is there a budget limitation?

- There is no set budget limit, however, the proposed strategy has to be realistic, and able to be implemented in the next 3 years (not a long-term project).

Do you claim your products are more healthier than non-allergen free products in the market?

- E.L. Foods strive to be ingredient conscious by:
  - Using better ingredients.
    - Non-GMO. Certified Kosher. Certified Halal.
  - Product nutrition’s are generally on par or better than competitors.

Free-From and Consumer Trends:

Contrary to common expectation, in the United States, free-from products are sold more in the East or in the Midwest than in the West. Usually, the natural products do better on the West Coast. Overtime East to West movement of gluten-free, free-from consumer focus.
To develop their college customer base, E.L. Foods sponsored Northwestern net free basketball
game. “While good in theory, but didn’t work out.” The problem was marketing district to
district, snacks and tastes are different.

Recently, in the past, it has been a resource constraint to expand to the college market. Recently
started relationship with NACUFS college food service, to expand on this market.

**What are your thoughts in selling through other channels beside online and grocery stores?**
“As long as it is true to the brand promise, growth is the goal. New channels are opportunities.”

**What is your innovation strategy?**
“We ask consumers. Mirror what happens in the conventional market. See where there are
opportunities for the allergen-friendly market.”

The gluten-free trend/fad is one of the fastest growing markets, showing 5 times increase over
the past years, but has started to slow. The gluten-free market has 25 million consumers, whereas
the free-from has 100 million consumers in the U.S.

**Production strategy. Prices are difficult. Do you market/price as a premium brand?**
- E.L. Foods focuses on adding value to the product, and giving value to the consumer.
- Measures to reduce price:
  - Procurement. Input cost. Specific ingredients and packaging. From production
    standpoint, process should become more efficient.

**Are there any marketing to school age children – elementary.**
- Can not exactly market to kids, but E.L. Foods market to the parents and families who
  have children that would have these food allergies.
- Kid-friendly markets make sense.
- “Anything to reach core audience. Established/developed the free-from foods category.
  Give resources to retailers”.


Appendix H
Pre-SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• Largest state-of-the-art facility that is</td>
<td>• In 2015, Enjoy Life Foods voluntarily recollected their 10 oz. semi-sweet</td>
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<tr>
<td>Certified Gluten Free and dedicated nut-free</td>
<td>chocolate mini chips on a national basis due to the addition of unintended</td>
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<td>• Healthy snacking industry is a $374,000,000,000 industry growing at 2% annually</td>
<td>ingredients like sunflower and pumpkin seeds</td>
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<tr>
<td>• Parent company, Mondelez, has a strong market position worldwide</td>
<td>• Elimination of all foods containing gluten puts people at risk for nutritional deficiencies and proper bodily functions</td>
</tr>
<tr>
<td>• Solid use of technology to enhance shopper experiences</td>
<td>• People pay up to five hundred percent more for some gluten free items so the diet is unaffordable for majority of family types</td>
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<td>• 3 consecutive years of 40% growth without taking out private equity funds</td>
<td>• Brand validation after Mondelez acquisition</td>
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<td></td>
<td>• Mondelez Inc. is not primarily a Health and Wellness operator</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>• Increased production efficiency because of the opening of the new Indiana location has the potential to increase Enjoy Life’s profit margins</td>
<td>• Because of the large growth within the free-from food industry, manufacturers and distributors are becoming more innovative with increasing the availability of various free-from foods</td>
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<tr>
<td>• Rising number of consumers, one in thirteen children, being diagnosed with food allergies and intolerances</td>
<td>• One in ten global food and drink product launches were for gluten free products in 2015</td>
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<tr>
<td>• Sell globally since 80% of net revenue for parent company comes from outside the U.S.</td>
<td>• Millennials distrust large food manufacturers because they do not communicate with them directly and authentically</td>
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<tr>
<td>• Expand brand recognition by partnering with four marketing agencies</td>
<td>• Foreign competitors capturing oversea markets</td>
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<tr>
<td>• “Free-from” industry has grown by approximately 50% in the past two years</td>
<td>• Intense competition in regards to pricing, innovation, customer satisfaction, and advertising</td>
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**Appendix I**

**Post-SWOT Analysis**

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<thead>
<tr>
<th>Strengths</th>
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<tr>
<td>• The new, unified application interface creates stronger brand loyalty and better brand recognition</td>
<td>• Those who do not have access to the right technology will not be able to download the app</td>
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<tr>
<td>• Improves customer interaction via data retrieved from the app</td>
<td>• Free-from foods are more expensive than non-free-from foods</td>
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<tr>
<td>• Zooey Deschanel exposes E.L. Foods to a wider range of customers through various social media channels</td>
<td>• The creation and maintenance of the new app is an added expense</td>
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<td>• The interactive grocery list feature on the app allows customers to use E.L. Foods products more frequently</td>
<td>• App development will take around a year to successfully implement</td>
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<tr>
<td>• The customer loyalty program retains existing customers and retracts new buyers</td>
<td>• Older generations typically are less tech-savvy, therefore limiting this generation reach into the free-from market</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>• The new application helps E.L. Food’s reach a larger target demographic</td>
<td>• No guaranteed control of Zooey Deschanel’s actions while under contract</td>
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<td>• Grow brand awareness through social media advertisements</td>
<td>• Foreign competitors are taking advantage of E.L. Foods’ lack of presence in overseas markets</td>
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<tr>
<td>• Enhance E.L. Foods’ global distribution capabilities</td>
<td>• Free-from industry has low barriers to entry resulting in high competition</td>
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<tr>
<td>• Zooey Deschanel bringing a new customer base via social media platforms</td>
<td>• Social media advertisements may have a negative impact resulting from overexposure</td>
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<td></td>
<td>• Breaking the existing relationships with Ibotta, ContentChecked, and Ingredient1. This may result in these apps working with competitors</td>
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