

Q&A

Product launch workshop

Q: What were the age ranges of the consumer testing respondents?

- The majority of respondents were aged 28 to 55.
- Younger (18 to 27) and older (55+) were also included.
- Results were consistent across all age groups, which is unusual given you'd typically expect more variation.

Q: What does "strongest reaction" mean in the context of the dark chocolate and berry bar's consumer testing results?

- Two measures make up the recorded reaction: purchase intent and the language consumers used.
- Purchase intent: dark chocolate and berry came in at 67%, honey and almond at 51%, and coconut and lime at 48%.
- The language consumers used for the berry bar was notably more immediate and genuine, with responses like "I want that" and "When can I get it?" compared to the more passive "That's nice" or "I'd try that" for the other options.

Q: Did the consumer testing show actual product or just the concept?

- Only the concept was shown, using packaging mockups and ingredient descriptions.
- Actual tasting with shortlisted options is planned if the team moves forward.

Q: Did the testing track shelf conversions, not just pick-up rates?

- Yes, real product was available for the berry bar and purchase was tracked.
- The dark chocolate and berry bar outsold the other two options approximately three to one.
- Pick-up rates were also strong: 34% of shoppers who walked past the test section picked up the berry bar, compared to 18% for honey and almond and 22% for coconut and lime.

Q: Which price points were tested, and how did purchase intent hold up?

- Three price points were tested: \$NZD 6.50 (20% above current range), \$NZD 7.50 (35% above), and \$NZD 8.50 (50% above).
- Purchase intent dropped at each higher price point, but the dark chocolate and berry bar held up better than the other two options.
- At \$NZD 7.50, the berry bar still achieved 58% purchase intent, which is solid.

Q: What is the sourcing plan for the berries?

- There are two options:
- Option one: sourcing freeze-dried berries from a commercial supplier, offering consistency, ease of supply, and lower cost.
- Option two: working directly with berry growers, likely in the Wairarapa, to source fresh berries during harvest season and freeze-dry them separately.
- Option one is logistically simpler. Option two is more authentic and supports a stronger brand story, but is more expensive and subject to harvest variability.

Q: What is the cost impact of direct berry sourcing versus commercial supply?

- Direct sourcing is approximately 15% to 20% higher in ingredient cost. That's roughly an extra \$NZD 0.40 to \$NZD 0.50 per bar on the ingredient line.
- At 20,000 units in the first quarter post-launch, that's approximately \$NZD 10,000 in additional ingredient cost.
- Annualised at 80,000 units per year, the incremental cost would be around \$NZD 40,000 to \$NZD 50,000.

Q: Could the team use both sourcing approaches simultaneously, for example direct-sourced for storytelling and commercial for volume?

- Theoretically yes, but it would complicate manufacturing by requiring two separate ingredient streams to be managed.

Q: How long does shelf-life testing take?

- Full, thorough shelf-life testing typically takes six to 12 weeks.
- Accelerated testing in a controlled environment can return results in two to three weeks, though this is less definitive than real-world testing.

Q: When does shelf-life testing need to be completed if the team is targeting an FY27 launch?

- Shelf-life testing needs to be locked in by the end of August, allowing time to make any necessary adjustments to the recipe or packaging.

Q: What is the changeover process on the production line, and what does it cost?

- Every flavour switch on line one requires a full clean due to allergen management (nut products run on the same line), a recipe reset, and a change of moulds and packaging.
- A standard changeover takes approximately 45 minutes.
- The direct cost per changeover (labour and utilities) is around \$NZD 200.
- Adding one changeover per week for the new SKU equates to roughly \$NZD 10,000 per year.

Q: Are there any issues with handling freeze-dried berries on the production line?

- Freeze-dried berries are stable and do not absorb moisture the way fresh berries do, so they won't degrade the chocolate.
- The main requirement is a temperature and humidity-controlled storage area, similar to what is used for cocoa.
- This would involve repurposing an existing ingredient storage area and upgrading the climate control, at an estimated cost of \$NZD 15,000 to \$NZD 20,000 in capital expenditure.
- Standard equipment could be installed within four to six weeks of order.

Q: Do new moulds need to be made for the bar?

- No. The bar is designed to the same shape and size as the existing 100-gram range.

- The berries add texture but not dimension, so no new tooling is required.

Q: What if the packaging design is different for the new bar?

- If the format stays the same but with a different label or visual, there are no operational issues.
- A completely different packaging format would carry different lead times and would be a marketing decision.
- Priya said intention was to keep the same packaging size but with a different visual design that highlighted the berries.

Q: What is the total capital requirement from an operations perspective?

- The ingredient storage upgrade is estimated at \$NZD 15,000 to \$NZD 20,000.
- All other costs are operational (labour and consumables) rather than capital.

Q: What is the production and launch timeline?

- Recipe finalised by end of July.
- Full shelf-life testing and a test production run completed in August.
- Berry sourcing locked in by end of August.
- Ingredient storage upgrade completed by end of September.
- Production ramp-up in September.
- First shipments out in October, with a November market launch.

- This provides approximately two months of buffer before year end.

Q: What does point-of-sale support for retailers look like, and what will it cost?

- Retailers requested in-store tasting for at least the first month in major stores, a promotional price point for the first eight weeks, and advertising support through their catalogues and email.
- The estimated cost of the launch campaign across all four chains, including tasting staffing and promotional margin, is approximately \$NZD 30,000 to \$NZD 40,000.

Q: Have independent retailers been consulted, and what is their appetite?

- Some independent retailers were spoken to, and the response was consistent with the major chains.
- They are looking for something distinctive that sets them apart from the major brands.
- Independent retailers are less organised but equally interested.

Q: What are the volume and revenue forecasts for the dark chocolate and berry bar?

- Year one: approximately 18,000 units in the first quarter post-launch, ramping to around 35,000 units per quarter by Q4, for a total of roughly 100,000 to 110,000 units.
- Year two: estimated 200,000 to 220,000 units if the product performs well and shelf space and marketing support are in place.

- Year one revenue at an average price of \$NZD 7.00: approximately \$NZD 700,000 to \$NZD 770,000.
- Year two revenue: approximately \$NZD 1.4M to \$NZD 1.5M.

Q: How does the gross margin on the berry bar compare to the current range?

- The current range runs at approximately 58% gross margin
- The berry bar is projected at 54% to 55% gross margin, slightly lower due to the premium ingredient cost.
- Year one gross contribution is estimated at \$NZD 380,000 to \$NZD 420,000. Product is contribution-positive from launch.

Q: Does the team need to expand its distribution network to support the new bar?

- No expansion is needed for the supermarket channel, as shelf access is already in place.
- Specialty retailers and independent chocolatiers are a longer-term consideration, not a year-one priority.

Q: What about direct-to-consumer (DTC) sales online?

- The team already sells through the website.
- Elena estimated that 15% to 20% of volume could come through DTC if marketed properly.
- DTC carries a higher margin, so is an attractive channel to prioritise.

Q: Do Yoplo and Choc Top need to be brought into the launch plan?

- Yes, they are key channels and should be included in the launch.
- Tom Bradley will speak to the Yoplo confectionery and Choc Top buyers to ensure they're aware of the product and interested in stocking it.
- The goal is to synchronise the launch across all channels so the product is available consistently, rather than appearing in some retailers but not others.

Q: Can the new product be tracked separately in the budget?

- Yes, James Patterson requested that revenue, cost of goods sold (COGS), and promotion costs be isolated so performance can be measured clearly.
- Priya Raman will coordinate with James on the budget line item.