

A close-up photograph of a person's hand pushing a shopping cart. The hand is wearing a red sleeve and a purple sleeve. The cart has an orange handle and a silver metal frame. The background is a blurred grocery store aisle with shelves of products.

# Muffkie Concept Research Findings

Prepared by Q & A Research, Inc.

May 2015

## BACKGROUND AND OBJECTIVE

- A new healthy snack product has been developed by Tom Johnson, founder of The Muffkie Company.
- To gauge reaction to the concept, The Muffkie Company engaged Q & A Research, a national marketing research firm, headquartered in the San Francisco Bay Area, to conduct a coast-to-coast survey among consumers.



# METHODOLOGY

- A total of 641 surveys were completed between May 3 and May 10, 2015.
- All surveys were conducted via Q & A Research's national online panel.
- Average survey length was approximately 10 minutes.
- To qualify, participants were required to meet the following criteria:
  - Age 25 to 64
  - Primarily or jointly responsible for the grocery shopping of their household
  - Reports an annual household income of at least \$25,000
  - Buys cookies frequently or occasionally for themselves or household members
  - Very or somewhat open to buying cookies made with pistachios, a key ingredient in the Muffkie

# CONCEPT DESCRIPTION

## AS PRESENTED TO SURVEY PARTICIPANTS

The Muffkie (pronounced Muff-key) is a baked, any time, snack, with pistachios as its largest ingredient by weight. With about half the sugar of most cookies, it is a healthful snack made with three whole grains: rolled oats, white whole wheat flour, and basmati rice. And, there are no artificial flavors or ingredients. It comes 21 to a pack for the large size, and 8 cookies comprise the regular size.



# KEY TAKEAWAYS

- Reaction to the product description was extremely positive. In fact, results for the Muffkie place it in the top 2% of all concepts ever tested by Q & A Research, dating back to the company's inception in 1991.
- The vast majority (87%) of cookie buyers indicated that they are open to having pistachios as an ingredient.
- The Muffkie is perceived as being a unique, healthful product, one that survey takers would not only eat themselves, but would also serve to friends and family.
- The product is regarded as being, not only as ideal for adults, but also appropriate for children.
- Purchase interest in the product was quite strong for both the 21-count and 8-count packages.



## KEY TAKEAWAYS (CONT'D)

- The optimal price points based solely on survey data and with only revenue maximization in mind for the larger and smaller package sizes were determined to be \$6.99 and \$4.99, respectively.
- Arguably, the only negative aspect of the concept evaluation revolved around the Muffkie name, with only a small proportion of participants finding it to their liking. Serious consideration should be given to other naming alternatives.
- Lastly, while the concept was well received, formalized taste testing is recommended to confirm or not that the Muffkie performs up to consumers' high expectations.

# DETAILED FINDINGS

# AFFINITY FOR PISTACHIOS

- Approximately 9 in 10 (87%) of those surveyed reported that they were open to buying cookies made with the popular nut.

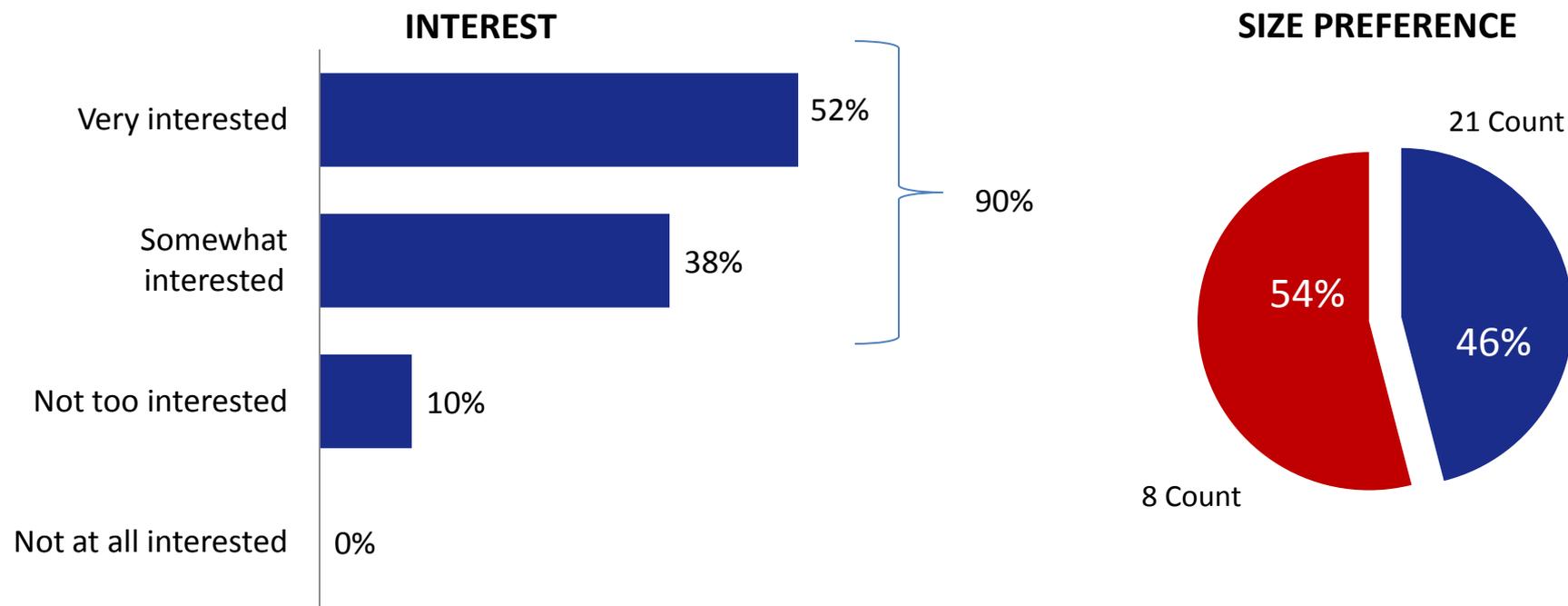


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S3. How open are you to buying cookies made with pistachios? (N=641)

# INTEREST IN BUYING AND SIZE PREFERENCE

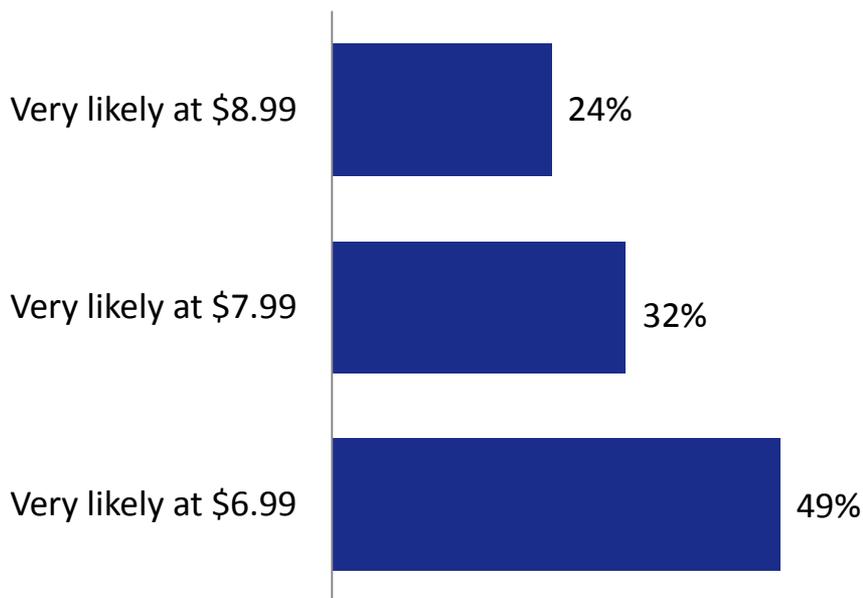
- After reading the product description and seeing the package label, over half of those surveyed (52%) indicated they were very interested in buying the Muffkie, while another four in ten (38%) were somewhat interested.
- Preference in terms of count (8 pieces vs. 21 pieces) was fairly equally divided (54% vs. 46%, respectively).



Q2 Based on the description and label you just read, how interested would you be buying this cookie for yourself or others in your household? (N=641)

Q4 If you were to buy it, which size would you be most likely to get? (N=641)

# LIKELIHOOD TO BUY 21-COUNT PACKAGE



- Approximately one quarter of respondents (24%) indicated they would be very likely to buy the 21-count package at \$8.99.
- A third (32%) would buy it at \$7.99.
- Nearly half (49%) would buy the product at \$6.99, the lowest price-point tested.

## OPTIMAL REVENUE PRICE POINT\*

- By multiplying the percentage of very likely responses by each price point and then calculating the resulting revenue for a hypothetical 1,000 prospective consumers, the optimal price point (among those tested) for revenue generation was determined to be \$6.99.

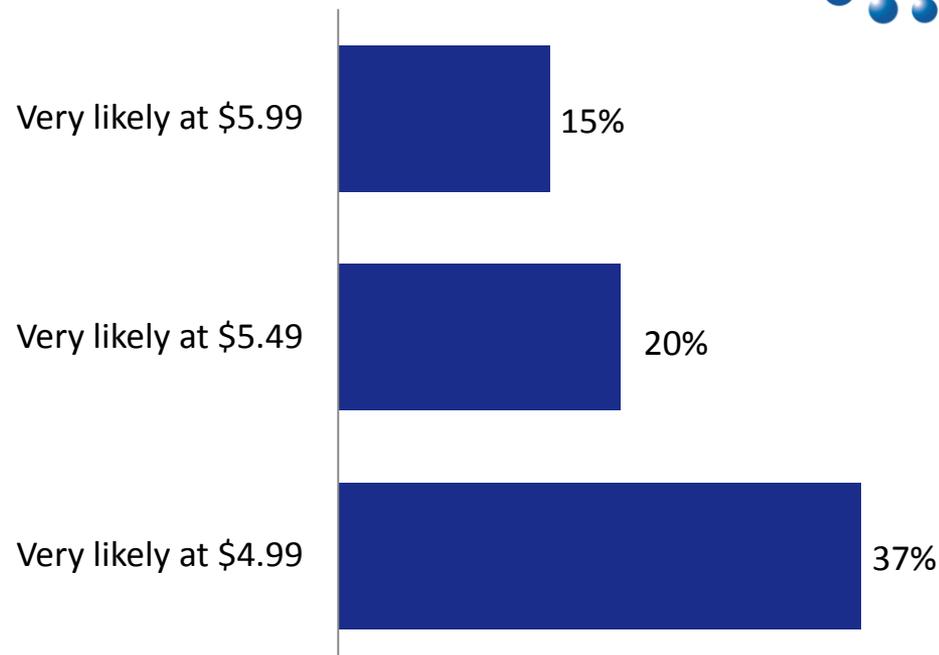
\* The optimal revenue price point presented here is limited to survey data and the price points evaluated. It does not include a discounting of very likely buyers to actual buyers, nor does it consider any other factors that may be critical to determining the product's optimal profit-based price point.

## OPTIMAL REVENUE PRICE POINT CALCULATION PER 1,000 CONSUMERS

Equation	Revenue
$1,000 \times 24\% \times \$8.99$	\$2,158
$1,000 \times 32\% \times \$7.99$	\$2,557
$1,000 \times 49\% \times \$6.99$	<b>\$3,425</b>

# LIKELIHOOD TO BUY 8-COUNT PACKAGE

- 15% of survey takers said they would be very likely to buy the 8-count package at \$5.99.
- One in five (20%) would be very likely to buy at \$5.49.
- Nearly four in ten (37%) would be very likely to buy the product at \$4.99, the lowest price-point tested.



## OPTIMAL REVENUE PRICE POINT\*

- By multiplying the percentage of very likely responses by each price point and then calculating the resulting revenue for a hypothetical 1,000 prospective consumers, the optimal price point (among those tested) for revenue generation was determined to be \$4.99.

\* The optimal revenue price point presented here is limited to survey data and the price points evaluated. It does not include a discounting of very likely buyers to actual buyers, nor does it consider any other factors that may be critical to determining the product's optimal profit-based price point.

## OPTIMAL REVENUE PRICE POINT CALCULATION PER 1,000 CONSUMERS

Equation	Revenue
$1,000 \times 15\% \times \$5.99$	\$899
$1,000 \times 20\% \times \$5.49$	\$1,098
$1,000 \times 37\% \times \$4.99$	<b>\$1,846</b>

# AGREEMENT WITH KEY STATEMENTS ABOUT THE PRODUCT

## Top-Two Box (4 and 5) Ratings

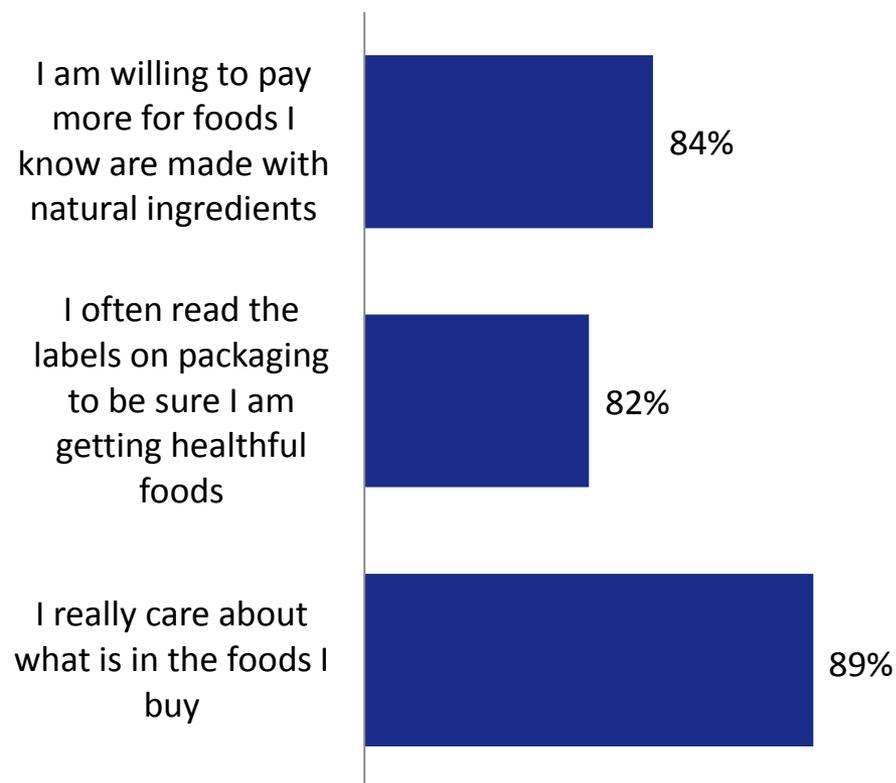


- The vast majority of participants (90%) thought of this product as one that is highly unique. Consistent with this finding, just 4% believed they had seen this exact product before.
- Eight in ten (81%) said the Muffkie is a product they, themselves, would eat.
- Seven in ten considered the product a healthy snack (75%) and something they would serve to friends and family (72%).
- While 38% thought that the Muffkie is a product for children, nearly twice as many (71%) considered it a product for adults.
- Of some concern is that only 27% indicated that they really like the product's name.

# AGREEMENT WITH KEY STATEMENTS ABOUT THE FOODS THEY BUY

- More than 8 in 10 participants agreed with each of three statements relative to the healthfulness of the foods they buy.

## Top-Two Box (4 and 5) Ratings



# DEMOGRAPHICS

- Survey participants were from all across the U.S. and demonstrate their diversity in the demographic data presented below.

Annual Income	Percentage
\$25,000 to less than \$50,000	27%
\$50,000 to less than \$75,000	27%
\$75,000 to less than \$100,000	21%
\$100,000 or more	25%

Education	Percentage
High school graduate or less	8%
Some college/trade school	29%
College graduate	45%
Post-graduate work	17%

Age	Percentage
18 to 24	4%
25 to 34	32%
35 to 44	24%
45 to 54	23%
55 to 64	16%

Gender	Percentage
Male	26%
Female	74%

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- Q & A Research is a Minority Business Enterprise, and is the parent company of Q & A Focus Suites, which offers qualitative research facilities in multiple locations.

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