CREATIVE STRATEGY & EXECUTION

EDIBLE JOY

ArchwayCookies.com/ThatGood

Archway Cookies
Summary and SWOT

In business since 1936, **Archway** is a U.S. company that sells "home-style cookies made with high-quality ingredients." Its primary bakery operations are located in Ashland, Ohio (Snyder's-Lance, 2014).

After struggling financially and passing through a series of owners, Archway was acquired by Snyder's-Lance, the second largest savory-and-sweet snack brand in the U.S. (Colbert, 2016). The purchase of Archway advances Snyder's-Lance's strategy to grow through acquisition in order to diversify its offerings, enhance its market presence, and compete with major players. Examples of other food products in the parent company's 16-brand portfolio are: Snyder's of Hanover (pretzels), Pop-Secret (popcorn), Emerald and Diamond (nuts), and Eatsmart and Late July (natural, gluten-free, non-GMO snacks).

Archway's four classifications of cookies – Classics, Family Fun, Specialties, and Chocolate Lovers – reflect its segmentation of customers. *Classics*, the largest line, is geared towards a buyer who may be familiar with Archway cookies or simply prefers traditional recipes. The *Family Fun* category currently contains just one cookie variety: iced animals. (That said, all lines naturally target families since they are the largest buyers of cookies.) An upscale audience is the primary target of the premium *Specialties* line. At the moment, *Chocolate Lovers* consists of two chocolate varieties, and appears to target the occasional buyer with its emphasis on indulgence.

Overall, Archway makes 21 cookie flavors, down from a high of 84, plus seasonal favorites (Berne, 2010). A new gluten-free line is generating some excitement, and all cookies are kosher (Snyder's-Lance, 2014).

In-store prices for Archway products hover above that of standard cookies, but below or equal to premium brands. Online, Archway cookies are priced higher than its in-store products.

Situation Analysis

The Market. Who buys cookies? By far, the biggest demographic of cookie buyers in the U.S. is young families. In households with children, 93% have purchased packaged cookies in the past three months. While cookie sales have slowed recently, possibly linked to child obesity concerns and greater health awareness, forecasts indicate strong sales ahead (Roberts, 2015). Among those who say they factor health in their purchases, these consumers value products that are all-natural, high-fiber, low-calorie, low- or no-sugar, lowfat – in that order. Those who identify as cookie "indulgers" purchase cookies less frequently, and want decadent ingredients at a good price; 49% of indulgers are age 45-54. Brand-loyal consumers make up 29% of all cookie purchasers.

The Product. Some interesting product trends have gained momentum in the last couple years. Even though standard cookie sales (think Oreo or Fig Newtons) have leveled off, they represent the greatest volume by far. Private-label sales, once the workhorse of cookie profits, have declined 2% since 2013. Meanwhile, healthful options are seeing 21% growth over the same period, and premium cookies have increased 6.5% (Roberts, 2015). If these trends continue to peck away at traditional cookies' market share, the composition of products shoppers see on the shelves will shift more obviously towards 'healthful' and 'premium' than they already are.

Competitive Situation. With more than 90% of U.S. households buying cookies, the $7.2 billion U.S. cookie market is highly active and extremely competitive (Statista, [1] 2015). Nabisco's Oreos, Chips Ahoy, and private labels dominate sales of standard cookies ([2] 2015). Premium and health-oriented cookies are estimated to show the largest growth in the next five years.

Distribution. Large manufacturers distribute their cookies widely to grocery stores, convenience marts, and big-box stores nationwide. Archway is no different. The company are also sells its cookies online through Archway's own Snack Shoppe and via Amazon (Snyder's-Lance, 2014). Yet, an over-reliance on distribution via big box stores – comprising 48% of parent company Snyder's-Lance's business – is seen as a weakness by some analysts. This is because, although the volumes are high, retailers like Wal-Mart negotiate much lower pricing arrangements, reducing profits (MarketLine, 2015).

Trends. Even though cookies positioned as "good for you" make up a small portion of overall cookie sales, this segment is forecasted to increase the most significantly – by 32% – over the next five years. Health-focused choices (fiber, gluten-free, low-fat) are popular with parents of young families. Also, consumers under the age of 45 tend to think healthier options are worth a higher cost (Roberts, 2015).

Sales of premium cookies are also trending higher. Millennials, in particular, are more apt (66%) to pay more for premium cookies, seeing them as an "affordable indulgence" (Roberts, 2015). This group also favors healthful options. With ethnicity factored in, Hispanic Millennials prize premium and health-oriented cookies more than any other group. Yet one social media analyst, Jeannette Ornelas, cautions marketers to resist co-mingling health-conscious features with indulgence. She calls straddling that line a "gray area that dilutes authenticity" (Roberts, 2015).

SWOT – Archway	
Strengths	**Weaknesses**
▪ Some name recognition ▪ Strong parent company ▪ Online store augments reach ▪ Quality ingredients, products ▪ New gluten-free and lower-calorie products	▪ Parent company expertise is in salty snacks not sweet snacks ▪ Awareness is low among younger consumers ▪ Weak offline and online marketing
Opportunities	**Threats**
▪ Demand for healthy/premium aligns with Archway products/direction ▪ History and founders offer a non-corporate back story ▪ A mostly unknown brand can be re-launched to serve segments	▪ Intense competition ▪ Sophisticated, well financed marketing from major brands ▪ Lower overall demand for indulgent sweets could threaten viability ▪ Other brands innovate better and faster

Strengths. As a longstanding U.S. brand, one of Archway's strengths is its name recognition, at least among Gen Xers and older. Archway benefits from parent company Snyder's-Lance's strong financial position, modern manufacturing facilities, and well-oiled distribution network. It also sells directly to consumers via its online store, expanding its reach into unrepresented geographic areas. With Archway's emphasis on home-style cookies, the brand seeks to attract customers on taste and quality ingredients. Since Archway sells an excellent product, its value proposition is sound. A vast array of cookie flavors has been trimmed to more effectively address the evolving tastes of targeted consumers (families and/or health-conscious and/or premium shoppers). A reduced product line (21 cookies) also offers room for nimble growth – evidenced by the new gluten-free and cookie chips flavors – and testing new products. A 91% increase in social mentions of "cookies" paired with "gluten-free" aligns neatly with Archway's entry into gluten-free sweets (Ornelas, 2015).

Weaknesses. Snyder's-Lance, which has historically been a salty-snack maker, may struggle to strategically develop and market items the less familiar sweet-snack category. It does not help that a tumultuous history of financial trouble and a revolving door of owners reduced Archway's cookie quality and shelf visibility for about 15 years. Young adults, potential targets for Archway, are likely unaware of the brand. A weak online/social presence (Facebook, Pinterest) does little to build awareness, create excitement, or cultivate a community of fans. An older set that holds a favorable view of Archway may buy cookies too infrequently to sustain profits. Also, an in-between price point saddles Archway with an awkward too-expensive-for-everyday but too-cheap-for-a-special-treat status. The Family Fun product line consists of one outlier cookie, which ironically connotes the opposite of Family Fun. One 'fun' product diminishes Archway's overall appeal to young families with children.

Opportunities. A growing appetite for high quality products, natural ingredients, and healthy choices dovetails with Archway's products and direction. Investing budget dollars in efforts to market the gluten-free and lower-calorie cookie chips could enhance Archway's connection with customers and raise Archway's reputation as a whole. Celebrating Archway's husband-and-wife founders and rich history could hold PR and marketing appeal (when implicitly contrasted with corporate cookie giants) especially during the company's 80th-birthday year. Revitalizing online and offline marketing efforts to attract new customers while satisfying loyal fans can be considered gravy, given Archway's extremely minimal marketing. As Archway is virtually a blank slate, the opportunity to reformulate and debut a 'new' brand presents exciting possibilities for the consumer and the company. As the shine wears off standard cookies from mega competitors like Keebler's, the timing may be perfect to differentiate Archway.

Threats. Intense competition from cookie manufacturers with deep pockets threatens Archway's foothold with current customers, and prospects for growth. In the store, a sea of tested and proven packaging from the competition obscures Archway cookies. Online, competitors demonstrate a sophisticated understanding of their audiences, delightful content, media channels, and metrics to leverage success. In terms of evolving trends and tastes, sugary, high-calorie products may see a slide in demand that threatens Archway, unless it can diversify and market its products more nimbly than competitors. Cookie innovations may require investments that Archway's parent company may be unwilling to make, even as competitors move forward. And, new interest from consumers in premium and natural foods may enable small start-ups to enter the field, further pressuring Archway.

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