

TO: INVESTOR (PROF. MAYER)
FROM: (STUDENT TEAM—ANONYMIZED)
SUBJECT: NEW INSECT FOOD PRODUCT LINE

BUG BARS

Here at Bug Bars, we value long term, sustainable growth both as a company and as a population. Our business idea for your consideration as an investment is to develop a new product line of healthy snacks for children using environmentally friendly and sustainable insect proteins as the base ingredient. Delicious Bug Bars will provide a healthy alternative to candy bars that parents will appreciate and kids will dare to eat. Bug Bars for kids will also encourage a young generation of consumers to get used to the idea of eating insects, which in the not-too-distant future will be a viable and necessary food source.

The product is Bug Bars that will use cricket and grasshopper flour as a base and will come in a variety of flavors/themes. Slogans will be based on insect facts that both amaze and encourage consumptions, such as:

- Spider themed bar (Chocolate-Peanut Butter Flavor): “Spider silk is 5 times stronger than steel...enough said!”
- Ant themed bar (Blueberry-Acai Flavor): “Ants can carry 10 times their weight on their back...enough said!”
- Bee themed bar (Honey-Almond Flavor): “Bumble Bees can solve math problems while flying 15 mph...enough said!”

Pricing strategy will be based on making healthy sized snack bars that will be about 1 oz or roughly half the size of a normal candy bar and we estimate the price to be \$1. This price point is less per oz of other insect bar competitors and will allow our product to also compete with candy bars on the shelves both in price and in space at retailers, while enjoying higher margins from producing smaller portion sizes.

Parents want what is best for their children, especially when it comes to their health. Bug Bars that use protein-packed, vitamin-rich insect products will entice health conscious parents to try these snacks for their kids. Consumers are trending towards wanting natural and sustainable food. This product using insects will fit well with that trend.

Kids, on the other hand, are naturally curious and flexible when trying new things, especially when that new product contains bugs. Playing with bugs and even trying to eat bugs as a kid is not at all far-fetched. Children are the target consumer segment and focusing on this target will also help normalize in society eating insects as a major food source.

Secondary targets for this product will be other health conscious consumers looking for an alternative to dairy, soy, or other protein sources found in typical health bars, or just those simply looking to try something new and innovative. The packaging, while fun and entertaining for children will not be overtly cartoonish or viewed as childish in order to not turn away the potential older audience. Future growth will target adults specifically and will be discussed later.

Bug Bars are a healthy alternative to commonly nutrient deficient snack options that children currently have. The vitamin-rich bars are attractive to parents, but kids will not realize how healthy they are, because they will be too fascinated with the fact that they get to eat bugs and it's "OK"!

Bug Bars for kids are a natural way to drive awareness and acceptance of insect consumption in the market.

Our main competitors for insect based products are Chapul and Exo. In the children snack segment some of the most popular candy bars are Snickers and Reese's Peanut Butter Cups. Our unique selling proposition is to not solely target health conscious adult consumers similar to what Chapul and Exo appear to be doing, nor are we a candy bar, but we are a healthy children's snack that tastes great and familiar, but also has the "Wow" factor of eating bugs. A breakdown of our competitors can be found in Table 1.

Table 1 Summary of Bug Bars Main Competitors

Category	Bug Bars	Exo	Chapul	Snickers	Peanut Butter Cups
Size	1 oz. (est.)	2.1 oz.	1.9 oz.	1.85 oz.	1.5 oz.
Cost per bar	\$1 (est.)	\$3.5	\$3	\$0.89	\$0.89
Protein	6 g (est.)	10 g	11 g	4 g	5 g
Sugar	5 g (est.)	14 g	18 g	27 g	21 g
Calories	125 (est.)	290	220	250	210
Cricket Flour	Yes	Yes	Yes	No	No
Grasshopper Flour	Yes	No	No	No	No
High Fiber	Yes	Yes	Yes	No	No
Dairy Free	Yes	Yes	Yes	No	No
Gluten Free	Yes	Yes	Yes	No	No
Omega 3	Yes	No	Yes	No	No
Flavors	Chocolate-Peanut Butter Blueberry-Acai Honey-Almond	Peanut Butter and Jelly Cocoa Nut Blueberry-Vanilla Apple-Cinnamon	Chocolate-Peanut Butter Coconut Dark Chocolate Matcha Tea	Chocolate-Caramel-Peanut	Chocolate-Peanut Butter

The main strategy to successfully promote our Bug Bar is to reach children in places they frequent along with their parents and families. For the Indianapolis, IN market, our main outlet will be the Indianapolis Children's Museum and the Indianapolis Zoo. Our product will be a huge success at the Children's Museum, especially during the Halloween season. In 2013, the museum brought in 65,038 visitors during the Halloween season alone. Promoting at the zoo will reach an equally large number with zoo attendance reaching a record high of 1,249,840 visitors in 2014.

To get the initial word out about Bug Bars and the health conscious approach of the product, we will work with the local Indianapolis news media on TV and radio as an opportunity to educate parents on how healthy, delicious, and safe our product is so when they see it at the Indianapolis Zoo or Children's Museum, they are ready to give it a try.

The next step for growth beyond making the product available at the zoo and museum would be to start branching out to health food stores as demand increases as well as potential for online sales. The product line can then be expanded to include a protein snack bar for the parents themselves

along with other health conscious shoppers at health food stores looking for an environmentally friendly, sustainable, and innovative product.