### Case Discussion Questions

# Instructor Note—Energy Bar Industry

This case is designed to explore “must haves” that define subcategories or submarkets. Aaker asserts in his writings that creating subcategories is the only way to grow (with exceptions) so understanding this topic is important to strategy. The Luna/Pria women’s product and KIND are great examples. The students should explore other products especially those that were not successful or whose future is now unknown.

1. **Identify the different submarkets or subcategories. Which have “must haves” that drive a loyal segment of size? What are the strategic groupings? For each to what extent do they represent fads that will peak and decline instead of grow. Why?**

* There are now bars around natural, protein, sports and energy, diabetic, diet (the Atkins and Balance), soy (SoyJoy - a major Japanese brand), breakfast replacement, and nutrition.
* Are strategic groups linked to these submarkets? At the brand level it may be yes but at the firm level a firm might engage in many submarkets. In pet food for example, the two big players are each in most of the segments (see the Planning Forms in the Appendix).
* Take one or two bars (e.g., protein and soy) and explore whether they represent fads, a low sales ceiling, or high potential. How would you forecast there future? How do you hedge—by having a footprint in different subcategories just in case one takes off?
* One conclusion is that soy may be a breakout ingredient but SoyJoy is not the vehicle to make it happen so the analysis needs to turn around other companies or organizations in the marketplace promoting soy. (The same could be said for seaweed snacks, they will draw upon trends rather than lead). How does a company manage this type of situation?
* One learning is that there is a lot of uncertainty in strategy but there are ways to reduce it though research and through diversification.

1. **To what extend to you think the KIND subcategory is driven by its Kindness initiatives? Are they “must haves”?**

The Kindness initiative may only be known by a small subsegment but that might be an important one. This could talk about the brand with friends and in social media, which affects brand exposure in the marketplace and drives trial.

1. **What are the environmental trends that will affect this industry? Considering these trends, generate two or three viable future scenarios.**

There are many possibilities—being active, eating right, weight control*,* nutraceuticals, local, and organic. Students can break up into small teams and develop a scenario for KIND for each possible trend. What does the trend mean for the business? How should it respond, if at all?

1. **How can brands like Luna, Pria, and KIND by leveraged? What makes a brand extendable?**

This could be a good vehicle to do a brand extension exercise. Take, for example, Luna—can the active, diet conscious women image be leveraged? What new products make sense? What else do these women consume? Could you have Luna ice cream? An extension should be helped by the brand and should help the brand. Does this work for Luna Ice Cream?

Generate a list of possible categories that would work for KIND. How does KIND help these new products and how do these new products help KIND?