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# S&P TEST

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## HOSTESS BRANDS SWOT & PESTLE ANALYSIS

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**Company Name :** Hostess Brands

**Company Sector :** Packaged Food

**Operating Geography :** United States, North America

**About the Company :** Hostess Brands Inc. (Hostess) is a food processing firm that makes, sells, and distributes fresh sweet bakery items. Loaves of bread, buns, sweet rolls, snakes' cakes, snack pies, doughnuts, and other related products are among the company's offerings. The company is headquartered in Lenexa, Kansas, United States. It owns multiple bakeries in the United States that create snack cakes under the Hostess and Dolly Madison brand names, as well as Voortman Cookies Limited, a Canadian subsidiary that makes wafers and cookies under the Voortman brand name. Hostess Brands, LLC and Voortman Cookies Limited are the two primary functioning subsidiaries at the present. In June 2013, Apollo Global Management and C. Dean Metropoulos and Company launched the venture. Hostess® Twinkies®, CupCakes®, Donettes®, Ding Dongs®, Zingers®, Danishes, Honey Buns, and Coffee Cakes, as well as their exquisite Voortman® cookies and wafers, just to name a few of the renowned products that Hostess Brands creates. In March 2022, at its Investor Day, Hostess Brand will outlay the company's strategy for delivering the attractive growth of the company and the returns of the top tier shareholders.

Hostess Brand's Unique Selling Point or USP is its significant net revenue and profitability growth, which can be found in both Sweet Baked Goods and Voortman. The power of its brands generates exceptional point-of-sale growth, resulting in record-breaking market share across several channels. The mission statement of Hostess Brand reads, "At Hostess Brands, Inc., our mission is to inspire moments of joy by putting our heart into everything we do".

**Revenue :**

US\$1016.6 million - FY ending 31st December 2020 (y-o-y growth 12%)

US\$907.7 million - FY ending 31st December 2019

**SWOT Analysis :**

The SWOT Analysis for Hostess Brands is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1. Leading Iconic Brands with great customer recognition</li> <li>2. Strong social media presence</li> <li>3. Consistently delivers industry-leading shareholder returns</li> <li>4. Well positioned for evolving consumer behaviours</li> </ul>	<ul style="list-style-type: none"> <li>1. High legacy costs leading to financial troubles</li> <li>2. Labor protests and strikes due to poor working conditions</li> <li>3. Increasing penetration of private labels in SBG markets</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1. Advancing further with breakfast sub-category's success</li> <li>2. Strategic acquisitions to expand business portfolio</li> <li>3. Utilizing forward buying strategies to minimize risk factors</li> <li>4. Expanding consumer base by targeting younger customers</li> </ul>	<ul style="list-style-type: none"> <li>1. Highly competitive market based on brand recognition and loyalty</li> <li>2. Volatile prices of raw materials can raise costs of production</li> </ul>

**PESTLE Analysis :**

The PESTLE Analysis for Hostess Brands is given below:

<p style="text-align: center;"><b>Political</b></p> <p>1. British Medical Journal (BMJ) has asked for reduction in package sizes to control obesity problems</p> <p>2. WHO directed national governments to regulate food advertising</p>	<p style="text-align: center;"><b>Economical</b></p> <p>1. LIBOR will no longer be used as a benchmark for global transactions by end of 2021 (23)</p> <p>2. Economic slowdown may lead to low consumer demand</p> <p>3. Rising labor wages can increase costs of production</p>
<p style="text-align: center;"><b>Social</b></p> <p>1. Disruption of timing of seasonal trends (8)</p> <p>2. Increasing demand for single-serve packs</p> <p>3. Consumers are demanding low fat and low sugar options</p>	<p style="text-align: center;"><b>Technological</b></p> <p>1. New vacuum frying technology enhances nutritional value food.</p> <p>2. Use of automation in factories will reduce labor costs</p>
<p style="text-align: center;"><b>Legal</b></p> <p>1. COVID-19 leading to delays in FDA inspections</p> <p>2. Worker's unions engage in collective bargaining to set wages</p> <p>3. Food products are subject to strict government regulation</p> <p>4. The Food Safety Modernization Act increased the number of inspections at food facilities</p>	<p style="text-align: center;"><b>Environmental</b></p> <p>1. Adoption of recyclable packaging to reduce pollution</p>

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