

BDC

Buckeye Dairy Cooperative



Marketing Plan

Prepared by The Ohio State University NAMA Chapter

Department of Agricultural, Environmental, and Development Economics
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Introduction

According to the Celiac Disease Foundation 1 in 133 Americans suffer from celiac disease and another 1 in 8 Americans are unable to consume products that contain gluten without suffering negative health effects. Those who are diagnosed with celiac disease eagerly seek a delicious indulgence, which is rarely found among gluten-free products.

We are proud to introduce **Break Free Cannoli**, a premium delicious gluten-free indulgence. **Break Free Cannoli** consists of a yogurt-based mousse that is surrounded by a layer of rich dark chocolate and then enclosed within a rice cannoli shell for a robust combination of flavors.

Break Free Cannoli is a product line extension of Buckeye Dairy Cooperative (BDC), an organization comprised of 65 Ohio dairy farmers who are leading providers of premium yogurt and other processed dairy products such as cheeses, butter spreads and frozen dairy products. Based on a mission of delivering added value to its customers, BDC focuses on providing foods with premium quality and taste.

Market Analysis

Customer Profile of Target Market

Our customer profile consists of men and women ages 35-49 who suffer from celiac disease and gluten intolerance. This group is the most prevalent age of diagnosis for celiac disease. Over 24 million Americans are unable to consume gluten without experiencing negative health effects. They must address their dietary needs by incorporating gluten-free foods into their regular diet. Due to the trend of poor or bland tasting gluten-free foods, our target market struggles to find premium, satisfying gluten-free products. As sufferers, these individuals take the time to investigate foods that will best fit their restrictive diets. These educated individuals understand the importance of consuming healthy, low-calorie foods, and strive to provide tasty, healthy options for their families, too. Our target market is located primarily in the Midwest, in part due to the prevalence of celiac disease in people of Northern European ancestry. People with a concern for gluten dine out 80% less than the general population, meaning that food indulgences must come from the grocery store. With household incomes of \$80,000 and above, these men and women have more disposable income than previous generations and indicate a willingness to invest that money in products that have a first-class taste as well as the potential to improve their quality of life. These professional individuals also desire a healthy and refreshing treat to integrate into their fast-paced lifestyles. They enjoy being active, and shop frequently to keep up with current trends.

The *primary market* for **Break Free Cannoli** is men and women ages 35-49 who have been diagnosed with celiac disease. These people are unable to eat any products that contain gluten and as a result desire to have more delicious gluten-free choices than are currently on the market.

The *secondary market* for **Break Free Cannoli** is men and women ages 35-49 who suffer from gluten intolerance, or are concerned with the adverse effects of gluten. As a result of eating foods containing gluten, these people may experience an array of symptoms ranging from discomfort to a debilitating reaction.

Size and Potential

Celiac disease is a genetic disorder affecting 1 in 133 Americans. Using U.S. Census Bureau estimates, there are nearly 2.3 million people nation wide who have celiac disease. According to the Celiac Disease

Targeted Market Consumers	
Year 1: 2012	118,125
Year 2: 2013	135,750
Year 3: 2014	138,000
Total:	391,875

Foundation, the number of people suffering from the adverse affects of gluten will nearly double in the next ten years.

The demand for gluten-free food products has surged in recent years: the market reached \$1.6 billion in 2010 and is estimated to reach \$2.6 billion in 2012 with an annual growth rate of 15-25%.

Need

There are currently very few appealing items on the market for those seeking a gluten-free diet. **Break Free Cannoli** fills this need in the rapidly growing market. Those with celiac disease and gluten sensitivity want a tasty product that does not give them painful, immediate discomfort after consumption.

Competitive Analysis

Our Product	Strengths	Challenges
Break Free Cannoli \$7.99/ 3 cannoli \$2.66 per serving	<ul style="list-style-type: none"> Outstanding taste Choice of three flavors Low-calorie indulgence Convenient to store and consume 	<ul style="list-style-type: none"> Perceived lack of taste like other gluten-free products Limited target market
Direct Competitors	Strengths	Weaknesses
Chocolate Vanilla Crème cookies by Glutino \$4.99/ 2 cookies \$2.50 per serving	<ul style="list-style-type: none"> In stores and online 	<ul style="list-style-type: none"> Bulk orders Poor reviews
Gluten-Free Wow Gluten-free cannoli \$39.95/dozen \$3.33 per serving	<ul style="list-style-type: none"> Two flavors Good reviews 	<ul style="list-style-type: none"> Online purchases only
Katz Gluten Free Gluten-free rugelech \$5.14/10 rolls \$.51 per serving	<ul style="list-style-type: none"> In stores and online 100 calories per roll Two flavors 	<ul style="list-style-type: none"> Limited stores
Katz Gluten Free Gluten-free chocolate-dipped cookies \$4.70/6 cookies \$.78 per serving	<ul style="list-style-type: none"> Good reviews Online purchases Many other flavors 	<ul style="list-style-type: none"> Limited stores Four-month shelf life

Business Proposition

Key Planning Assumptions

- Our partner, The Ohio State University Food Science Department, holds the production patent to **Break Free Cannoli** and will grant us exclusive rights to production.
- Research indicates **Break Free Cannoli** can be priced as a premium product with frequent repeat purchases.
- Our primary consumer desires premium foods with superior taste that do not contain gluten and which also allow them to have a wide selection of products.

Objectives/Goals

- Obtain 60% aided product awareness in our target market by the end of year three, 2014.

- Generate 5% added sales revenue by year three, 2014.
- Contribute 10% to **Buckeye Dairy Cooperative** overall profits by the end of year three, 2014.

Strategic Statement

Developed out of Buckeye Dairy Cooperative’s expertise in premium yogurts, **Break Free Cannoli** is a product line extension marketed toward the underserved gluten-free market. This line extension leverages our existing distribution network and production capacities, which will enhance revenues for our cooperative members.

Action Plan

Product

Break Free Cannoli is a delicious, gluten-free cannoli. The creamy probiotic yogurt-based mousse filling is surrounded by a thin layer of dark chocolate, locking in flavor. This easy-to-eat product comes in three flavors: Vanilla Decadence, Chocolate Delight and Strawberry Sensation. The rice-based shell is produced to our specifications by a local bakery. The dark chocolate inside of the shell contains antioxidants and the mousse filling has a flavor that is sure to satisfy the taste buds.

Break Free Cannoli will be packaged in a box as three individually wrapped servings that will be distributed to grocers as cases of twelve boxes. Ampoint Distribution is our current third-party distributor partner based out of Toledo, Ohio. **Break Free Cannoli** will be located in the refrigerated gluten-free sections of our participating retail and specialty stores.

Place

The rollout plan is based on existing distribution routes and focuses on urban areas with a high concentration of our target market. Top sales stores from year one will serve as templates to implement in the rollout plan.

Year 1: 2012	Year 2: 2013	Year 3: 2014
Kroger	Jewel	Wegman's
Giant Eagle	Dominick's	Hannaford
Meijer	Whole Foods	Price Chopper
Whole Foods	Schnuck's	Whole Foods

Year One (2012): Focus on the metropolitan areas of Columbus, Cleveland, Cincinnati, Detroit, Pittsburgh, Indianapolis and Louisville.

Year Two (2013): Focus on the metropolitan areas of Chicago, Minneapolis/St. Paul, Milwaukee and St. Louis.

Year Three (2014): Focus on the metropolitan areas of Rochester/Buffalo; Syracuse; Philadelphia; Washington, D.C./Baltimore; Boston and Albany.

Price: Suggested retail price of \$7.99 for a box of three cannoli
Wholesale price: \$5.19 (35% retail margin)

Promotion

Social Media

Strategy: Engage customer satisfaction and awareness through advocates to amplify our message.

Tactics:

- Utilize a Facebook fanpage to gain product awareness, share testimonials and drive traffic to the Break Free website. In initial stages, targeted individuals will serve as advocates to gain “fans” on the Facebook page.
- Maintain official product website, www.breakoutbreakfree.com, which will offer customers the opportunity to purchase **Break Free Cannoli** and participate in a gluten-free discussion forum. The website will also feature endorsements from medical professionals.
- Participate in gluten-free blogs and use Twitter to endorse our cannoli and create a trusting relationship with our customers.

Advertising

Strategy: Utilize targeted messages to reach out to target audience.

Tactics:

- Advertise with banner and click ads on select websites related to celiac disease and gluten-free foods to drive traffic to the Break Free website and Facebook page.
- Purchase search terms to capture those seeking a gluten-free product. Example search term: “gluten free desserts”
- Utilize exposure opportunities with regional print advertisements in the awareness magazines of *Gluten-Free Living* and *Living Without*.

Trade Promotion

Strategy: Leverage opportunities to expose audience to product.

Tactics:

- Conduct in-store sampling in select retail stores.
- Cross promotion with The Celiac Sprue Association in the form of sponsorships and sampling opportunities at events.
- Hold a contest that has customers share how they “Break Out... and Break Free” from the effects of celiac disease. The winners will receive a six-month supply of **Break Free Cannoli**.

Public Relations

Strategy: Leverage third-party endorsements to broaden product awareness.

Tactics:

- Elizabeth Hasselback will be featured as part of our promotional campaign. As a host of *The View* and a noted celiac disease sufferer, she will promote **Break Free Cannoli** in her gluten-free-focused blog. In addition, her book *A G-Free Diet: A Gluten-Free Survival Guide* will be rewarded to one fan of our Facebook page every month.
- Strive to earn media endorsements by sending product samples and literature to influential outlets including food editors noted gluten-free bloggers.

Promotional Budget

	Year One: 2012	Year Two: 2013	Year Three: 2014
Internet Advertisements	165,000	313,000	388,000
Partnerships (e.g.: Sprue Association, Elizabeth Hasselback, Celiac Foundation)	69,000	132,000	168,000
Website	37,000	41,000	46,000
Sampling and Coupons	85,000	149,000	178,000

Print Advertisements	89,000	190,000	242,000
Total	445,000	825,000	1,022,000

Financials

	Year 1: 2012	Year 2: 2013	Year 3: 2014
Products Sold	195,000	514,800	851,000
Wholesale Price	5.19	5.19	5.19
Gross Sales	1,012,000	2,672,000	4,417,000
COGS			
Product Cost (\$2.52/unit)	491,000	1,297,000	2,145,000
Gross Margin	522,000	1,375,000	2,272,000
Operating Expenses			
Transportation	12,000	34,000	61,000
Administration and Sales	45,000	70,000	80,000
Promotion	445,000	825,000	1,022,000
Monitoring/Measuring	20,000	25,000	28,000
Depreciation	30,000	30,000	30,000
Miscellaneous	10,000	12,000	15,000
Storage and Handling	29,000	76,000	125,000
Total Expenses	591,000	1,072,000	1,361,000
Net Operating Profit	-70,000	303,000	911,000

Monitoring and Measuring

	Monitoring and Measuring	Actions to Correct Unmet Objectives
Sales and Market Share	<ul style="list-style-type: none"> Review sales and shipment receipts and detect trends. Use Netvibes to measure effectiveness of online advertisements. 	<ul style="list-style-type: none"> Adjust production schedule to supply desired flavors. Adjust promotional strategy to combat unfavorable sales trends.
Customer Satisfaction and Brand Awareness	<ul style="list-style-type: none"> Monitor Facebook and Twitter to review customer feedback. Review testimonials. Conduct surveys and polls to assure aided brand awareness is at least 60%. 	<ul style="list-style-type: none"> Reevaluate advertising strategy and look for alternative media distribution methods. Publish positive feedback and make sure all complaints are resolved.
Profitability	<ul style="list-style-type: none"> Examine weekly financial data in new markets. In established markets, monthly financial records will be used. 	<ul style="list-style-type: none"> Adjust production, distribution, and margins when necessary. Reconsider market expansion plans.