

True earth case analysis

Business



||| TruEarth Case Analysis ||||| Presented by |||| Group 5 |||||

10/11/2010 Problem Statement TruEarth has positioned itself as a maker of healthy refrigerated Italian food products. The company has taken away the tremendous labor involved in making such Italian foods from scratch. The product mixture includes standard pasta, specialty pasta and home meal kits that customers can mix-and-match or customize.

TrueEarth was the first company to focus on whole grain products, offering 60% and 100% whole grain pastas. The company benefited from being a successful first mover in the industry by offering whole grain pastas. In order to maintain the market share and competitive advantage the company, can't afford to be complacent. TruEarth must utilize the research findings gained by conducting BASES market studies to estimate the expected demand of a whole grain refrigerated pizza and determine whether wholesale volumes will exceed \$12 million to meet the company's return on investment.

Situation Analysis The company experienced strength in the favorable feedback from BASES studies as well as intercept interviews conducted by the internal team for the introduction of whole grain pizza. Awareness and Purchase Behavior estimates (Table B) that 11% of target households are already consumers of TruEarth's other product lines, which factors into higher product awareness of the new product line.

Infrastructure is additional company strength since the equipment needed for packaging is currently in place for the new product line which eliminates the initial capital expense. The BASES II line extension study which included both an in-depth concept survey and an in-home product usage test provided insightful information regarding the new product lines potential

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weaknesses. A large portion of the participants (45%) responded positively to the product is too expensive as a reason for unfavorable purchase intent in Exhibit 9 (Pizza Product Like and Dislikes, after home trial) with 23% of participants stating that the price was more expensive than restaurants or takeout. In Exhibit 8 (Pizza Concept Likes and Dislikes: Mall Intercept), the highest dislike areas were in product too expensive (27%), limited selection (23%), and limited time to product expiration (12%). A complete analysis of all available BASES data would need to be completed prior to deciding whether to launch the new product line.

TruEarth acquired strong brand equity through being a first mover in the high-end, refrigerated whole grain Italian foods market. The company can leverage this brand equity since the market for healthy, low-carbohydrate alternatives and whole grain foods is increasing which presents an opportunity for new product line expansion. Surveys suggest that 77% of Americans eat pizza once a month with store bought refrigerated pizza representing 11% of sales totaling \$5.8 billion. Although, major take out chains such as Papa John's and Pizza Hut have introduced whole wheat and multi-grain crust with success, the ultimate threat to TruEarth is Rigazzi.

The competitor is close to launching a whole grain pizza giving them the potential benefit of being a first mover in the market of healthy refrigerated pizza. Due to competitors' potential offerings, TruEarth is forced to bring the product to market immediately despite some indications that improvements could be made, relating to selection, price point, and shelf life. Alternatively, TruEarth could forego the opportunity to launch the pizza line and utilize brand equity to increase sales of the already successful pasta line.

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