

# Mangia pizza practice marketing case assignment

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These types of refrigerated reduces have longer shelf lives (several weeks) compared to fresh foods (a few days) but shorter shelf lives than frozen foods (several months). Consumers tend to perceive refrigerated products as higher quality and better tasting than frozen ones. The Imaging pizza will be the first of its kind on the US market. The Imaging pizza will be available as a cheese-only pizza as consumers are expected to customize the pizza with their favorite toppings before baking it.

The Mangle pizza is designed to 1) provide a "baked-from-scratch-like" experience without the long preparation time that true home-baking requires, and 2) provide a quality and convenient meal without the cost of ready-to-eat options such as delivery or restaurant takeout. Developmental product tests have confirmed that the company has the technical know-how and the available manufacturing capacity to produce the product.

Following your initial presentation of the product concept, the Chief Marketing Officer (COM) has asked you to gather additional data and develop an ultimate recommendation on whether the company should introduce the product in the US market. In the last two months, you have assembled a lot of information from many executives, consumer tests and trade research and believe that these data will allow you to determine how successful the company will be if it introduces the new refrigerated pizza product.

Based on sales trends analyses, you have determined that by the start of next year, approximately 24% of the 110 million US households will have used the refrigerated Mangle pasta and pasta sauce products. Based on your experience with past product launches, you have estimated that a \$12

million advertising budget would be necessary for the pizza launch. This level of expenditure would produce 37% awareness amongst all US households.

However, since consumers of the current Mangle products would be more familiar with the Mangle brand and would be more likely to attend to the Imaging Pizza advertising messages, awareness of Imaging Pizza among consumers of the current Imaging products is expected to be 60% and 30% for those who have not used the Imaging line. Your marketing team is also recommending an additional \$9 million on trade promotion. Based on the results of a survey of refrigerated-food-buyers from a 1 OFF trade support would allow Imaging Pizza to achieve an CAVE (all commodity volume) of 8% in year 1 of the launch.

This specific level of Coupled mean that the new pizza would be distributed in retail outlets that together account for 58% of grocery sales in the US. This level of retail penetration in the first year off launch would be considered very high for a typical new product, however because Imaging Pizza was a brand extension and retailers thought it was a promising new SW, your team was confident that it could be achieved.

In comparison, after 4 years in the market, the company had achieved almost 100% CAVE for the pasta and pasta sauce line, but it also had spent significantly more on trade promotion during the initial launch of the brand. Your team also tested the product concept with 600 US households in order to determine the likelihood of a successful Imaging Pizza launch. In mall-intercept interviews, consumers were shown the product concept, informed that it would retail for \$6.00 and then were offered one freshly baked slice to

try. Respondents were asked to indicate their likelihood of purchase on a 5-point purchase intention measure (Exhibit A). Based on past experience and consistent with an industry rule of thumb, it is believed that 80% of the people indicating that they “definitely will buy”, and 30% of those indicating that they “probably will buy” will actually do so; and that none of the other respondents should be included in the forecast.

Amongst the consumers that would actually end up buying the product, the survey showed that, on average, each would purchase 1.2 pizzas the first time. Based on its experience with prior product introductions along with the results of this survey, your team expected that 22% of consumers trying the new pizza would become repeat purchasers. Repeat purchases were expected to average 1.8 additional purchases during the first year with 1.1 pizzas being purchased on average on each repeat purchase event.

The survey results also confirmed that consumers thought that the new refrigerated pizza tasted better than frozen pizza and at \$6.50 for the base pizza, it was less expensive than delivery pizza. However, recent insights from a competitive analysis showed that Dominoes and Pizza Hut had begun competing vigorously with coupons in some test market cities. Also, your staff had come across a credible industry rumor that one of the large frozen pizza companies was about to announce a production breakthrough that would significantly improve the taste of frozen pizzas.

The marketing analysts under your supervision had concluded that although there was strong customer support for the new Mangia Pizza, there was also a potentially rapidly closing window of opportunity for this launch and that

time to market was critical. Your company could use its existing salary-only sales force to sell the product directly to retailers. For this type of product, retailer margins were 30% and your company faced total variable costs per unit of \$2. 0.