

# Market plan selecta

Business



## DELIGHT AT YOUR DOORSTEPS: A Marketing Plan for Selecta Ice Cream

**Company Background** Selecta Dairy Products, Inc. (Selecta) is the ice cream unit of food and beverage conglomerate Republic Flourmills (RFM)

Corporation. It got its name from the Selecta Refreshment Parlor owned by Ramon Arce and his wife Dona Carmen, flocked not for its main American dishes but for its ice cream. In 1946, the parlor introduced a carabao milk-based ice cream, and thus Selecta ice cream was born. In 1990, the small-time ice cream line brand was bought by the Conceptions of RFM Corp.

from the Arce family. It was far behind its competitors back then: Presto, Sorbetero, and Coney Island. RFM re-launched Selecta strictly adhering to high standards of quality, utilizing innovative marketing strategies, using modern production technology, and using a strong distribution network.

Since its challenge to Magnolia's domination of the bulk ice cream market in 1993, its share has expanded rapidly, where it captured 46% of the Metro Manila ice cream market and an average of 39% market share nationwide.

**SWOT Analysis Strengths** | Selecta is currently the leader in overall market shares | | | Does well in the bulk ice cream category, with 80% of its total ice cream output composing | | | of bulk ice cream | | | has high-quality product standards, innovative marketing and promotion strategies, modern | | |

production technology, and strong distribution network at par with major

competition | | **Weaknesses** | limitation of their distribution network only to

key urban areas | | | Output of Frozen Novelties is only at 20% without

having it strongly established in he | | | market | | **Opportunities** |

Improvement of distribution systems among companies remain quantitative through increased | | | numbers of freezers provided to distribution channels

|| Threats | Common in all competitors are their intentions to greatly expand their distribution || capabilities (Arce, Presto, Magnolia) || | Smaller competitors are looking into getting at par with the production capabilities of the || | main competitors | The Market Situation Ice cream is a dessert that is considered as a happy food, eaten by people feeling positive, considering it as a trophy for whatever achievement. Conversely, it is also the go-to binge food for depressed people.

The ice cream industry caters to a flavor-conscious market. While some are brand loyal, most give importance in the quality of the flavor and are usually adherents to their personal flavor cravings regardless of brand. According to market research conducted in 1996, 80 per cent of Filipino consumers bought on impulse (they bought only upon passing an ice cream shop or scooping station, but without an intention to buy first); 98 percent ate ice cream in the comfort of their home; and 70 percent of the time, ice cream was an afternoon snack. Furthermore, studies showed that per capita consumption of ice cream was less than a fourth of a gallon per person per year. In 1992, it stood at 0. 23 gallons per person and declined to 0.

20 in 1993. On average, domestic ice cream market was 13. 8 million gallons from 1991-1993, worth an estimated P 2. 5-3 billion per annum. Bulk ice cream comprised 86 percent of the industry sales while the rest was accounted for by frozen novelties. Main Competitors in this include San Miguel Corporation's (SMC) Magnolia and RFM's Selecta.

Magnolia Other trailing competitors are Universal Robina Corporation's (URC) Presto, Arce Dairy Ice Cream, and Purefood's Coney Island, as well as foreign

brands like Baskin-Robbins, Dreyer's and Haagen-Dazs. Magnolia – The pioneer ice cream brand in terms of flavour, quality control, variety, technology and distribution produced by the merger of SMC and Nestle. It introduced the Flavor of the Month series that provided a huge variety of ice cream flavours to the consumer, with projected volumes of FoM ice cream sold reaching over 28 million gallons. It pioneered the introduction of tropical fruit flavours. It was the first to achieve International Standards Organization quality standards, and is the only Filipino ice cream brand that has expanded overseas.

Magnolia is poised as the main competitor, as it aims to be at the forefront of the dairy industry. With increasing competition, MNC intends to make its products available in neighborhood stores and major outlets; introduce a feedback mechanism that will help the corporation monitor the market; and employ new approaches to selling. Currently, magnolia is the preferred choice of many five star hotels, fine dining restaurants, sports and country clubs and food chains. Presto – this brand claims value for money, as part of the corporate philosophy of the Gokongweis, owners of JG summit corp. which URC is part of, which is to make available value-for-money items for all its consumer-branded products, and as such has positioned its prices lower than Magnolia & Selecta. Presto excels in the frozen novelties market, as was demonstrated in their introduction of Tivoli bars, the first ice cream bar in the Philippines, a phenomenal success that had competitors challenge it with their own versions of ice cream bars.

Presto currently holding the number three position, is determined to further widen its market share and catch up with the giants. Thus, the company is <https://assignbuster.com/market-plan-selecta/>

eyeing the possibility of plant capacity expansion and wider distribution network. It is also determined to enhance its advertising campaigns and be very active in the communication field. Arce Dairy - This ice cream brand was started in January 1995 and immediately got hold of a 5% market share. Its trademark was the use of carabao milk as base, comfortably within the 5-16% fat content requirement to be called ice cream because carabao milk contains considerably more fat than cow milk (9.

65% as opposed to 4. 16%). Only the expensive ice cream (super deluxe and super special) of Arce contain carabao milk, and are priced at higher than the rates of the competition, showing that Arce's main strength is its appeal to the AB market where its products cost P3-5 more than its competitors' products, and as its regular ice cream products are priced lower than its competitors by P3-5 which indicates its attempt to appeal to the CD market's tendency to want every peso to count. Coney Island - 1976 saw the entry of Coney Island in the local ice cream market. It introduced a new standard of creaminess thanks to its products' high milk fat content, setting a standard for flavour richness back then.

Purefoods acquired it in 1991 and increased its production capacity without having neglected the improvement of its quality. In line with Pure Food's rule of following the highest international standards, Coney Island tried to implement the zero-vegetable fat and at least 10 percent milk fat standard of US ice cream. It used high quality ingredients like Callebaut chocolate from Belgium for its top-of-the-line products such as the Premium Bar, Pure and Simple and Bugs Bunny Bar. It repositioned itself in the market in 1995

to improve local competitiveness. It marketed its products as “ Not Just Ordinary Ice Cream”, supported by new flavours and packaging.

Coney Island revised its product classification, and began categorizing its bulk ice cream as simply creamy, fruit and nuts, and cakes and pastries instead of the traditional premium and super premium. This move was inspired by a study that showed that consumers buy ice cream on the basis of flavour concepts. Foreign Brands - Foreign include Haagen-Dazs, Dreyer's Grand Ice Cream and Baskin-Robbins. Dreyers was the first to penetrate the local market. Haagen-Dazs was the latest brand to come in.

owners of these brands claimed they are not here to compete, but only to expand the ice cream market with superior products. These brands belong to the super premium category and cater to the A market. Marketing Objective Given that Selecta already holds a dominant position in the ice cream market, and that their production capabilities, technologies, and distribution systems are comfortably on par with the competition, Selecta should look into countering efforts of the competition to gain better footing in any of these aspects. Common in all competitors is their aim to expand and develop their distribution systems to make their products more accessible. It is therefore proposed for Selecta to look into further innovating its distribution system to ensure their footing in the market.

Target Market Selecta has established itself in the most basic distribution areas, having provided thousands of freezers to various retail outlets and scooping stations among the Philippines. The competition intends to step up their saturation in these outlets, as seen in the efforts of Magnolia and Arce

to improve their accessibility. Given that there is already considerable effort in continuing to expand their saturation in these distribution areas, Selecta should go beyond these areas and start reaching out to people outside the malls and stores, specifically those willing to avail of ice cream but are in no position or have no intention of going to these distribution areas. Product Positioning Selecta's products are considered to be giants if not leaders in the ice cream industry. Its key promotion strategies such as various tie-ups and advertisements have established household brand recall, although the nature of the ice cream market is largely based on flavour and not on brand. Selecta should then accompany its new distribution strategy with a new ice cream promo.

**Marketing Strategies** The proposed marketing campaign revolves around a new distribution channel: the Selecta " Delight at your Doors" Ice-Cream delivery system. - A motorcycle delivery network is proposed to be set-up in all of Selecta's 12 major strategic depots (Metro Manila, Cabuyao, San Fernando, Dagupan, Naga, Cebu, Bacolod, Iloilo, Tacloban, Cagayan de Oro, Davao and Zamboanga) that brings Bulk Ice Cream and/or Frozen Novelties right at the buyer's doorstep in a matter of minutes. Padyak versions (like those used in peddling frozen novelties) can be used depending on the distance of the customer from the delivery stations. Bulk Ice cream and frozen novelty deliveries will be having a minimum quantity limit to ensure no net losses from fuel usage. Prices on ice cream bestsellers will have discounts in delivery, and some " Ice cream packages" will be provided for select items, like a " buy 1 gallon bulk ice cream, get 5 novelties free" deal or so to also promote their frozen novelties.

And as in most delivery systems, patrons can avail of sulit cards that enables you to avail of free ice cream products for every purchase of certain ice cream products. - Some new ice cream flavours or products will be introduced exclusively through delivery in its introductory stages. In the launching of the delivery system, a new ice cream product will be accompanyingly released with a special discount on it to encourage consumers to avail of it through delivery. - Poster ads will be distributed to all distribution channels (groceries, supermarkets, convenience stores, etc. ) for posting. A promotions campaign, " Delight at your Doorsteps! " will be implemented, where teams of promoters will be scouring neighbourhoods of B, C and D market classes delivering free ice cream samples of the new ice cream product that will be released through the delivery system's launch along with brochures that contain the flavour/product selections and delivery prices and other product promos.