

Case study on marketing

[Business](#), [Marketing](#)



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Marketing Plan – Annie’s: Growing Organically

The paper presents a marketing plan for Annie’s organic food company that uses healthy natural ingredients in preparation of organic foods. The company currently offers products in three main categories namely meals, snacks and desserts. Now, the strategic planners aims to enter in frozen food category as part of product and business expansion strategy; therefore, this paper will critically analyze target market, product planning, pricing, place and promotion components of will analyze the marketing plan. The researcher will provide arguments and recommendations that will lead to growth of Annie.

The Target Positioning Strategy

Annie has divided its target market into two core segments. First is known as ‘ Core Consumers’ that are identified as young educated stay-at-home moms and their kids who prefer hygiene and high quality natural / organic / healthy

products available at premium prices. The important characteristic of this class they are not worried about prices; rather concerned about product quality and health safety. In addition, the kids have strong penchant for the taste offered by Annie's, which itself brings solace for young moms who express their desire for Annie's produce due to their kids' preference.

The second class is known as 'Prime Prospects' that are also identified as young educated moms but from working class with busy schedules and relatively less kid-driven with more focus on adult needs. Also, they have less stringent food requirements but may develop interest for high quality natural / organic food products if awareness is created. In addition, the women are relatively more price conscious and are considered as mainstream consumers of Annie's (Fanning 60).

Indeed, a greater challenge for Annie's is to offer certain products that would increase its base of mainstream consumers for long-term growth and success. Moreover, the food company also aims to target core consumers with new products to achieve high sales volumes and extension of product base to positively impact bottom-line. For this purpose, the company has plans to launch frozen pizza to attract new, core and prospect users so that it could persuade them to try a "better for you" frozen pizza. The researcher would like to argue that Annie could attract both existing and new consumers by strongly positioning its 'healthy / organic / natural' brand image in line with use of natural ingredients combined with use of meticulously experimented recipes for taste management. More specifically, the competitive landscape for frozen food market is different from organic foods category; therefore, the existing image building is mandatory coupled

with right analysis of competition to penetrate in this large potential industry.

Product Strategy

Annie's not only offers its consumers the core healthy / natural / organic food products but also mainstream food products to compete with Consumer Packaged Goods (CPG) offered by large international and regional brands across USA. However, the core specialization is shelf stable prepared foods such as Meals category (macaroni & cheese, pasta and skillet), Snacks (Cheddar Bunnies, Fruit Snacks, Granola, Pretzels and others etc.), and Dressings (condiments and oils).

As far as entry into frozen food category is concerned, the company should initially launch frozen pizza under 'made with' organic ingredients strategy to ensure usage of 70% organic ingredients for brand positioning. Annie's could start with four chosen flavors namely Four Cheese, Supreme, Spinach & Mushroom and Pepperoni; however, it should test new recipes to offer a large variety of flavors to tempt greatest number of customers. Since the reputation of Annie's is a premium priced food company, the packaging will play an important role in brand recognition and authenticity as it should essentially communicate key features and benefits to consumers. The packaging should explain details of ingredients to differentiate how a normal frozen pizza differs with a healthy organic frozen pizza. Resultantly, the strategy may work well with both core and prospect consumers who may express interest in trying new offerings.

Place Strategy

Annie's currently reaches customers through three main distribution channels. First is the natural food channels that include companies such as Whole Foods, Sprout and United Foods that sell products offered by Annie's. Second channel is the mainstream supermarkets such as Safeway, Dominick's and Kroger that are classified under grocery channel with largest share across the US retail sales. Third channel comprises of Mass merchandisers such as Target, Wal-Mart and Costco that requires bulk volumes; hence, they could be very effective for an existing brand name with established reputation and brand loyalty among households.

The biggest challenges for Annie's are about achieving desired volumes for frozen volumes and engagement of Prime Prospects into Annie's market offerings to enhance mainstream customer base and reduce dependence on core customers. The business volume is essential in determining the scope and scale of relationships with existing three channels as Annie's strongly aspire to maintain cordial relations with partners to ensure customer utility. The researcher would like to recommend the use of Natural and Grocery channels in the initial phase of launch of frozen pizza as these two aforementioned channels could lead to great volumes as compared to Mass channel, which may not be effective in pushing sales of new food products by Annie's with lesser spending on mass awareness and advertising media. Also, the core focus of mass merchandisers is on diverse categories such as electronics, apparel, cosmetics, perfumery and others instead of food.

Price Strategy

Annie's current products are sold at significant price premiums relative to the competition and still they successfully managed to make inroads into challenging price conscious US market. This reflects that there is immense potential of high quality and healthy organic products, which could create not only a niche but also grab a reasonable market by snatching share from CPG manufacturers such as Kraft, Nestle and others.

However, the competitive landscape in frozen food category is entirely different from organic foods because there is stiff competition from healthy pizza brands such as Amy's, Newman's Own, Kashi and Di Giorno that compete both on brand image, food quality and price. Besides, there are national, regional and private-label brands that also pose stiff competitive rivalry to Annie's new offering. The researcher thus recommends Annie's to adopt an aggressive low margin approach for the short-run to test the real potential of healthy frozen pizza market and review the response of both core and prime prospects. High-margin would be beneficial in the long-run after acceptance of both taste and healthy image by new, core and mainstream customers. The company could increase its prices in future through quality enhancement and use of premium ingredients to develop unique tastes and flavors, thereby creating a loyal class.

Marketing Communications / Promotions Strategy

It should be emphasized that Annie's organic food category has fewer competitors such as Kraft was the only rival in macaroni & cheese followed by Goldfish (Campbell Soup) and Cheez-it (Kellogg's) as only main competitors in snacks category. Therefore, the positioning of organic image

and brand was relatively easier for Annie's despite low spending budgets on mass media amid clear differences in product ingredients, food quality and health stuff.

In contrast, the frozen pizza market is a deal driven category where almost producer comes up with discounted prices, deals, coupons and bundles.

Hence, the consumers are naturally attracted towards producers that offer reasonable taste at discounted prices. The researcher would like to highlight the fact that large players offering CPG have high advertising budgets whenever they enter into a new product category. In contrast, Annie's top management has strong inclination for push advertising and aggressive sales promotions on ground instead of mass media pull strategy. Annie's was more towards grassroots efforts, social media, and other areas with low spending but high returns. The researcher also argues in favor of using low cost advertising because expensive media campaign could be wasted if project went unsuccessful. Also, the excessive budget could be utilized in offering extensive discounts and membership cards to core and prime prospects to create hype and penetrate into new product category.

References

Fanning, B. Annie's: Growing Organically. Berkeley-Hass Case Series, B5801, March 03, 2014, pp. 51-70