

Pharmacia and upjohn case study

Education



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Strategic Issues and Problems

Matt Monkiewicz is the director of marketing for Kayem Foods, Inc.. Mr. Monkiewicz was put under pressure to decide whether or not to use a buzz marketing plan for their Al Fresco chicken sausage brand, which would be implemented as part of their advertising campaign for 2006. The Al Fresco chicken sausage brand was able to capture a large portion of their target market, making them the number-one brand in its target market.

The dilemma that Monkiewicz faces is whether or not the increase in sales were due to the buzz marketing campaign they implemented the previous year or if other advertising and promotional campaigns were the sole reason for the increase in sales. In order to make a decision, Monkiewicz must analyze all parts of the advertising and promotional campaigns that they have previously used and decide which of these campaigns actually contributed to the sales increase and which campaigns didn't. KAYEM FOODS, INC. Kayem Foods, Inc. has been around for almost a 100 years and is located in Chelsea, Massachusetts. The company has historically made its fortune from selling fresh delicatessen meats, hot dogs, and sausage. Annual sales, from the fiscal year ending February 28, 2004, were approximately \$140 million. The majority of their sales came from meat products that were sold under several brand names, with the majority of the meat products being that of hot dogs. They have several brand names for which their products are sold and the most well-known brand is Kayem.

There has been a continually rising market for sausage. Breakfast sausage has increased by 2 percent and dinner sausage has increased by 4 percent

in 2003. This is why Kayem Foods, Inc. is desperately working to find a way to capture this rapidly growing market. Kayem Foods director of marketing, Matt Monkiewicz, feels that in order to adequately capture a significant portion of the market they must be willing to think outside the box and possibly implement non-traditional styles of advertising. Buzz marketing does exactly what Mr.

Mankiewicz is looking for in his advertising campaign, which that they have used in the previous year and it has made them the number one-selling brand of chicken sausage, however, not all of the sales force at Kayem believes this increase in sales were due to Buzz marketing. Although Kayem has been able to substantially increase the sales of Al Fresco, they still have a lot of concerns pertaining to their profit margins. In the recent years supermarkets have been able to gain industry power, when it comes to dealing with manufacturers that supply them with products.

The supermarkets now demand larger discounts and coupons for their customers. There is also a force keeping prices down due to the tense competition within the industry. In the past two years Kayem's private label activity has been operating at break-even and co-packs have been operating below break-even. Obviously Kayem is in business to makemoneyand not operate at break-even. They must use an aggressive advertising technique to get their profit margin back up.

Insights To Buzz Marketing

You can sum up the definition of Buzz marketing in just 3 words," word of mouth. Many companies have found this advertising approach to be very profitable and appealing to their bottom line. In today's market, especially

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due to the rise of social networking, many companies depend on their current customers to help spread the word of their products. Buzz marketing helps companies build brand loyalty and awareness by building a personal relationship with their consumers. Many times consumers can be more easily persuaded towards purchasing a product when it is recommended from someone they know or trust and Buzz marketing does exactly that.

Kayem Foods, Inc. previously used a company called Bzz Agent to implement their Buzz marketing campaign. Bzz Agent currently had 60,000 agents and these agents volunteered to try the products and then would use word of mouth techniques to get these products in the hands of their friends, acquaintances, and possibly strangers. Most of the Buzz agents actually enjoyed testing new products and then talking about them to their friends, they felt some type of satisfaction for being one of the “firsts” to discover the product.

Bzz Agent also found that most of their agents advertised their products in all of the social networking settings, which also helps spread the word of the products. In recent years, marketing managers have found that product endorsements were more credible when it came from a friend or acquaintance. **PLAN OF ACTION** Mr. Monkiewicz must decide on which advertising campaign Al Fresco will use for next year. He must decide if they will use usual traditional advertising like: television, radio, magazines, and billboards.

Another option for his campaign could be Buzz marketing, which if he decided to use he must develop a better way to track the increase in sales that come from Buzz marketing. He may also decide to implement more than

one style of advertising and possibly combine the different approaches together, however, Monkiewicz has only been granted a marketing budget of \$185, 000 so he must be fully aware of his choices. Some of his choices may also not be feasible because of their high cost. Since Monkiewicz was only allowed \$185, 000 for advertising campaign, he will not be able to choose the more expensive advertising options like television.

What he felt appropriate options for his advertising campaign were Buzz marketing, magazines, and price-off coupons. Based off of the chart above, Better Homes and Gardens magazine will also not be an option. He is left with Buzz marketing, trade marketing, food and wine magazine, cooking light magazine, and price-off coupons.

Recommended Al Fresco Marketing Strategy

The efficiency of buzz marketing is undeniable, penetrating social networks and building personal relationships with consumers. With that being said, Matt Monkiewicz should choose to implement the Buzz marketing strategy for their advertising campaign.

It is also a cheap option that has multiple benefits. In order to track the success of their Buzz marketing campaign he will just simply ask his Bzz agents to have the people they reach out to, for their product, fill out an online survey. This survey will ask questions like: will they continue to buy Al Fresco products, were they satisfied and if not, why? , and also if they were able to find their products at their local super market. Mr. Monkiewicz should combine his Buzz campaign with Trade marketing, with the combination of these two approaches he will surely get the word out there and it will help to build brand awareness.

He can also use the remaining, [$\$185,000 - (\$75,000 + \$80,000) = \$30,000$], $\$30,000$ for price-off coupons, which will further help to expand their portion of the target market.

Target Market

Al Fresco should keep the same target market as before. Their target market should be women that range in age from 25 to 45 years old. This is the best suitable target market for their product, considering that this is the most health-conscious market out there. What Al Fresco should do, however, is use their advertising efforts to capture a larger portion of this market.

Marketing Mix

Product Strategy

Al Fresco should keep their product of chicken sausage and their current flavors.

Price Strategy

One thing that Al Fresco must do is not discount their products as much. We know that the sales force for Al Fresco thought the primary reason for becoming the number one selling product of chicken sausages was because of constant discounts they were giving away to the supermarkets. If Al Fresco can cut down on their discounts and they can continue to capture the majority of the market then they will be able to see how effective their Buzz marketing campaign was.

Distribution Strategy

The current distribution strategy implemented by Al Fresco has proven to be successful so they should continue to use the same strategy, “ If it’s not broken, don’t fix it. ”

Advertising and Promotion Strategy

Al Fresco will use the combination of trade marketing, price-off coupons, and Buzz marketing for their advertising campaign. If they can effectively implement these low cost advertising approaches then they should be able to gain back some of their profit margin that they have been so concerned about in the past couple years.