

Design of marketing plan for milo

[Business](#), [Company](#)



Situational Analysis

Initially produced in Australia by Thomas Mayne in 1934, Milo is now seen on the shelves of over 40 countries including Malaysia, parts of Africa and South America (News. com, 2014). Milo has a chocolate flavour composed of malted barley, sugar, milk and cocoa oil; hence, its advertised to be rich in vitamins A, B and C as well as other minerals such as iron and calcium (nestle, 2010). Milo is a staple product in most Australian family households primarily consumed with dairy products such as milk and ice-cream; therefore, Milo is diverse in the sense that it can be consumed throughout the day, complements many foods and can be indulged hot or cold.

The brand has stamped itself in Australian sporting culture through its promotional campaigns at schools and partnership with Cricket Australia (Crikey, 2018). Despite Milo's dominant position in the breakfast food category, the company experienced \$6 million decrease revenue from \$157million to \$151million during 2016 and 2017 (Smith, 2017). This deficit can be accredited to the social and technological macro-environmental forces (appendix a) changing while Milo fails to meet the trends. SWOT analysis (appendix b) highlighted Milo's inability to cater to changing food trends and lack of diversity within the product range significantly hindered its revenue streams.

The current social trend is the general Australian population is moving away from processed and refined products, instead, opting for healthier organic and locally sourced options. This social macro-environmental factor is driven by the increase in awareness of health risks associated with sugary,

processed products. This social trend of consumers moving towards healthier, organic products can be observed as the organic industry in Australia grew by 88% from 2012 (Austorganic, 2018). Another driving force behind the shift in taste is technology used by the supplier and consumer. Information is more available than ever before with smartphones and social media; therefore, consumers are becoming more savvy with health and nutrition.

Conversely, Milo has failed to move forward with technology. For example, packaging has been the same for the past 80 years resulting in a lack of innovation and excitement associated with Milo, deterring consumers from purchasing. Milo must advance in the breakfast drink category in order to stay ahead of competition and grow the brand. Aforementioned weaknesses in technology significantly hinders Milo's ability to increase revenue. Milo fails to adhere to modern social and technological trends causing the brand to lag behind its competitors. Although rich in culture, Milo is limited because of its inability to diversify flavours and packaging allowing competitors to take up market share. Despite the weakness, Milo could use this as an opportunity to diversify its product range to satisfy a wider audience. The brand could leverage its global reach and loyal consumer base to increase revenue through new innovative products. Milo will achieve this via the development of an iced-coffee line that offers more nutrition with lower sugar levels than its competitors.

1. Marketing Goal

To increase Milo's sales revenue by \$1 million during the 1st Quarter of 2019. This is achieved through effective product development of the existing brand to widen the reach of Milo in untapped markets.

2. Marketing Strategy

The primary existing consumers of Milo are households with children reflected by Milo's advertising campaigns targeting active children.

However, it must be understood that children are not the drivers of macro-environmental forces meaning Milo must reposition its products to cater to a more influential demographic. Through effective analysis of the target customers, Milo can develop products that are able to combat the changing social and technological trends. It is known that the current food trend of lower sugar and nutritious food is driven by health enthusiasts and people who are knowledgeable. Furthermore, the daily lives of individuals are becoming busier as statistics show a 55% increase in 'on the go' products from 2012 to 2016 (aipt, 2017), meaning customers demand more nutritious goods packed into the drinks to make up for meal skipping. The target segmentation table highlights key characteristics of consumers the product development is targeted towards.

- Studies on campus
- Works and lives in major cities Behaviour and Psychographic
- Want healthy lifestyle but lacking time
- Price sensitive
- Always socialising, on the net or in person
- Busy lifestyle, convenience is key

- Medium disposable income
- Part-time/full-time jobs
- Health and nutrition oriented
- Studying or working in cities
- Anywhere with gyms
- External appearance is important
- Maintaining healthy figure and diet
- Socialises with friends about health and wellbeing
- Willing to try new products, quality over quantity

The brand product development will target these two segments as the younger generation is the primary driving force on social media highlighted by Sensis research showing 90% of 18-29 year olds check social media every day (Sensis, 2018). Effective repositioning of the demographics' thoughts on Milo as a brand ultimately leads greater success. Therefore, Milo should focus its marketing resources towards segment 1 consumer profile. This is because the market for tertiary students is far larger as 1.3 million students were enrolled in Australia during 2013 (Parr, 2015).

If Milo pushes its lower sugar, more nutritious and more convenient products towards this demographic, sales will increase due to the large consumer base and strong influence amongst peers. A study was conducted asking college students their reasons for caffeine consumption, 80% used it to feel awake, 70% enjoyed the taste and 40% appreciated the socialisation associated with coffee (Mahoney, 2018). By aligning Milo's healthy brand image with a widely accepted beverage while maintaining its signature flavours, the brand can be reinvigorated amongst young adults. The

proposed product development can create a whole new identity which is like no other on the market, allowing Milo to stand out from competitors; therefore, growing the brand in order to reach its marketing goal.

Positioning statement: What makes Milo different to its competitors is its signature malty, chocolatey taste, which is like no other on the market. The unique texture of the top layer cannot be replicated as well as offering essential vitamins and minerals is why Milo is staple in most Australian households (nestle, 2018). Milo's new product development will branch away from its breakfast food image with generic, childish packaging and antiquated designs. The new product will follow social trends of having drinks on the go in order to enable time poor consumer to work on more important aspects of life.

Furthermore, Milo's coffee range aims to alleviate the notion that Milo is only a breakfast drink, instead, it will adopt a more sociable and mature image much like Starbucks or bubble tea where friends can hang out while drinking. In doing so, Milo is not restricting its consumption to only in the morning but can be used as a mean to socialise throughout the day. Milo is devoted to boosting the productivity of busy students going about their daily lives and committed to more nutritious options than traditional iced coffees and energy drinks. By entering this product into the market, analysis of competition and understanding Milo's position on the perceptual map is vital to the success of the brand. Positioning map: This positioning map would reflect where the new Milo product would sit amongst competitions in different categories such as energy drink, nutritional drink, breakfast and

iced-coffee. By developing this product, Milo is able to show the consumers that the brand is listening to the demands of the public. The high technology is attributed to the innovative nutritional content in the drink and the high social awareness is achieved by making the product more convenient and less sugary.

Marketing Tactics

Product

Currently, Milos tin can package of the powered drink can lead to the connotation of it being heavily processed and unhealthy; however, this is not always the case as canning was identified to preserve a majority of the nutrients (McDonell, 2016).

Despite this fact, Milo should opt for a transparent biodegradable plastic packaging, which will be 16oz or 470ml with a plastic sealed lid printed with a minimalist “ MILO COFFEE” logo, similar to Starbuck’s cold drink takeaways cups. This provides a more mature and premium feel to the consumer in comparison to packaging such as poppers; Additionally, the higher quality packaging could be utilised a status symbol much like drinking coffee or red wine reflects higher class. Inside the cup, the product is packed with essential minerals and vitamins which is at the core of Milo’s operations. The drink offers an aromatic coffee flavour laced with Milo’s signature malted, chocolatey taste providing the consumer with great amounts of energy to increase productivity. Driving the flavours is the locally sourced ingredients, such as malted barley, coffee beans, organic cocoa oil and unrefined sugar to retain more natural nutrients. Milo should aim to use organic materials

and less sugar wherever possible to satisfy the current macro-environmental trends. This new product brings a fresh new flare to familiar childhood drink which will reinvigorate the university student consumer base.

Price

Milo Coffee will be in the introductory stage of its life cycle; therefore, pricing is highly important to the success of the brand go forward. The price Milo sets gives the customer a perceived value of the brand's product and services. In order to produce an effective pricing strategy, the 5 C's must be analysed, consisting of customers, company objectives, cost, competition and channel members.

Customers

Customers are the determiners of value hence, Milo must have a deep understanding of the target demographic beyond knowing just the basics such as age, sex or occupation (Ewing, 2015). University students are more aware of social and technological trends due to their constant social interactions on the net or in person, meaning Milo must keep up with trends to remain relevant. Students are also more price sensitive and elastic due to their low disposable income, Milo might want to price aggressively during the introductory stage in order to garner attention.

Company objectives

Milo is devoted to improving the lives of young individuals through the brands new coffee line by offering nutrition and energy like no other on the market. Due to the product being in its early stages, Milo will focus on

reaching its sales goals rather than profit to increase popularity among university students.

Competitors

Milo is entering into the coffee, energy drink and nutrition category to increase its sales revenue. In doing so, the direct competitors will be the products on the positioning map. Most of the competition is sold individually for approximately \$5 each. Milo should aim to price the product at no higher than this average in order to maintain a competitive edge in this highly elastic market.

However, Milo should not price the product too low otherwise it may be perceived as an inferior product.

Channel Members

Already pre-existing infrastructure for distribution of milo and nestle products, meaning the product will get to the end-user more efficiently. The margin for the product must be large enough for the existing services to create value for these channel members. Thus, pricing is highly important to ensure, the product is above its break even point in addition to providing the middlemen with incentives.

Cost

Milo will utilise competitor base pricing in the highly elastic market to attract new consumers. By adopting penetration pricing strategy Milo is can switch the customers over to the product; thus, increasing sales volume and increasing profit margin over time due to increase market of scale. Milo should price its ' Milo Coffee' at a competitive \$4. 79.

Place/distributions

Milos should distribute the product primarily on campus and in local supermarkets. With pre-existing infrastructure such as vending machines on campus that already have nestle products, which will be easy to implement. Vending machines are effective as they are highly accessible and convenient which aligns with new social trends. Milo should not oversaturate the market with this product as it must retain its high quality and mature image in order to keep consumers interested.

Promotional - Spotify, Instagram, billboards at bus stopsMilos marketing efforts should be targeted towards students hence social media promotions was the primary choice. Spotify, Instagram and adverts at bus stops were the chose methods. The IMC tools used will be a QR code system and hyperlinking to the Milo website when the ad is click on in Spotify and Instagram. The QR code will work by the user holding the phone camera on the code bus stop ad which will bring up a link to the Milo page to discover more about the product. The total advertisement cost totalled to \$49, 200.