# Business plan for the mead johnson nutritional company marketing essay

An action research was sponsored by Mead Johnson in collaboration with NGO to access its efficacy in terms of increasing weight of infants of weaning age in urban slums of Dhaka city capital of Bangladesh. The findings of the study states that

Infants weaned on ENFAMIL had more weight and length gained compared to control group

Mothers' attitude and infants' acceptance of ENFAMIL was satisfactory.

Storage pests (insects) were found on in one batch of weaning packets.

Now Mead Johnson wants to access the acceptance of ENFAMIL in terms of its price, packaging, taste/quality among middle and lower middle class families.

In the context of the current maturity of the market and the strategic options available, it is first necessary to assess whether the company is marketing the right product form the point of view of the consumers. Hence evaluation of the product is necessary.

The specific objectives of the research are to assess consumer evaluation in the broad areas of:

Packaging

Product

Price

The end objective is to identify areas that need to be strengthened and also the existing strength areas that can be exploited.

## Start up summary

Start-up costs of Mead Johnson consist of legal costs, research, Manpower, marketing/promotion product is to fund start-up expenses with Company's reserved fund, owner investments and a long-term business loan.

## Product Testing- ENFAMIL

## Research Budget

Item

Unit

Cost

Total (Taka)

Sample product

818

150. 00

122, 700. 00

Consultancy fee

2

8, 500. 00

17, 000. 00

Team leader and key members

8

8, 000. 00

64, 000. 00

Field Work Supervisor cum Data Quality Controllers

16

5, 000. 00

80, 000. 00

Data Collectors

40

3, 000. 00

120, 000. 00

Study Coordinator

2

7, 000. 00

14, 000. 00

Controller of Field Operation

4

6, 000. 00

24, 000. 00

Focus group discussion

64

300. 00

19, 200. 00

In-depth interview

20

500. 00

10, 000. 00

Data Analyst

2

9, 000. 00

18, 000. 00

Daily allowance

40

120. 00

4, 800. 00

Particulars

2, 000. 00

2, 000. 00

Printing of Data Collection Instrument

5, 000. 00

5, 000. 00

Stationary

4, 550. 00

4, 550. 00

Photocopying and binding of reports

2, 750. 00

2, 750. 00

Pre-testing of Data Collection instrument

3, 000. 00

3, 000. 00

## Total expenditure

## 511, 000. 00

## Source of Capital :

The source of capital is as follows:

Funded by company 45% —————– 270000. 00

Owner's investment- 20% —————— 120000. 00

Loan from Bank- 35% —————— 210000. 00

## Total Capital: 600000. 00

## RESOURCES REQUIREMENTS FOR OPERATION:

## Physical resources:

The physical resources of this project will be include all essentials office equipments such as, computers, phone and fax, internet connection for data transfer, data collecting equipment. The costs of the physical resources Taka 140, 000. 00 ( £1320. 00)

## PHYSICAL RESOURCES

## UNIT

## TOTAL COSTS

Sample product

818

122700. 00

Printing of Data Collection Instrument

2

5000. 00

Particular

10

2000. 00

Pre-testing of Data Collection instrument

5

3000. 00

Stationary

7300. 00

Total

140, 000. 00

## Human Resources:

## POSITIONS

## NUMBER OF EMPLOYEES

Administrative Assistant

1

Team Leader and key members

8

Supervisors &cum Quality controllers

16

Data collector

40

Study Coordinator

2

Controller of Field Operation

4

TOTAL

71

Initially there will be a Team Leader who is responsible for the operational work. One will be an administrative assistant who will deal with all the paper work and who will take care of the administration duties. The remaining people will be divided into few groups. After taking all the necessary information members of the each group will forward these information to team leader to processing the activities.

## Financial Resources:

The funding and investments for this project will be received from the company's own fund, owner's personal investment and loan from the Banks. Research budget with sample products initial expenses is taka 511, 000. 00 ( £4820. 00)

# RESEARCH DESIGN

The research design is essentially a concept cum usage test. The details are discussed in turn.

## New product development:

" The development of original products, product improvements, product modifications, and new brands through the firm's own R&D efforts."

The major criteria of new development are written below with a short description:

Idea generation: The systematic search for new product ideas-

Idea screening: Screening new product ideas in order to spot good ideas and drop poor ones as soon as possible.

Product concept: A detailed version of the new product idea started in meaningful consumer terms.

Concept testing: Testing new product concepts with group of target consumers to find out if the concepts have strong consumer appeal.

Product development is a major part on marketing. The R&D of any company does the mainly product development. In Bangladesh Mead Johnson haven't have any R&D departments. Mother company of Mead Johnson & well known non-government social organization have innovated the product according to the consumer need, and analyzing the segment, culture and the other part of marketing.

## Study Design

We have conducted a house-to-house random survey using structured questionnaires through personal interview. In our case Monadic test design as followed i. e. each respondent would tried one test product only. Prior to the main quantitative survey qualitative exploration was done through Focus Group Discussions (FGD). The opinions were collected in following sequence in the main survey:

Selection of Respondents

Discussion on need & need gaps on weaning food

Introduction to concept & reactions thereof

Product placement

Reactions to product

Reaction to price

# METHODOLOGY

The agency proposed a house-to-house random survey to be conducted using a structured

questionnaire through personal interview. In this case Monadic test design would be followed i. e. each respondent would try one test product only. Hence, we propose to place the product to the respondents for a period of 15 days after which their opinion on the product will be gathered. During this period they will use the product as suggested. Prior to doing the quantitative product test 8 Focus Group Discussion (FGD) will be conducted to have an in-depth understanding of the choice factors and to generate consumer vocabulary for the same.

## Measuring tools to used

For rating on choice factors an 11-point scale (0-10) was used. Consumers will give mark out of ten. This scale has equality of interval properly and is reliable. This is also closest to reality because consumers are familiar with this scale and can easily rate on any factor.

## Sampling Universe

Considering the geographic spread the Company has proposed that the following towns would be covered in the study.

Dhaka( Capital city )

Chittagong

Rangpur

Syhlett

In sum, the sampling universe for this study is all households having infants aged 4 to 10 months belonging to socio-economic classes ' B' and ' C' (appendix) in the selected towns.

## Sample Size

## Qualitative (FGD)

## Quantitative

Metro: Dhaka

2

156

Large: Chittagong

2

85

Medium: Rajshahi

2

84

Small: Syhlett

2

84

## Total

## 8

## 409

The allocation of sample size across the selected towns was done on the basis of sampling error ranges and also of heterogeneity of households within the town classes. For larger towns higher numbers of samples were covered to capture its diversity/ heterogeneity. In all there were a total of 8 FGDs and subsequently 409 respondents for quantitative study. Standard error ranges for different percentage estimates at the 95 % level of confidence based on simple random sample size.

## Sampling Technique

We followed a multi stage, stratified sampling method to ensure representative samples. Within a town, households were selected by the Random Route technique (Cluster sampling). In each cluster/ area (smallest urban unit) 5 households were covered. Thus a total of 17-31 clusters/ areas were covered in each town, depending on sampling size.

## Target Group

As mentioned, ' ENFAMIL' targets the middle class and lower middle class consumers. Middle and lower middle class consumers are more concentrated in the urban towns than in the semi-urban towns or rural villages and hence urban target consumers are more accessible to the marketers for a new brand. Therefore, this study would be limited to urban towns only. Hence, primary target segment for ' ENFAMIL' is all the households of the urban

towns having at least one child between 5 to 10 months age and belonging to the middle and lower middle class.

## Time Plan for the Study

## Weeks

## Activities

1

2

3

4

5

6

## Sample Survey

Preparatory Work for Sample Survey

Instrumental Development

Field Briefing, Training Field Work For Sampling Survey

Data Entry & Analysis for Sample Survey

Reporting

## Focus Group Discussion

## Desk Research for the program & Training Module

Preparatory Work

Collection of Reports, documents and historical Data

Reporting

Draft Report

Final Report

# Head of the household

The analysis of the respondents is given center-wise and on the basis of socio-economic classification. Standard market research classification of income is provided below.

## Center

## SEC

## Age of the Child (In Month)

## Dhaka

## Chittagong

## Rajshahi

## Syhlett

## SEC B

## SEC C

## 5-8 Months

## 8+ Month

## Total

Total

85

84

84

188

221

218

191

409

1. Less than Tk 3000

15%

9%

13%

4%

4%

17%

12%

10%

11%

2. Tk 3001-4000

21%

20%

35%

14%

12%

30%

23%

21%

22%

3. Tk 4001-5000

18%

26%

31%

26%

20%

27%

22%

26%

24%

4. Tk 5001-6000

11%

14%

6%

19%

13%

11%

10%

15%

12%

5. Tk 6001-7000

10%

8%

6%

13%

14%

5%

9%

10%

10%

6. Tk 7001-8000

6%

5%

6%

4%

9%

2%

5%

6%

5%

7. Above Tk 8000

19%

18%

4%

20%

27%

6%

20%

11%

16%

7. Above Tk 8000

## Mean Score

## (In Taka)

**7199**

**6682. 9**

**48649. 4**

**6567. 9**

**8422. 5**

**4834. 4**

**6968. 5**

**5930. 4**

**6483. 7**

Table : Monthly disposable income

In majority of the market research projects we consider disposable monthly family income (DMFI). This is the amount of total earning of the family left after paying house rent, if any. This is a very good indicator of purchasing power. Needless to mention, average DMFI of the residents of Dhaka is more. And, quite obviously respondents belonging to SEC B had higher DMFI than their SEC C counterparts.

However in all the centers, barring Dhaka, majority of respondents live in own houses especially at Chittagong and Syhlett (around 76-87%). In Dhaka 77% of the respondents live in rented houses paying an average house rent of Taka 574 per month.

## Family Size & Number of Children

The respondents had standard family size in most cases ranging from 4. 7 to 6. 2. In other words the average family size was 5. 3.

The following table will give an idea about the number of children the respondents have.

Table: Family Size

## Center

## SEC

## Age of the Child (In Month)

## Dhaka

## Chittagong

## Rajshahi

## Syhlett

## SEC B

## SEC C

## 5-8 Months

## 8+ Month

## Total

Total

156

85

84

84

188

221

218

191

409

Mean Score

4. 7

5. 9

5

6. 2

5. 6

5. 1

5. 4

5. 3

5. 3

# List of Children

# Boy

# Girl

# List of Children

# Boy

# Girl

05 Months

16%

10%

08 Years

12%

12%

06 Months

13%

17%

09 Years

8%

7%

07 Months

12%

13%

10 Years

6%

8%

08 Months

10%

15%

11 Years

3%

6

09 Months

18%

17%

12 Years

6%

4%

10 Months

30%

28%

13 Years

2%

1%

01 Year

**\*%**

**\*%**

14 Years

1%

3%

02 Years

4%

3%

15 Years

2%

1%

03 Years

6%

9%

16 Years

1%

**–%**

04 Years

11%

9%

17 Years

**–%**

**\*%**

05 Years

12%

16%

18 Years

**\*%**

**–%**

06 Years

11%

13%

07 Years

4%

6%

## Total

## 207

## 202

On an average the respondents have two children. Among the 409 respondents interviewed 298 had children below 8 months and 191 had children above 8 months on the basis of which they were selected.

## The Respondent

99% of the respondents were housewives. The respondents were primarily young and 65% of them belong to the age group of 18 to 25 years whereas rests are between 26 to 35 years.

**able: Occupation of the Respondent**

**Center**

**SEC**

**Age of the Child (In Month)**

**Dhaka**

**Chittagong**

**Rajshahi**

**Syhlett**

**SEC B**

**SEC C**

**5-8 Months**

**8+ Month**

**Total**

Total

156

85

84

188

221

able: Occupation of the Respondent

218

191

409

1. Housewife

99%

100%

98%

100%

98%

100%

99%

99%

99%

2. Student

–%
1%

–%
2%

2%

**–%**

**–%'**

2%

1%

3. Part time job

**–%**

1%

2%

1%

2%

**\*%**

1%

1%

1%

4. Full time job

1%

2%

2%

2%

2%

1%

2%

1%

2%

5. Others

1%

1%

1%

1%

2%

*%

*%

2%

1%

**INFORMATION AREA**

**CONCEPT**

**PACKAGING**

**PRODUCT**

**status & motive needs.**

**overall measures**

-Likeability

Uniqueness

-Nutrition

-Modernity

-Overall rating

-Attractiveness

Attractiveness

-Physical appearance (looks, granularity, etc.)

-Dynamism

-Intention to try

-Uniqueness

Pack size

-Preparation convenience (easy to mix with water, does not form lump, etc.)

-Friendliness

-Intention to use regularly

-Credibility

Packshape/Graphics/Design/ color

-Taste, aroma, etc

-Age

Information

Literature/information

-Storage convenience

-Trustworthiness

Overall acceptability

Ability to preserve content

-Longevity, not forming lump

-Premium

Usefulness of information given on the pack

Insect growth, etc.

-Sophisticated

Credibility of information

Can be mixed with milk, soup, etc.

-Natural/fresh

## Usage Experience

Majority of the respondents (61%) had consumed almost both the packets given for usage. Some 27% had consumed at least one packet in the 15 days, the time given to them to try the product. During this time phase, on average the product was given two times daily to the child mixed with only water (about average of 253ml) in most cases (69%). About 26% of the mothers had also mixed sugar or other items with ENFAMIL. Hot water was preferred most by the respondents (79%), whereas 14% used tepid water.

## DIAGNOSTIC OF PERFORMANCE:

It is clear that the respondents had adequate product experience. Their views on the product therefore are meaningful. We first examine the overall performance indicators of the product. For this we shall consider three indicators- Intention to regular use, Intention to try, and overall rating. Of these three, intention to regular use is the strongest indicator as it expresses the probability of buying and using the product. Intention to try comes next. And overall rating is the third most important indicator as it signifies how much the product is liked

## Spontaneous Reaction

On exposure to the concept the respondents were asked to express their feeling about good or bad. The major reactions are shown below:

**Center**

**SEC**

**%**

**Reactions**

**Dhaka**

**Chittagong**

**Rajshahi**

**Syhlett**

**SEC B**

**SEC C**

**TOTAL**

Child's health will remain good if fed along with breast milk

41

45

42

7

36

34

35

Liked the literature which states this is necessary along with breast milk

25

12

13

8

11

21

16

Child will get nutrition

29

6

6

7

13

17

15

Has Vitamin

17

12

15

8

14

14

14

Literature gives Impression that it will be a quality product

3

22

4

17

12

9

10

Balanced diet

13

7

8

4

9

10

9

Helps in rapid

10

16

6

4

9

10

9

Base:

156

85

84

84

188

221

409

At a top of mind level, child's health has registered most. It is understood that if fed along side continued breast-feeding ENFAMIL would ensure good health. It nutrition, being balanced diet, and helping in baby's growth have also registered moderately.

## Likes and dislikes of the concept

The respondents were also asked to describe what they liked and disliked of the concept. Only about 2% had any dislike while all had one or more likes of the concept. The major likings are picture of the baby (70%), literature on child's food requirement (26%), the packet (21%).

## MARKETING MIX

Attempting to target relatively high-priced offerings to rural families on the margins of the cash economy, or to the poorest of the urban poor, is simply bad marketing. But Mead Johnson developed this new brand of ENFAMIL so that middle class families can purchase this product at a lower price but meet nutritional demands for infants. The next section will emphasize the 4Ps of ENFAMIL:

# Product:

Nature of product: " ENFAMIL" milk-based, lactose-free, iron fortified infant formula for first 12 months.

Product Features: The only lactose-free, milk-based formula, which includes LIPIL, a unique blend of DHA and ARA

- Lactose-free and sucrose-free

– No sucrose (table sugar)

# Nutrition value:

NUTRIENTS

(Normal Dilution)

Per 100 Calories

(5 fl oz)

Protein, g

2. 1

Fat, g

5. 3

Carbohydrate, g

10. 9

Water, g

134

Linoleic acid, mg

860

## Vitamins

Vitamin A, IU

300

Vitamin D, IU

60

Vitamin E, IU

2

Vitamin K, µg

8

Thiamin (Vitamin B1), µg

80

Riboflavin (Vitamin B2), µg

140

Vitamin B6, µg

60

Vitamin B12, µg

0. 3

Niacin, µg

1000

Folic acid (Folacin), µg

16

Pantothenic acid, µg

500

Biotin, µg

3

Vitamin C (Ascorbic acid), mg

12

Choline, mg

12

Inositol, mg

6

## **Minerals**

Calcium, mg

82

Phosphorus, mg

55

Magnesium, mg

8

Iron, mg

1. 8

Zinc, mg

1

Manganese, µg

15

Copper, µg

75

Iodine, µg

15

Selenium, µg

2. 8

Sodium, mg

30

Potassium, mg

110

Chloride, mg

67

Core value the product is giving to its customer:

Enfamil the first infant formula in all over the globe, which contains the nutrients DHA (docosahexaenoic acid) and ARA (arachidonic acid). Also naturally found in breast milk, DHA and ARA have been clinically shown to support infant brain and eye development.

## Performance of the Pack

Likes and dislikes, attribute rating, and overall rating of the pack are examined below to assess the pack's acceptability.

Overall rating: The rating on the pack on overall was collected on a 7. 0-point scale. The ratings are as below. %all

Very Poor to moderate 1

Good 2

Very Good 36

# Excellent 1

Mean Score (1-7) 6. 6

The pack is excellent on overall consideration. Hence it is quite obvious that it would have few dislikes.

# Price:

Prior to exposure to the stipulated price, an effort was made to identify the price most suitable for the brand, via Psychological Monetary Demand (PMD) technique. The respondents were offered a range of price from Tk. 100 to 200 with and increment of Tk. 5, and asked above which price, and at which price or below they would not purchase the brand. The analysis provides the proportion of the target group willing to purchase ENFAMIL at each price level and corresponding monetary demand. For a marketer profit maximization is likely to occur at the highest level of monetary demand. The analysis depicts that maximum monetary gain can be ensured if the price of ENFAMIL is at Tk. 75. Above this price proportion of buyers and monetary value of sales fall drastically. On the other hand, if the objective is to maximize number of users, one can reduce the price down to the level of Tk. 60. Beyond this, interested buyers will be fewer.

## Price

## Market price line

## ENFAMIL @ TK 75

## TIME

Figure: market penetration strategy

## Demand pattern

According to the market dynamics, the demand for consumable products depends on the price factor along with other related factors i. e. test and preferences, nature of the product, and economic condition of the target customers. After analyzing the market pattern and relationship of price to quantity through sample survey questionnaire the following demand pattern was observed. The analysis provides the proportion of the target group willing to purchase ENFAMIL at each price level and corresponding monetary demand. For a marketer profit maximization is likely to occur at the highest level of monetary demand.

## Proportion of consumers Monetary Demand

## Price (%)willing to buy (Assuming pop= 100)

Tk. 50 67 3337

Tk. 55 76 4135

Tk. 60 83 4958

Tk. 65 83 5419

Tk. 70 82 5716

## Tk. 75 82 6125

## Tk. 80 69 5535

Tk. 85 60 5071

Tk. 90 46 4137

Tk. 95 42 4018

Tk. 100 17 1711

Tk. 105 15 1540

Tk. 110 10 1103

Tk. 115 9 1012

## Tk. 120 0 0

The analysis depicts that maximum monetary gain can be ensured if the price of ENFAMIL is at Taka 75. 00 Above this price proportion of buyers and monetary value of sales fall drastically. On the other hand, if the objective is to maximize number of users, one can reduce the price down to the level of Taka. 60. 00 Beyond this, interested buyers will be fewer. Thus it can be concluded that the demand for baby food ENFAMIL is elastic.

## Place :

The nature of distribution of the product and the market accessibility also plays a major role after generating awareness of the product among the target customers. If the customers don't have the product at the right place at the right moment than there exists the possibility that those customers

will switch to another brand and have bitter experience while purchasing the product . To reverse the effect of the above situation the company should use both direct marketing and indirect marketing channels to promote ENFAMIL. For distributing ENFAMIL the company should use following methods

**Manufacturer**

**Wholesaler**

**Retailers**

**Customers**

**Manufacturer**

**Customers**

**Manufacturer**

**Pharmacy**

**Customers**

**1)**

**2)**

**3)**

Figure: Distribution channels

## Promotion

The range of promotional activities available to today's manufacturer or companies can be overwhelming. The promotional action plan for ENFAMIL is listed below.

Advertising – Newspaper, Billboard, Electronic media:

Radio & TV

Public relation- Social activities, Sponsorship, Awareness campaign about the benefits of baby food product

Direct marketing- Promoting via doctors through medical representatives

ENFAMIL is very new in the market it requires specific events such as the launch of an advertising campaign or a press conference to announce the launching of the new product. In other cases promotional activities necessarily be required for the NGO to carry out in different local government and private hospitals, clinics, pharmacies and aware rural, urban middle to lower middle class families about the product. In other cases promotional activities involve putting various elements into place for the long term, such as training salespeople for directing marketing to promote this product via doctors through medical representatives. In all cases, it is important to integrate company's promotion efforts; doing so can decrease costs and increase communication effectiveness.

## SALES FORCAST

The sales forecast has been done in three levels. First level depicts optimistic forecast if all other factors affecting sales are favorable. The second level of sales forecast is based on normal ongoing condition of the economy and the next level of forecast is done based on the pessimistic approach.

## YEARLY ESTIMATED DEMAND

**Price remains fixed as the product is price elastics**

**Quantity demanded (units in hundreds)**

**Economic condition**

**Portion of Expected customer (assumption)**

**Sales forecast (Units in hundreds )**

TK 75. 00

6125

Optimistic

90%

5512

TK 75. 00

6125

Normal

75%

4593

TK 75. 00