

Final project marketing plan writeup assignment

[Art & Culture](#)



**ASSIGN
BUSTER**

In keeping with the brand strategy Nutella's current brand strategy, this product will promote active lifestyles and eating healthy snacks. The snack bar industry has been experiencing rapid growth in Canada. Nu-oats will not only emphasize its taste, convenience, and health benefits, but it will differentiate itself as a 'fun' brand. This will be done through an aggressive promotions campaign that will feature television, social media, discounts, a launch event and leveraging existing Nutella Spread sales and be targeted primarily towards the mothers of households looking to purchase alternative snacks for their families.

Priced at a retail value of \$4.49, Nu-oats will be at a premium to other competing brands to emphasize the quality that is justifiable under the Nutella brand name. We plan to breakeven not only breakeven in Year 1 but to show profits of \$0.61 million. As brand awareness increases over the years, Nu-oats will be able to further penetrate the existing niche market, and extend its target market to a broader group, returning even greater profits, and become a major revenue stream for the Nutella brand.

Marketing Plan Page 2 s Table of Contents 2 Part I: Market and Consumer Analysis 4 Situation And Environmental Analysis B: Consumer 6 Part II: Strategies and Marketing Mix 8 Objectives 8 Marketing Strategy c: Mix Decisions 9 D: Implementation 15 Exhibits.... ?? . ??.... 16 SWOT 16 Market Research Survey perceptual Map . 16 E: Pricing 17 Financial Forecast G: Advertising Breakdown 19 Place AND Distribution . 19 Page 3 s A: Situation And Environmental Analysis A. I SWOT Analysis (Exhbt_A) Strengths: Nutella has recognizable and trusted branding and advertising all across the world.

Another strength that Nutella has is its consumers. Their consumers are very loyal to the brand and their current products such as the Nutella spread.

Nutella has enjoyed success and popularity in a large part due to the fact that its formula is widely known for its amazing taste and has not been imitated successfully. Weaknesses: Many people do not have time to prepare a proper breakfast and cannot enjoy Nutella when they are in a rush. Another weakness is the lack of emphasis on health benefits that it provides. People are not only looking for convenience but healthy snacks and meals either for themselves or for others.

These are the two crucial weaknesses that we need to focus on when developing the new product. Another possible weakness is the high price, as it is generally priced higher than competing spreads, although the uniqueness of the product and perceived added taste value may justify this fact.

Opportunities: Nutella has an opportunity to diversify their product mix by offering new products such as a Nutella bar or by offering different flavors. The industry of snack foods in Canada is growing. Nutella can launch a snack bar in this growing industry while diversifying their products.

As well, improvements in packaging can allow higher quality food products. Nutella can also leverage the association of energy to influence consumers to purchase the products. There has been a distinct growth in the granola bar industry over the past five years and Nutella has yet to enter this market.

Threats: Some threats that Nutella faces are the increasing competition in the market and increasing health conscious trends. Hershey recently released a hazelnut spread at a lower price to compete with Nutella. Another big brand in this market can influence consumers to switch.

<https://assignbuster.com/final-project-marketing-plan-writeup-assignment/>

Other private brands have released a similar product at a lower price as well. Because of all these brands and choices, the competition in the snack food industry is fierce. As stated above, the lack of health benefits while health conscious trends are increasing is a bad sign. Consumers will look for a healthier alternative if Nutella cannot offer any health benefits. Another factor that could hinder sales is nut allergies or gluten sensitivities people may have. A recent lawsuit has also changed the consumers perception of the company and could potentially hurt the company.

Nutella specializes in chocolate spreads, which may not be encouraged by some families - especially for breakfast - as it contains sugar. Profits are really dependent on the cost of production. Increases in the inputs can impact the profits of the snack bar negatively. Shelf space is a problem that is faced with new products. Although no cannibalization will occur, we will need to acquire shelf space to sell our product. Our biggest threat is the risk of imitation by local companies. Consumers are still recovering from the recession. If they believe prices are too high, they may decide to switch an imitation, which is cheaper.

The switch can also be a result of an economic downturn since the brand is premium. A. 2 External Analysis (Porter's Five Forces Model) Threat of new entrants: There is pressure on competing companies in the snack bar industry due to the threat of entry of new rivals. A number of established companies have been expanding their brands and entering the market Page 4 s with new products, and the past couple of years have seen a number Of line extensions on existing brands that capitalize on growing trends such as added fibre and protein content.

<https://assignbuster.com/final-project-marketing-plan-writeup-assignment/>

Bargaining power of customers: The bargaining power of customers is high in the market due to the sheer variety and amount of products available for customers. The demands of the customers have been shown to have a distinct effect on the growth trends of the past 5 years, with companies reacting to consumers becoming more healthconscious and looking for low fat and calorie counts as well as more nutritious value in their meals.

Bargaining power of suppliers: Ferrero has a distinctive global supply network when it comes to the manufacturing of Nutella and this will obviously transfer over to the production of the Nu-oats bar as the actual Nutella spread will be a main ingredient in the bar. Nutella requires a number of premium ingredients from around the world including hazelnuts from Turkey and cocoa from Nigeria. Despite Ferrero's tendency to obtain ingredients from specific sources, suppliers still have a moderately low amount of bargaining power.

The other ingredients required for the bar are easily attainable from multiple sources and in many cases; suppliers will not have control over governmentcontrolled commodities such as wheat. **Competitive Rivalry within the Industry:** There is generally high competitive rivalry within the snack bar industry. As expanded on further in the competitive analysis (see below) market share in the snack bar industry is composed mainly of three large companies: General Mills Canada, Kelloggs Canada and Pepsi-QTG Canada. Smaller domestic manufacturers and private labels have also been significantly active in the industry'.

Competitive rivalry is focused primarily on the health and nutrition aspects of the snack bars, as companies are determined to tout their respective bars as the healthiest on the market. In addition, the growing trend of protein and fibre supplement in snack bars has led to advertising centered on whose bar is the highest in protein and fibre content. Threat of substitute products and services: There is a moderate threat of substitute products from snack foods including on-the-go yogurt and trail mix. There are a number of products that could fill the consumer need of a quick, healthy, convenience snack.

The growth of the snack bar market has however proved that it is still the most preferred choice for fast, healthy snacking due to its opportuneness in terms of easy storage and ease in eating on the go. A. 3 Competitor Analysis

The snack bar industry has experienced large growths in the past three years and with the industry booming, this seems to be an optimal time for Nutella to enter in to this market. In 2013 alone, snack bars grew 5% in current value terms and 2% in volume. v Snack bars are also expected to post a constant value CAGR of 2% until 2017 -v Snack bars are generally split into two categories: granola bars and breakfast bars..

Nutella has a distinct advantage over competitors in both the breakfast bar category and the granola bar category as the Nu-Oats bar it is a combination between the two that provides a distinct mix of the great taste Nutella is known for as well as nutritional energy that can be eaten for a healthy start for your day. Nutella's greatest strength is its taste factor, as the perceived flavor of the bar will be far higher than its major competitors. In general snack bars that incorporate decadent ingredients in order to seem more
<https://assignbuster.com/final-project-marketing-plan-writeup-assignment/>

appetizing to consumers have done well in the market for the past couple of years.

Looking at the general competitive landscape of snack bars we can see that for the year ended 2013, General Mills Canada (owner of the Nature Valley brand) is the leader in the market with a value share of 26%. Kelloggs Canada (owner of the Nutri-Grain brand) and Pepsi-QTG Canada (owner of the Quaker Chewy brand) have respectively the second and third highest value share in the market with 17% each. There are a number of important factors that shaped the competitive landscape of snack bars industry in 2013, which may aid Nutella's entry into the market.

Snack bars containing granola and oatmeal are generally the most successful and have been experiencing growth, which should fare well for the Nu-Oats product Bars with emphasis on added nutritional value as well as increased protein and fibre content have shown increasing growth. Nutri-Grain bars are manufactured by Kelloggs, one of the leading snack bar companies in Canada. Nutri-Grain Bars main strengths are that they are both a well known established brand and they are generally perceived as healthier as Nutella.

Their advertising boasts the fact that the bars are made with real fruit, whole grains and fibre, all facts that have led to their increased success in the market. It should be noted that fruit bars have been showing weak performance for the past two years, largely due to parents being unable to convince their children that it is a tasty snack. Nutella should not have this same problem. Nutella is notably perceived as tastier than Nutri-Grain.

(Exhbt_D) In addition to Nutri-Grain, Kelloggs Canada has also found success with their Special K bars, which are noted for being one of the healthiest products on the granola bar market.

They are marketed as meal replacements for those looking to slim down and have excelled with this advertising strategy. Nature Valley is also competitor in the snack bar industry, as it offers both granola bars that emphasize added health and nutrition. General Mills Canada owns Nature Valley; its company that offers a variety of options in terms of nutrition and taste as well as successful advertising positioning has enabled them to become leaders in the market. Nature Valley's advertisements generally focus on the high fibre and protein content of their products as well as the convenience of availability.

Pepsi-QTG Canada whose Quaker Chewy brand of snack bars still remains a leader in sales volume despite the company being placed third in terms of value share, is also a competitor. Quaker is successful with products that contain chocolate, despite the negative connotations associated with chocolate content. The company advertises to children by targeting parents and uses commercial, as well as, print ads to convey their product as a healthy snack option that children would love. Quaker also focuses on the taste factor by highlighting the great taste of the chocolate granola bars.

In addition to the three major companies in the snack bar market, there are also some smaller companies that are of note and may be threats to Novella's entry. Nestle Canada has experienced moderate success with their PowerBar brand, which is marketed as a high protein nutritional bar for those

who are physical active. Although the brand is sometimes criticized for its unhealthy content, it has still prospered due to having found a successful niche in providing a quick meal supplement to physically active individuals.

The perceptual map highlights the fact that most of the successful companies have been focused on high nutritional value, but those companies with high taste and moderately lower nutritional value have still done well (Exhbt_D). With Nu-Oats, Nutella will be looking to take advantage of the fact that, as roven by our market research survey, Nutella is perceived to have an extremely high taste, as well as focusing on a moderately high nutritious value should provide success for Nutella in the snack bar market.

B: Consumer Analysis page 6 s B. Segmentation Identification The segment will be selected based on demographic, as well as, psychographic variables. In terms of demographics, Nu-oats will target children 8-11 years old because this will allow this group to grow up with the Nutella brand (and ideally continue to consume it long after their parents directly influence their food choices. The product will appeal to a broader age group; the marketing efforts will be directed towards mothers (since they are the ones making purchasing decisions).

In terms of psychographics, Nu-oats will emphasize the same ' lifestyle element of the traditional Nutella spread, however it will emphasize the added convenience that this product provides. Due to the active lifestyle emphasis of this product, Nu-oats will target a consumer with an active lifestyle who seeks products that offer healthy aspects. Segment Trends: The trends that exist in the broader market influence product segment's trends.

There is a growing trend towards health consciousness - due to the rising cases of obesity and diabetes.

This affects the consumption decisions of consumers. Health-conscious individuals understand that they need to make good choices in terms of the foods and drinks that they consume. Segment Growth Potential: Over the past ten years Canada has had an average annual growth rate of just over 1% and has experienced the fastest growth of any of the G8 countries. B. 2 Market Targeting Strategy Nu-oats will adopt a concentrated target market strategy in which the company will focus its marketing efforts on a single segment.

This strategy is appropriate based on the fact that it's a new entrant in an established market. Since Nutella targets a specific group, it is logical for Nu-oats to follow a similar strategy. Through the strategy of focusing efforts on a defined group, the aim is to build this segment's continual loyalty to the Nutella brand. 8. 3 Segment Profile Who is the target segment? Nu-oats will appeal to 8-11 year old children (the intended users of the product) through a process of targeting their parents. Parents are targeted since they are the ones actually making the purchasing decision.

With respect to geography, the segment being targeted lives in urban areas - where they will be surrounded by marketing campaigns including ads in public transit, on billboards and magazines, and in store. Although parents tend to be price sensitive, this product entails a low- involvement decision, thus minimizing their consideration of the product's price. What do they want

and why do they want our product? The market segment (parents) has certain considerations in their purchase decision process.

Canadian consumers seek pleasure, value, health (and wellness), and finally, convenience when they make their food decisionsii . Nu-oats will provide convenience for parents - offering them a quick and easy snack or breakfast alternative for their children. By emphasizing the healthy aspects of the product we hope that our target market associates Nu-oats with health and wellness. When do they buy it and use it? The parent or the child may trigger purchasing decisions for Nu-oats. Although the instances of men doing family grocery shopping are increasing women still generally do the shopping.

Since our main target is a mother who is in a rush, it is essential to understand what influences them into making a purchase. Since our target is the 'mother who is in a rush', it's imperative to understand what influences them during their purchase decision process. It was discovered that mothers spent more time in grocery stores than dads, which nu-oats Marketing plan Page 7 s suggests that mothers are more concerned about the product that they choose. Mothers are also focusing on nutrition and planning to reduce spending on snacks, sugars, and sodas.

Besides these factors, there are other factors that can influence a person's purchase. In North America, the top 5 factors are prices, health, transportation costs, package and labeling, and oyalty programs. In addition to these factors, health conscious consumers have begun to consumer snacks more often to replace the idea of three meals in a day. This trend has grown 2% from 2000 to 2009. In 2010, the average number of snacks per

capita was 307. Most snacks meals occur during the afternoon with 34.5% of the snack being consumed. Reasons for choosing snack meals have shown slight changes between 2006 to 2009.

People are no longer eating these snack meals for enjoyment and health but rather for the indulgence and convenience that it offers. The final influence on a mother's purchasing decision is her kids. Studies show that a third of the time, parents will defer to their children to decide on what to eat for breakfast. 71% of parent solicit their children's opinions on purchases and take them into consideration. As you can see, grocery shoppers accompanied by a child can be easily influenced into purchasing what the child wants, since their opinions are considered. Where do they buy it and use it?

Most of the Nu-oats target market will buy the product at grocery stores. Although the parents might have not intended to buy the bar at the store, many will do so impulsively. Nu-oats can also be distributed at pharmacies (like Shoppers Drug Mart) and convenience stores. Due to the convenient nature of Nu-oats, the product can be consumed anywhere as a snack. An individual who would otherwise not have time to prepare something to eat in the morning can also consume the product as a quick breakfast. For parents, selecting the snack bar for their children is a cognitive decision that is somewhat low involvement.

Children often influence the purchase decisions that their parents make - both through explicit requests and through the way that their children have reacted to their purchase in the past

A: Objectives SMART Objectives (Year 1):

<https://assignbuster.com/final-project-marketing-plan-writeup-assignment/>

(1) To capture 6 % of the Canadian snack bar market; (2) To enjoy a return on investment of 15%; (3) To be sold in 100% of major food retailers grocery stores throughout Canada Product Objectives: Brand: In the consideration of this product line extension, it is imperative that the integrity of the Nutella brand is preserved.

Nu-oats will associate itself with active living and a healthy snack. Balanced snack alternative: Nu-oats aims to provide its target market with a quick snack alternative that is fun, in addition to being free of artificial colors and flavors. This product can also be enjoyed alongside fruit or yogurt for a healthy and delicious breakfast.