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# Plan for Success with a Documented Plan

# WHY A MARKETING PLAN IS IMPORTANT

A marketing plan is your roadmap to effectively promote your company and its products. Marketing is an investment to secure sales, profits and grow your business. A marketing plan helps you understand where to allocate your marketing investment.

The key goals of a marketing plan are to:

- Identify your competitive advantage;
- Attract and retain customers;
- Prepare for changes in the market;
- Identify the resources needed to get your product into consumers' shopping carts; and
- Make a profit and grow the company.

Developing and utilizing a marketing plan will increase the likelihood of success for a product in the marketplace. Having a documented marketing plan will demonstrate professionalism to potential retail and foodservice customers and can assist with accessing financing.

"Standing out on crowded store shelves is no easy task. It requires a product that ticks off all the boxes, including superior production, design, marketing, sales and distribution. Most importantly, a truly award-winning product must meet the needs – and pocketbooks – of today's demanding shopper".

Diane J. Brisebois, President and CEO of the Retail Council of Canada

#### THE 8-STEP MARKETING PLAN

This guide provides an 8-step process required to develop a marketing plan:

**STEP 1:** Assess the current situation.

**STEP 2:** Set your sales objectives.

**STEP 3:** Identify your target market.

**STEP 4: Position your product.** 

**STEP 5:** Set Your marketing objectives.

**STEP 6:** Build your brand.

**STEP 7:** Build your action plan.

**STEP 8:** Evaluate your marketing plan.



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# Understanding the Marketplace is Crtitical

Unlike trends that last for extended periods,

fads are short term bursts of enthusiasm for

Examples include the Atkins diet, deep fried

everything and the bacon craze. While it is

great to cash in on a fad, it is best to plan for

steady, long term growth by focusing on the

trends on which you can deliver.

certain products or diets that do not last long.

#### STEP 1: ASSESS THE CURRENT SITUATION

The first step in the development of a marketing plan is to assess the current market situation to provide insight into the sector and what it takes to compete. Assessing the current situation examines areas that are both internal to a company and external issues affecting it. An assessment includes:

- 1. Reviewing your business goals;
- 2. Identifying;
  - a. Market drivers and consumer trends;
  - b. Buyer trends;
  - c. The competitive landscape;
- 3. Conducting Market Research;
- Conducting a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats).

Grocery and foodservice buyers look for products that are 'on trend'.

When assessing market drivers and trends, key questions to ask are:

#### **REVIEW OF COMPANY BUSINESS GOALS**

A marketing plan must be consistent with your business goals. In other words, it must contribute to your company's short and longer term goals for growth and profitability.

#### MARKET DRIVERS AND TRENDS

It is critical for companies to understand the factors driving the marketplace for agrifood and seafood products and the resulting consumer and product trends.

A market driver is a factor that results in a trend. Consumer or product trends are purchasing or usage behaviours that continue for an extended period of time. For example, food safety and transparency are pressing drivers in the food sector and will continue for the foreseeable future. The buy local, traceability and clear labelling trends are a direct result of those drivers.

- What factors have caused longer term changes in the agrifood and seafood industry? (e.g. aging population)
- What are the key consumer concerns affecting food choices? (e.g. rising rate of obesity)
- What key trends are occurring in demographics, consumer behaviour, products, shopping? (e.g. Millennial's use of social media and mobile technology)
- Are there any emerging trends? (e.g. managing food waste)



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# There is Always Competition

#### **BUYER TRENDS**

Understanding the buyer is just as important as understanding the consumer and the competition. Buyers include distributors, retailers and foodservice operators.

Competition is fierce in the grocery sector. There is only so much room on the shelf. You must differentiate your product from your competition in order to secure shelf space. Food retailers and foodservice operators are also seeking to differentiate themselves from their competition. They accomplish this by supporting products and developing relationships with suppliers that help them deliver on consumer trends.

The average grocery store contains about 36,000 SKUs (stock keeping units or products). If a new product is accepted, another will need to go.

Key questions to research about the buyer's company are:

- What changes are happening in the retail and foodservice sectors in the marketplace of interest?
- What is their point of difference?
- How do they compete?
- What are their relationships with other agrifood and seafood companies?
- What consumer segment are they targeting?
- How can you help them meet the needs of their consumers?

#### THE COMPETITIVE LANDSCAPE

While many agrifood and seafood companies believe their product to be unique, it is important to remember that there is ALWAYS competition. View it from the eyes of the consumer. With few exceptions, consumers have other options to satisfy their need or desire. For instance, a consumer looking for a high protein snack has the option of purchasing smoked salmon, cheese or peanuts. Recognizing and understanding the competition is a key element of your marketing plan.

Key questions to research regarding the competitive landscape include:

- What are the competitive products and who are the companies producing them? (competitive products are those that provide the same benefit as your product, for example a high protein snack)
- What are the key benefits of the competitive products?
- What are the perceived competitive advantages of your competitors?
- What are the retail prices of the competitive products?
- What are the product/company's strengths and weaknesses in the marketplace?
- How do your competitors communicate to consumers and use social media?
- What is their omnichannel approach to sales?

Omnichannel is the consistent presentation of your product across multiple channels (i.e. shopping online, by phone or in a physical store).

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# Market Research Identifies Opportunities

#### **CONDUCTING MARKET RESEARCH**

Market research must be conducted to answer questions about market drivers, trends and the competitive landscape. Market research will help you make informed decisions and ensure your marketing plan is based on knowledge, not speculation.

Market research is a process of gathering and analyzing information to gain an understanding of the changing marketplace in which your product competes. The process includes:

- Setting marketing research objectives;
- Gathering information;
- · Analyzing the information; and
- Utilizing market research in developing a strategic market plan.

Market research **provides insight** required to:

- Understand your target market and their preferences;
- Identify opportunities for sustainable sales and growth;
- Recognize market shifts;
- Monitor the competition; and
- Mitigate risk in business decision-making.

Base your marketing plan on knowledge not speculation.



For further information on market research, please see the Ministry of Agriculture's on "How to Conduct and Use Market Research" guide.



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# SWOT Analysis = Core Business Tool

#### **SWOT ANALYSIS**

SWOT stands for **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats. The SWOT analysis is a core business tool and can be used as the foundation of a competitive marketing strategy.

The key elements of a SWOT analysis are the identified internal strengths and weakness of the company and its product(s) and the external opportunities and threats that do, or could, affect your business.

The most effective way for a company to conduct a SWOT analysis is to list key strengths, weaknesses, opportunities and threats in a table as outlined below.



	STRENGTHS	WEAKNESSES
INTERNAL	Capabilities, resources or attributes that provide a competitive advantage  Examples: production capacity, industry experience, financial resources, unique ingredients or packaging	Capabilities, resources or attributes that need improvement  Examples: lack of resources, limited experience, no marketing paln, no food safety or traceability program
EXTERNAL	OPPORTUNITIES	THREATS
EXTERNAL	Circumstances that if capitalized on could have a positive impact on the business	Circumstances that do or could have a negative impact on the business

The purpose of a SWOT is to identify the positive characteristics of your business, the market and the real and potential problems that need to be recognized and/or addressed.

To use the information in your SWOT table focus on the strengths to address weaknesses so that you can minimize the risks of the threats and take advantage of the opportunities.

The SWOT analysis is a core business tool. It should be reviewed and updated at least on a semi-annual basis and whenever circumstances for the business change.

For further information on a SWOT analysis, see the Ministry of Agriculture's "How to Conduct and Use a SWOT Analysis" guide.

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# **Focus on Your Target Market**

#### STEP 2: SET SALES OBJECTIVES

Set sales objectives to project the amount of sales you want to achieve over a period of time.

Follow the **S.M.A.R.T.** approach when setting objectives. Each objective should be:

- Specific
- **M**easurable
- Achievable
- Relevant
- Timely

Examples of specific, measureable and timely sales objectives for a fictitious Company XYZ are:

**Short term:** Reach sales of \$15,000 per month in twelve months.

**Long term**: Attain annual sales of \$3 million in three years.

When setting sales objectives in the agrifood and seafood sectors take into consideration the ebbs and flows of grocery sales during the year. This is particularly important if your product is in higher demand during specific times of the year (e.g. turkeys at Thanksgiving).

Sales objectives may be revised during the course of developing the marketing plan as new information is identified. Review sales objectives at regular intervals (e.g. every three months) and make adjustments as necessary.

Include S.M.A.R.T. sales objectives in your marketing plan so that you have measurable objectives to evaluate your progress.

# STEP 3: IDENTIFY YOUR TARGET MARKET

The first step in identifying your target market is to identify the various market segments and determine which one best matches the benefits your product offers. Segmentation divides a large market into smaller groups of consumers who have common needs or characteristics such as:

- Demographic;
  - Gender, age, income, education, household size;
- Psychographic;
  - Lifestyle, personality, shared values;
- Geographic; and
- Behavioural.

You may want to target more than one market segment. For example a food company marketing a ready-to-eat nutritious meal at retail may target Generation Xers with children (demographic) whose household has limited time for healthy meal preparations (lifestyle).

The better you can define your target market, the easier it is to identify the retail or foodservice operators best suited for your product.



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HIGH

**PRICE** 

# Positioning Maps Identify Opportunities

HIGH

**CALORIES** 

#### STEP 4: POSITION YOUR PRODUCT

Understanding how to position a product involves:

- A positioning map; and
- A positioning statement.

#### WHAT IS A POSITIONING MAP?

A positioning map is a diagram that allows you to compare your product to the competition and identify opportunities for new products in the marketplace.

A positioning map plots two key product benefits on horizontal and vertical axes of a graph. **These product benefits are based on what is important to the consumer.** Product benefits may be real or perceived and include calorie content, healthy ingredients, locally produced, price, protein content, etc.

The following diagram provides an example of a positioning map that identifies a gap in the market and an opportunity for a low price, low calorie product.



LOW

**PRICE** 



Use unbiased market research when developing your positioning map.

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# What Does Your Product Deliver?

#### WHAT IS A POSITIONING STATEMENT?

A positioning statement, also known as a value proposition, provides a concise description of your product's unique value to your target market in relation to the competition. Your positioning statement guides your marketing efforts by helping you articulate your value proposition, in other words, your product's uniqueness.

## Information to Include in Your Positioning Statement:

- The target market;
- · Who is searching for;
- Your product brand and category;
- Product attributes or benefits; and
- Reason for purchasing.

An example of a positioning statement for Company XYZ that produces an energy bar for the endurance athlete might be:

For the endurance athlete who is looking for new sources of energy for their adventures, Company XYZ offers its Go Wild line of energy bars. Each Go Wild bar is great tasting, high in protein and high in calories. Using all natural herbs and spices to add great flavour, Go Wild is ranked the best tasting energy bar on the market by long-distance backpackers and cyclists. Go Wild appeals to athletes who value the outdoors and natural foods that require no preparation.

#### Key questions to ask:

- What is the core value of my company and product?
- How does my product meet the key benefits sought by the consumer?
- Who is the competition?
- What does my product deliver better than the competition?

## STEP 5: SET YOUR MARKETING OBJECTIVES

Marketing objectives are different than sales objectives. Sales objectives represent specific monetary values while marketing objectives lay out how the sales objectives will be achieved.

Examples of marketing objectives are:

- Increase new customer purchases by 80% with a repeat purchase of 60% by December 201X;
- Retain 70% of customers who are Millennials with children by July 201X; and
- Increase e-commerce customers acquisition 30% by December 201X.



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# Your Brand is Your Promise

#### STEP 6: BUILD YOUR BRAND

#### WHAT IS A BRAND?

A brand represents a consumer's experience with a product. Your brand is a promise you make to your consumers that strengthens their loyalty so that they will continue to choose your product over others. The emotional connection consumers have with your product is often what keeps them coming back. Your brand's job is to continually build that connection between your company and your target market.

Think of a brand in terms of the consumer. A brand represents all that a consumer thinks of when hearing or seeing the brand name.

#### WHAT IS BRANDING?

Branding creates a clear and compelling identity for a company and its product. It promotes values, transparency and benefits in which consumers can believe and identify.

The goals of building a brand are to:

- Build a relationship with the consumer;
- Increase sales;
- Secure higher prices;
- Turn your consumers into advocates have them endorse your product and brand to other consumers and social networks; and
- Leverage the brand when introducing new products.

#### STEPS IN BUILDING A BRAND

Building an effective brand can be an invigorating experience. Build your brand by:

- Knowing your loyal target market;
- Developing your brand promise based on what sets your product apart from the competition;
- Building your story that resonates with buyers and consumers; and
- Communicating your brand consistently.

Key questions to ask:

- What are my company's core values?
- How do I want my target market to view my company and product line?
- What emotions do I want to evoke in my customers when they see my product or hear the brand name?
- Is my brand name meaningful to my target market?
- Can branding be used effectively across all channels (print media, websites, social media)?

For more information on branding, see the Ministry of Agriculture's "How to Develop a Strong Brand for Your Product" guide.



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### Your Product

Differentiate

#### STEP 7: BUILD YOUR ACTION PLAN

Steps 1 through 6 focus on the foundation upon which to build the action-oriented section of the marketing plan. Your action plan, Step 7, addresses the target market's key purchasing requirements in areas of the '4 Ps of Marketing' – Product, Price, Place and Promotion. The purpose of your action plan is to document how you will get your product on the shelf and into the shopping carts of consumers.

#### **PRODUCT**

Your product is more than what is contained in the package. In general, an agrifood or seafood product encompasses:

- The brand: must resonate with the consumer and be protectable (trademark);
- The consumable: taste, quality, product attributes, consistency from one taste experience to the next, shelf-life;
- The package: eye-catching, protects from contamination and breakage, provides information (labelling, nutrition facts, how to use);
- Customer service: responsive to buyers and consumers, a recall plan; and
- Food safety and traceability programs: for the food item and packaging.

If you are planning on exporting your product in the future, you must also consider how the product name and/or brand translate into other languages.

Key questions to ask:

- Do I have a food safety and traceability program in place?
- Is my packaging eye-catching?
- Does my packaging maximize the space on a pallet and a shelf?
- Does the nutritional labelling meet regulatory requirements?
- Is the name/brand registered? (see Canadian Intellectual Property Office)

Your product has less than 3 seconds to attract the eye of the consumer.



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# Pricing is a Critical Decision

#### **PRICE**

Determining the 'right' price is a major decision. Regardless if your product targets the retail or foodservice sectors, the key consideration is 'margin' and is usually expressed in terms of a percentage.

MARGIN PERCENTAGE = PROFIT/PRICE = (PRICE-COST)/PRICE

Small agrifood and seafood companies have no control over the margins buyers take or the shelf price. Buyers however expect companies to provide a suggested price. A price must:

- Be competitive;
- Cover costs; and
- Contribute to the growth of your company.

#### HIDDEN COSTS IN PRICING

Regardless if you are selling to a distributor, retailer or foodservice company, there are often many 'hidden costs' that must be factored into your pricing. Examples include listing fees, cash discounts, damaged goods, product liability insurance and promotional allowances.

#### PRICING STRATEGIES

The following table provides an overview of the various strategies for consideration. Keep in mind that the most appropriate pricing strategy for a product or product line is typically a blend of these strategies.

Strategy	Description
Cost Based Pricing	Costs + profit = price
Break-Even Pricing	Provides minimum pricing to break even (cover costs)
Competitive-Based Pricing	Set price based on competitors' price
Customer-Based Pricing	Price based on customers' willingness to pay
Premium/Value Based Pricing	Set price to differentiate based on higher perceived quality or special features

Key questions to ask:

- What are the true costs of making your product and getting it on the shelf?
- Are you manufacturing and distributing your product as efficiently as possible?
- Can you make a profit that contributes to the growth of the company?

#### Selling retail and direct-to-consumer?

You are putting your relationship with your retailer at risk if you sell the same product directly to the consumer at a lower price.

Your direct-to-consumer price should be similar to the retail price or you should differentiate your product so the consumer sees it as a different product. For example make a 6-pack for retail and a 10-pack for online sales.

For more information on pricing, see the Ministry of Agriculture's "How to Determine the Right Retail Price for Your Product" and "How to Sell Your Product to a Retailer" guides.

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# Sell Where Your Customers Shop

#### **PLACE**

'Place' refers to the location where your product can be purchased and how it will be distributed.

The key to identifying the best place to sell your product depends on where your target market shops and how they shop. For example, a high-end specialty product is better placed in a store offering those products rather than one that caters to price sensitive consumers. As well, if the product targets the tech savvy generation, Millennials, then availability through e-commerce will be critical.

Agrifood and seafood companies are increasingly developing an omnichannel approach to 'Place', providing consumers different ways in which they can purchase the product.

#### **FNTRY STRATEGIES**

'Place' also considers the options for market entry. Will you use a distributor or broker or deal directly with the buyer or consumer? The following table outlines the possible pathways and identifies the key advantages and disadvantages of each.

Strategy	Description	Advantages	Disadvantages
Direct to Buyer	Company sells direct to a retail or foodservice buyer	Higher return on investment More latitude on setting prices Direct contact with buyers	No services or access to experience of brokers or distributors May take longer
Distributor	Takes ownership of the product	Offers services such as soliciting orders, customer service, stocking inventory, delivering products and carrying receivables	Represents many products Need to ensure you have the production capacity to fill larger quantities if demanded Can be difficult to get on a distributor's list
Broker	Acts as your sales agent	Sales and marketing services Provides market, industry and strategic advice Works with distributors	Your product is one of many You need to look after distribution and payment
Direct to Consumer E-commerce	Selling online	Reduced overhead costs	Shipping and logistics can be challenging



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#### **Read the Fine Print**

#### SPECIAL CONSIDERATIONS

Unlike many other industries, perishability represents a challenge for food and seafood companies. The shelf life of the product is a major consideration particularly for companies marketing products that require refrigeration or freezer space which is at a premium. Cold chain transportation carriers will also be required. If you have a chilled or frozen product, differentiating it from the competition is even more important than for shelf stable products.

For those companies thinking of exporting, moving products across borders adds another layer of complexity. How will that be accomplished? Contact the BC Ministry of Agriculture's Market Development and Trade Department for advice and assistance.

Key questions to ask:

- Where does my target market expect to find my product?
- Are the places where my product is sold consistent with my brand image?
- Are there special considerations my product requires to maintain the product's integrity (e.g. temperature control)?

#### **PROMOTION**

Promotion aims to drive sales and is comprised of the various tools used along the distribution chain. The following table outlines several common promotions:

Promotion	Description	
Coupons	A limited time discount for the distributor, retailer or consumer	
Advertising allowance	Supplier pays the retailer to advertise	
In-store demos	Offers tasting samples to potential customers	
Sampling allowance	Allows retailers to provide free samples to customers without incurring costs	
Temporary price reduction	To stimulate sales (retailers may require a promotional fee)	
BOGO	Buy-one-get-one free promotion (retailers may charge handling allowance)	
Slotting fees	Paid by the supplier to secure space	
Off-invoice deduction	Agreed upon temporary price reductions applied to the retailer or distributor's invoice	

To ensure you know the extent of the expectations regarding promotions of your buyers, **read the fine print** in all contracts.

For companies entering the world of e-commerce, discounts and coupons are commonly used. Offering free shipping has also been shown to have a positive impact on purchase intent.



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### COMMUNICATION

Promoting a brand or product involves communications: **telling the brand story**. Distributors, brokers, retailers and foodservice buyers expect their suppliers to assist in driving sales. Consumers want to know where their food originates and why they should support your company. Examples of items consumers consider include: certifications; ingredient sources; sustainability initiatives; history of the company and owner; nutritional information; and testimonials.

Communicate your story using various methods including:

**Having a mobile friendly website:** A professional website that communicates the right message for your market across all platforms.

**Using social media:** Tell your story. Engage in conversations. Provide outstanding customer service. Find brand advocates and manage your online reputation all on one medium.

Keep in mind that consumers consider the top methods for gaining information to be: social media; the internet; and mobile apps.

# Consistency Builds Credibility

**Writing a blog:** Or invite people to write a blog for your site containing information relevant to your target market.

**Attracting public relations:** Approach publications relevant to your consumer to tell your story.

**Developing a sell sheet:** Tell the story of the brand to your buyers using a one-page information sheet.





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# Document Your Plan

#### CHOOSING THE RIGHT PROMOTION

Promotions take resources – time and money. Small companies are often strapped for both. You must prioritize which methods make sense for you. Be sure to have a good understanding of the various costs. Your buyers will be a good source of information to help guide you.

Key questions to ask:

- What do the buyers expect regarding promotions?
- What is the cost of each promotion (one time and ongoing)?
- What is the expected return on investment for each promotion?
- Have costs been built into your pricing?

For more information, see the Ministry of Agriculture's "How to Develop and Use a Social Media Marketing Plan", "How to Develop and Use a Sell Sheet for Your Product", "How to Determine the Right Retail Price for Your Product" and "How to Introduce a New Product to the Market" guides.

Craft a clear and simple message about your product that can be delivered across all mediums on any device.



#### HOW TO USE A MARKETING PLAN

The key to success of any plan depends on a company's ability to execute it. If it is not followed, then opportunities will be missed and resources wasted in the plan's development.

A good method to outline and track the plan is to develop and complete a tracking form using a spreadsheet for each of the 4 Ps (Product, Price, Place, Promotion). Begin by using the headings:

- Specific action;
- Who is responsible;
- · Timeline for execution;
- Resource requirements: people and funding; and
- Expected return on investment.

With respect to expected return on investment, remember that marketing is an investment in terms of time and money. The completed spreadsheets will allow you to see at a glance whether your plan is reasonable given available resources. If for example, a company invests \$1,000 a month in an advertising campaign, it will be important to measure the increase in sales during that campaign and the level of increased sales after the campaign ends to ensure that the increase is not a one-time event.

At this stage, it may be necessary to revise the plan.



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# Markets and Consumers Change over Time



# STEP 8: EVALUATE YOUR MARKETING PLAN

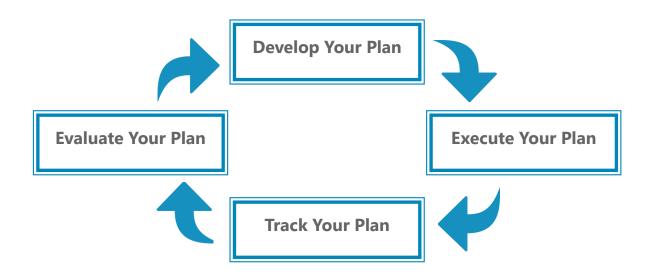
Marketing is a critical part of your business. A documented marketing plan provides a roadmap and allows you to focus and evaluate your efforts. The final step of a marketing plan is evaluation and is done through:

- Monitoring the action spreadsheets as identified above;
- Assessing if your company is on track to meet sales objectives (Step 2) and marketing objectives (Step 5); and
- Monitoring inquiries from consumers.

The evaluation is typically done on a quarterly basis.

Remember that markets, consumers and goals change over time and so should your plan.
Revisit your overall plan semi-annually or more often if a significant change happens in your business or the markets and make changes as needed to your marketing plan.





#### MORE INFORMATION

See the Ministry of Agriculture's Marketing Guide Series for more information and additional topics by visiting http://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/statistics/market-analysis-and-trade-statistics

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