Inter-American Program for the Promotion of Trade, Agribusiness and Food Safety

Marketing Plan for Value Added Products

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Inter-American Institute for Cooperation on Agriculture
The secret of your success

• Success in marketing comes from knowing who your customers are and being able to fulfill their needs.
Targeting the Market

1. Define the target market and

2. Develop a market strategy
1. Define the Target Market

**Market segmentation** – dividing the market into distinct groups requiring different products and/or a different strategies

<table>
<thead>
<tr>
<th>Consumer markets</th>
<th>Individuals with different desires, purchasing power, geographical locations and buying practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial markets</td>
<td>Manufactures, service firms (hotels), transportation companies, resellers (wholesalers and retailers)</td>
</tr>
<tr>
<td>Government markets</td>
<td>Agriculture, Health ....</td>
</tr>
</tbody>
</table>
## Segmenting Consumer Markets

- Segments are identified by applying successive variables to subdivide a market.

<table>
<thead>
<tr>
<th>Geographic Segmentation</th>
<th>Demographic Segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Country</td>
<td>• Age</td>
</tr>
<tr>
<td>• State</td>
<td>• Sex</td>
</tr>
<tr>
<td>• County</td>
<td>• Family size</td>
</tr>
<tr>
<td>• City</td>
<td>• Education</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Psychographic Segmentation</th>
<th>Behavioral Segmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Social Class</td>
<td>• Occasions</td>
</tr>
<tr>
<td>• Lifestyle</td>
<td>• Benefits</td>
</tr>
<tr>
<td>• Personality</td>
<td>• User status</td>
</tr>
<tr>
<td></td>
<td>• Usage rate</td>
</tr>
</tbody>
</table>
Segmenting the Florida Market

Food Products Segmentation:
- Geographic
- Demographic
2. Market Strategy

2.1 Defining the Market Objectives

• These should be quantifiable and measurable in a time frame, such as.

  US$ “X” sales in “Y” by the year “Z”.

• It is recommended to state goals in terms of five-year forecasts and projection.
• For each year the forecast should include sales in value and volume.
## Market Strategy

### Example of Market Objectives

<table>
<thead>
<tr>
<th>Sales Goals</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pounds of Fruit Pulp</td>
<td>20.000</td>
<td>30.000</td>
<td>40.000</td>
<td>60.000</td>
<td>80.000</td>
</tr>
<tr>
<td>Pounds of Frozen Fruit</td>
<td>30.000</td>
<td>45.000</td>
<td>55.000</td>
<td>70.000</td>
<td>85.000</td>
</tr>
<tr>
<td>Fruit pulp Sales (US$)</td>
<td>23.000</td>
<td>34.500</td>
<td>48.000</td>
<td>75.000</td>
<td>104.000</td>
</tr>
<tr>
<td>Frozen Fruit Sales (US$)</td>
<td>27.000</td>
<td>42.750</td>
<td>54.000</td>
<td>73.500</td>
<td>93.500</td>
</tr>
<tr>
<td>% Sales from Food Service</td>
<td>80</td>
<td>75</td>
<td>70</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>% Sales from Retail</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>40</td>
<td>50</td>
</tr>
</tbody>
</table>
2.2 Defining the Marketing Mix

- Marketing Mix is the set of tools that a company uses to pursue its objectives in the target market.

- The four basic elements are:
  - Product
  - Price
  - Place (Distribution)
  - Promotion
Marketing Mix - **Product**

- Credit
- Promotion
- Delivery
- Brand
- Quality
- Design
- Sizes
- Packaging & labeling
- Post- Purchase Service
- Customer Orientation

**Product**
Marketing Mix - Product

Product Line

Pulps
a) Guava
b) Mango
c) Tamarind

Frozen Fruits
a) Cashew Fruit
b) Jocote (Andean Plum)
c) Lulo

Juices
a) Coconut
b) Passion Fruit
c) Guava
Marketing Mix - **Product**

- **Brand Strategies**
  - Generic
  - Brand
    - Private label
    - Producer
      - Individual
      - Family
      - Single
Marketing Mix - Product

Brand: El Latino

Description: 100% fruit pulps

Flavors: Mango, Passion Fruit, Guava, Papaya, Pineapple, Tropical Berry, Sourclop, Tamarind, Tangerine, ......

Shelf Live: 2 years Frozen

Pack: 14oz/12 Bags, 14oz/24 Bags
Single Portions, 75oz Jar

For each flavor: part number, UPC Code, Pack Size,
Marketing Mix - Price

- Manufacturing
- Transportation
- Labor costs
- Competition's price
- Supply & Demand
- Tariffs
- Service
- Distribution Costs
- Regulations

Pricing decisions

Supply & Demand

Tariffs

Competition's price

Manufacturing

Transportation

Labor costs

Service

Distribution Costs

Regulations

Tariffs

Pricing decisions

Supply & Demand

Manufacuring

Transportation

Labor costs

Competition's price
Marketing Mix - **Price**

Approaches for setting prices
- Marketing-based strategies
- Cost-based strategies
- *Stato Quo* strategy
Marketing Mix - **Price**

**Marketing-based strategies**

- **Flexible pricing** - identical products to different customers at different prices
- **Static pricing** - identical products to different customers at same prices
- **Penetration prices** - low prices to capture market share
- **Price skimming** – high prices for new and unique products
Marketing Mix - **Price**

**Cost-based strategies**
- Costs cost + markup - including the fixed and variable costs related to exporting

For exporting

- Variable cost + markup - companies with well established domestic market positions which generate revenues that cover their fixed costs
Marketing Mix - Price

**Stato Quo strategy**
- This is the most common strategy, it consists in defining the prices of your product based on the competition and the positioning that the company wants in the target market.
# Marketing Mix - Price

<table>
<thead>
<tr>
<th>Product</th>
<th>Retail Price</th>
<th>Price per oz</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Fe, 10 oz product form Ecuador</td>
<td>US$ 1,19</td>
<td>US$ 0,12</td>
</tr>
<tr>
<td>Goya, 17 oz product form Brazil</td>
<td>US$ 1,89</td>
<td>US$ 0,11</td>
</tr>
<tr>
<td>Conchita, 9.75 oz, product from Ecuador</td>
<td>US$ 1,39</td>
<td>US$ 0,14</td>
</tr>
<tr>
<td>Disfruta 16 oz, product from El Salvador</td>
<td>US$ 7,28</td>
<td>US$ 0,46</td>
</tr>
<tr>
<td>Brand</td>
<td>Price (Euros)</td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>--------------</td>
<td></td>
</tr>
<tr>
<td>Edel Coffee</td>
<td>7.98</td>
<td></td>
</tr>
<tr>
<td>Jacobs</td>
<td>5.99</td>
<td></td>
</tr>
<tr>
<td>Movenpick</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>Dallmayr</td>
<td>3.98</td>
<td></td>
</tr>
<tr>
<td>Metka</td>
<td>3.99</td>
<td></td>
</tr>
<tr>
<td>Ja</td>
<td>3.99</td>
<td></td>
</tr>
<tr>
<td>Lavazza</td>
<td>3.99</td>
<td></td>
</tr>
<tr>
<td>Costarca</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Dallmayr</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Jacobs</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Bellarom</td>
<td>6.49</td>
<td></td>
</tr>
<tr>
<td>Kronen granel</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Segafredo</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Lavazza</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Cellinis</td>
<td>5.4</td>
<td></td>
</tr>
<tr>
<td>Jacobs Creme</td>
<td>4.35</td>
<td></td>
</tr>
<tr>
<td>ToPs café</td>
<td>3.99</td>
<td></td>
</tr>
<tr>
<td>Sowetters</td>
<td>4.49</td>
<td></td>
</tr>
<tr>
<td>Selz</td>
<td>5.49</td>
<td></td>
</tr>
<tr>
<td>Tshibo emaracdo</td>
<td>6.155</td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>5.49</td>
<td></td>
</tr>
</tbody>
</table>
Marketing Mix - Price

Other things to think about

• List Price
• Payment Period
• Credit terms
• Discounts
• Allowances
Marketing Mix - Place (Distribution)

- Distribution Channels
  - Food Channel Sub-sector
  - Processed products
- Marketing Entry Strategies
  - Intermediaries
  - Brokers
  - Distributors
  - Private label
Marketing Mix - **Place (Distribution)**

**Distribution Channels**

The path or route taken by goods as they move from producer to final consumer.
Food Channel Sub-sectors - Retail

- Supermarket: Publix, Winn Dixie, Sedano’s, ....
- Superstore: Super Wal-Mart, Super Target
- Wholesale club store: Sam’s, Costco, BJ’s
- Convenience store: gas station

- Independent: fewer than four retail stores
- Chain: An operator of four or more retail stores
Marketing Mix - Place (Distribution)

Food Channel Sub-sectors - Food Service

- Restaurants
- Bars
- Catering services
Food Channel Sub-sectors – Institutional

- Healthcare: hospitals, retirement homes, long term care
- Education: schools, universities and colleges
- Military: armed forces
- Transportation: train, rails, cruises
- Correctionals
- Workplace: cafeterias, restaurants
Florida: Processed products distribution channels
Marketing Mix - Place (Distribution)

Marketing Entry Strategies – **Intermediaries**

- Buy the products in the facility
- Usually pay in cash
- Assume the risk of the marketing
- Pay lower prices to the producers
Marketing Entry Strategies – **Brokers**

- Independent sales force
- Don’t take title of the products
- Work on a commission basis
- Provide their services to a number of different producers
- Own the clients
- Has a small structure
- Don’t assume the commercial risk
- No after-sales service
- Usually don’t decide on the marketing
- Short term relations
Marketing Mix - Place (Distribution)

Marketing Entry Strategies – Distributors

- Take title of the products
- Resell the product for a profit
- Have a developed structure
- Assume the commercial risk
- Offer after-sales services and follow-up to customers
- Usually take part or define the marketing
- Long term relations
Marketing Mix - Place (Distribution)

Marketing Entry Strategies - Private Label

- A brand owned by a wholesaler, retailer or distributor.
- Store brands now account for one of every five items sold in U.S. supermarkets.
- In South Florida most of the distributors of ethnic products work with their own brands (Goya, El Sembrador, La Fe, Iberia, El Latino .....)}
Marketing Mix - **Place (Distribution)**

**Marketing Entry Strategies** - **Private Label**

**Benefits for the producers:**

- Economies of scale
- Minor investment in promotion or packing
- Market Information
- Most of the regulations are responsibility of the owner of the brand
Marketing Mix - **Place** (Distribution)

**Marketing Entry strategies - Private Label**

**Risks for the producers:**

- They can be easily replaced if another producer can offer better prices or better quality for the same price.
Marketing Entry strategies - **Private label**

**Nectars & Juices**
Kids and adults alike love the rich fruit taste of Goya’s wide variety of 100% natural Nectars and Juices. Four of our most popular flavors are also available in an easy-to-grip carton.

**Tropical Fruit Beverages**
Refresh yourself with the flavors of the tropics, Goya’s Tropical Fruit Beverages come in 10 mouth-watering, exotic flavors, such as the ever-popular mango, papaya and passion fruit.

**Caribbean**
Enter the world of Goya and find a variety of Caribbean staple items, from zesty mojito to sweet guava paste.

**Mexican**
Jalapeños, tortillas, salsa... Discover Goya’s incredible selection of quality Mexican specialties.

**Central & South American**
Savor the unique and fascinating flavors of Central & South America, right in your own home!

**Fruit Pulps**
In several delicious tropical varieties like Passion Fruit, Papaya, Mango and Tangerine, these frozen fruit pulps are 100% natural, low in fat, high in Vitamin C, and cholesterol free. Used in smoothies and frozen desserts, Goya Fruit Pulps are the key ingredient in tropical treats. And now Fruit Pulps are available in convenient packages with four individually-wrapped, single-use servings.
Marketing Mix - Place (Distribution)

Other things to think about

- Location
- Inventory
- Transport
Marketing Mix - Place (Distribution)
Promotion Strategy

- Is the mix of promotional tools a company uses to reach their distribution channels and target customers.
Promotional Tools

- **Advertising** - large number of potential customers, very expensive (TV, radio, newspapers, magazines).
- **Personal Selling** - face to face, long-term relationships (representatives), trained sales force.
- **Sales Promotion** - short run, coupons, contests, tastings
- **Public Relations** – build public awareness through non-commercial means, such as news or public campaigns
Sales Promotion

- More accessible for small and medium sized companies
- Effective in the short term
- Get the attention of the potential customer
- Provide the customer with purchase incentives
- Can be developed for the consumers or for distributors (commercial)
Commercial Sales Promotion

- Quantity Discounts
- Cash Discount
- Seasonal Discount
- Sales Contests
- Rewards
- Sampling
- Tasting
## Promotional Strategy for Supermarkets in Miami

<table>
<thead>
<tr>
<th>Item</th>
<th>Unitary Investment</th>
<th>Units</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Slotting fee&quot; for 6 SKUS in 34 Points of sale</td>
<td>US$ 2.700</td>
<td>6 flavors</td>
<td>US$ 16.200</td>
</tr>
<tr>
<td>One box of product for each supermarket</td>
<td>US$ 50</td>
<td>29 Points of sale</td>
<td>US$ 1.450</td>
</tr>
<tr>
<td>Tasting, 4 times, 1 hour per day in the 29 supermarkets</td>
<td>US$ 100</td>
<td>29 supermarkets, 4 times per stores, 1 hour</td>
<td>US$ 11.600</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>US$ 29.250</strong></td>
</tr>
</tbody>
</table>
Promotional Strategy for Distributors in Miami

- **Stage 1: Distributor**
  - Negotiate the price
  - Offer a discount for the first order “introduction price”
  - Direct incentive for the seller (US$ 5 per box).

- **Stage 2: Incentive for the retailer**
  - Tasting (US$ 100 per hour + product)
  - Customer sales promotion (2 x 1, buy 1 and receive 50% on another one)

- **Stage 3: Second order**
  - Direct incentive for the seller (US$ 3 per box)
  - Retailer: buy 10 boxes and receive 12.
Promotional Strategy for Supermarkets

Seitz Cafe Castro
750g Packung
€9.99
Marketing Mix

Marketing tools used to pursue marketing objectives in the target market.

Product
- Product variety
- Quality
- Design
- Features
- Brand name
- Packaging
- Sizes
- Services
- Warranties
- Returns

Price
- List price
- Discounts
- Allowances
- Payment period
- Credit terms

Promotion
- Sales promotion
- Advertising
- Sales force
- Public relations
- Direct marketing

Place
- Channels
- Coverage
- Assortments
- Locations
- Inventory
- Transport

Source: Marketing Management, Philip Kotler, p15
Marketing Budget

- Marketing tactics must be planned only if they can be funded and implemented.
- It can serve as a summary of the marketing activities.
- It can work as time line for implementation.
Marketing Budget

- Marketing budget includes the cost of the marketing activities, but also the market research.
- It should include the source of funds (borrowed, savings, percent of revenue)
- Marketing budgets are often set at 5 to 10 percent of the annual sales.
# Evaluation and Follow-up

<table>
<thead>
<tr>
<th>Type of Control</th>
<th>Prime Responsibility</th>
<th>Purpose of Control</th>
<th>Approaches</th>
</tr>
</thead>
</table>
| Annual plan control | Top management        | To examine whether the results are being achieved | • Sales analysis  
 |                     | Middle management     |                     | • Market-share analysis  
 |                      |                      |                     | • Sales-to-expense analysis  
 |                     |                      |                     | • Financial analysis          |
| Profitability control | Marketing controller | To examine where the company is making or losing money | Profitability by:  
 |                     |                      |                     | • Territory  
 |                      |                      |                     | • customer group,  
 |                     |                      |                     | • Channel  
 |                      |                      |                     | • Order size |
| Efficiency control | Line and staff management | To evaluate and improve the spending efficiency and impact of marketing expenditures | Efficiency of:  
 |                      | Marketing controller |                     | • Sales force  
 |                      |                      |                     | • Advertising  
 |                      |                      |                     | • Promotion  
 |                      |                      |                     | • Distribution |
| Strategic control | Top management        | To examine whether the company is pursuing its best opportunities with respect to markets, products, and channels | • Marketing effectiveness rating instrument  
 |                     | Marketing auditor    |                     | • Marketing audit     |


# Wrapping-up. Structure of a Marketing Plan

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>Presents a brief overview of the plan.</td>
</tr>
<tr>
<td>Corporate mission statement</td>
<td>Defines the goals and objectives of the company in the target market.</td>
</tr>
<tr>
<td>Market analysis</td>
<td>Includes the market information gathered during the market research process.</td>
</tr>
<tr>
<td>Market segmentation</td>
<td>Defining the target market</td>
</tr>
<tr>
<td>Market objectives (current and long-term)</td>
<td>Sales volumes, sales values and market share goals for the next five years.</td>
</tr>
<tr>
<td>Product strategy</td>
<td>Analysis of where the company’s product is positioned with respect to the capabilities of competitive offerings.</td>
</tr>
<tr>
<td>Pricing strategy</td>
<td>Determination of a strategy best suited for target markets.</td>
</tr>
<tr>
<td>Promotional strategy</td>
<td>Description of the promotional elements that will be used.</td>
</tr>
<tr>
<td>Distribution system</td>
<td>Description of the distribution channels and their roles and responsibilities.</td>
</tr>
<tr>
<td>Budgets</td>
<td>The financial implications of executing the marketing plan.</td>
</tr>
<tr>
<td>Time line and performance criteria</td>
<td>A listing of priority actions, including what will be done, who will be responsible for each task, the time frame of the tasks and how much each will cost. Includes a procedure for follow-up and evaluation.</td>
</tr>
</tbody>
</table>
Thank You

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