

Marketing Modules Series

Marketing Module 3: Company Analysis Example

Marketing Plan

Mixed Green Salad Gardens (MG)

Adapted from Agriculture Produce Farm Marketing Plan,
Mixed Green Salad Greens:

http://www.mplans.com/agriculture_produce_farm_marketing_plan/executive_summary_fc.php
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Complete Marketing Modules Series available at: <http://hortmgt.gomez.dyson.cornell.edu/Marketing-Modules.html>

Mixed Green (MG) Salad Gardens Characteristics

- Start-up business
- Offers a wide range of high-quality salad field greens including red leaf, arugula, radicchio, mustard greens, endive and chicory
- MG's mission is to provide the highest quality salad field greens
- MG's products have been well received and marketing is critical to its continued success and future profitability

Executive Summary

MG is a local producer of salad field greens in Eugene, OR serving both the consumer market as well as local restaurants. To succeed in developing a profitable business MG will focus on two competitive advantages: quality and flexibility. Demand for quality salad field greens in Eugene is higher than supply. MG's pursuit of quality coupled with the flexibility of a small, local grower will allow it to exploit this market opportunity. MG's founder and owner's relentless pursuit of quality, extensive background in horticulture and sheer passion will propel the business into profitability.

Current Marketing Situation

Target Markets

Individual consumers:

Who have a more sophisticated palate and appreciate healthier, tastier alternatives to the common lettuce options. They appreciate fine dining, and generally are from a higher socio-economic class. They have access to MG's products at the firm's booth in the Farmers' Market.

Restaurants:

Generally fine dining restaurants and more specifically "nouveau cuisine" restaurants. Typically year-round customers who get a better price but have long-term contracts with MG. Product is delivered to restaurants.

Current Market Situation

Market Trends

- **Supply:**

The increase in supply has reinforced demand within the last years: many farms that were producing staple vegetables have moved to production of salad field greens due to increasing demand and higher margins

- **Sales:**

Sales for this specific type of produce is forecasted to grow at 8%/yr, much more than any other agricultural product

- **Demand:**

- Taste and health consciousness are driving the demand for these products
 - Americans have become more health conscious and salad field greens support this goal as they are not only inherently healthy but tastier than the traditional options (romaine and iceberg lettuce)
 - Americans are learning to appreciate the more sophisticated taste of this health food. Presentation as an element of the culinary experience has taken more value as chefs have become more creative over the last years. It is becoming a variable in gauging the quality of a meal, and a mix of salad field greens is aesthetically pleasing

Current Market Situation

Competition

MG faces three types of competitors:

- **Supermarkets:** offer convenience in terms of location and hours of operation, main disadvantages are price and quality
- **Similar local farmers:** some are bigger, others are smaller than MG but there seems to be space for multiple farmers
- **Large distributors:** carry a wide variety and quality of products from farmers to distribute to restaurants. Price is comparable to local farmers but not the quality and freshness. They lack the flexibility of local farmers to address local customers needs

SWOT Analysis

Strengths

- Flexibility to meet restaurant needs
- High-quality product offerings that exceed competitors' offerings on price, quality and service
- Higher than industry margins due to production efficiencies

Weaknesses

- MG lacks brand equity
- Limited marketing budget to develop brand awareness
- Decreased degree of flexibility when near full production

Opportunities

- Growing market with a significant percentage of the target market still not aware of MG's existence
- Ability to develop long-term commercial contracts which should lower production costs

Threats

- Out-of-state, already-established competitor that makes customer service and flexibility its selling point
- Food safety scares that question safety of field salad greens
- Poor weather which will lower yields

Objectives

The single most important objective is to position MG as the finest producer of salad greens in its marketing area, commanding a majority of the market share within five years with the following marketing and financial objectives:

Marketing Objectives:

- Maintain positive, steady growth each month
- Increase number of new customers who will become long-term customers
- Generate brand equity at the Farmers Market as well as within the restaurant industry market

Financial Objectives:

- Realize a 3% increase in gross profit margins every year

Marketing Strategy

Product: Provide a wide choice of high-quality salad field greens

Pricing: Price will be set on a per-pound basis. Consumers may purchase any amount of greens, restaurants must purchase in three-pound quantities. All products will be priced competitively with respect to true substitutes

Promotion: A mixture of advertisements and networking will be used to increase visibility for MG

Distribution: Consumers can purchase MG's products at MG's stand at the local Farmers' Market. Restaurants will have their produce delivered once or twice a week

Action Programs

- Create customer awareness regarding services offered, develop the customer base, and work toward building customer loyalty:
 - Increase number of transactions per client
 - Increase number of restaurant accounts
 - Generate repeat business
- Communicate the message that MG is the finest grower of high-end salad field greens to its target markets:
 - Place advertisements either solely for MG or co-branding with the Farmers' Market in both the local newspaper as well as the art/entertainment paper
 - Communicate the message to restaurants through networking with owners and managers

Financial Projections

	FY 2007	FY 2008	FY 2009
Sales Forecast			
Individual Consumers	\$19,944	\$38,899	\$51,212
Restaurants	\$51,428	\$72,545	\$78,998
Total Sales	\$71,372	\$111,444	\$130,210
Direct Costs of Sales			
Individual Consumers	\$2,393	\$4,668	\$6,145
Restaurants	\$6,171	\$8,705	\$9,480
Subtotal Direct Costs of Sales	\$8,564	\$13,373	\$15,625
Marketing Expense Budget			
Advertising	\$1,100	\$1,100	\$1,000
Other	\$1,050	\$1,050	\$1,000
Total Sales & Marketing Expenses	\$2,150	\$2,150	\$2,000
Marketing Budget % of Sales	3.01%	1.93%	1.54%

Controls

Performance will be monitored through the following parameters:

- Revenue: monthly and annual
- Expenses: monthly and annual
- Repeat business
- Customer satisfaction