



National Certificate of Educational Achievement
TAUMATA MĀTAURANGA Ā-MOTU KUA TĀEA

Exemplar for Internal Achievement Standard Business Studies Level 3

This exemplar supports assessment against:

Achievement Standard 91382

Develop a marketing plan for a new or existing product

An annotated exemplar is an extract of student evidence, with a commentary, to explain key aspects of the standard. It assists teachers to make assessment judgements at the grade boundaries.

New Zealand Qualifications Authority

To support internal assessment

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| | Grade Boundary: Low Excellence |
| 1. | <p>For Excellence, the student needs to develop a comprehensive marketing plan for a new or existing product.</p> <p>This typically involves evaluating the market situation, creating a thorough marketing strategy and writing a thorough marketing plan through:</p> <ul style="list-style-type: none"> • integrating business knowledge relevant to the marketing plan • integrating Māori business concepts where relevant to the marketing plan. <p>This student has developed a comprehensive marketing plan for Bottle Buddy. Market research has been conducted (1) to establish the target market (active, fit people) and to create a customer profile (2). Primary research was designed to reveal the 'best fit' marketing plan (3).</p> <p>SMART marketing aims support the corporate objectives (4). The student has completed a marketing audit, evaluating the marketing activities of competitors' products (5). The student has integrated business knowledge by considering the Ansoff matrix in developing a marketing strategy (6).</p> <p>Two distribution strategies have been explained, along with a contingency strategy (7) and a sales forecast (8). The student has provided a marketing budget for each distribution option (9), and an action plan for the implementation and future monitoring of the marketing strategy (10).</p> <p>The student has cited the sources of all information (not shown here).</p> <p>For a more secure Excellence, the student could include more detail in their action and contingency plans to address threats that were identified in the marketing audit. For example, since active, fit people were identified as the target demographic, sports clubs could be approached as well as gyms.</p> <p>As part of monitoring progress towards achieving the marketing aims, the student could specify adjustments that might be made to price should the sales targets not be met.</p> |

BOTTLE BUDDY

Bottle Buddy is distributed by Zer0 which is owned by three directors who operate the business. These directors each own 30% of the shares, while an external stakeholder who has contributed time and knowledge owns 10%. Bottle Buddy is an elastic band that straps around a drink bottle with Velcro. It has two rectangular, detachable pockets made from vinyl and available in pink and black. These pockets are big enough to store a phone, up to the size of a Samsung Galaxy, and keys, cards and cash.

CORPORATE OBJECTIVES

- To make storing valuables at the gym and on the side-line no-sweat.
- To produce and sell a stylish product that enables items to be stored with a drink bottle and give customers peace of mind.
- To make customers' everyday lives easier by having somewhere for them to store items while they train, so they can focus on the training or the game, instead of their belongings on the side line.

MARKET OVERVIEW**Market Research**

Market research was conducted with 30 people from the target market in April. Surveys were completed at the XXX Les Mills by males and females. Results supported our product idea:

- The majority of regular gym users are between 18 and 35 years of age.
- 22 out of 30 said yes to the idea of Bottle Buddy.
- 20 out of 30 said they would buy Bottle Buddy for under \$10.
- No one had seen anything similar.

From this market research, and research into other fitness accessories on the market, the directors are confident that the product will be successful in the market as the product is innovative and practical for everyday use. Research showed that at events such as fitness expos the products that sold well were protein powders and gym accessories such as gym bags. The directors believe that the success of gym bags highlights the common need gym goers have of simply needing somewhere to put their belongings. This is one of the reasons the directors believe the product will have such success.

Further research was carried out in the form of a small focus group of both gym goers and gym instructors. The instructors were invited to give their advice and opinions on the product as they have a view of the whole group fitness class and can see first-hand the way in which personal belongings are scattered across the ground. They were able to offer insight into the numbers of people taking their classes. The gym goers were able to give advice and feedback on the design of the product, as they were aware of the type of items they would want to store, and the size of the product. They also offered their opinion on pricing for the product which was taken on board by the directors.

Target Market

The target market is gym goers, both male and female, between the ages of 16 and 45, however the main focus is women. Fitness New Zealand estimates that the average New Zealand gym has 920 members of whom 50% are women. There are three main gyms in the XXX region which will be approached, and assuming all three has a membership base of 920, there is an estimated 1380 female gym goers in XXX. From the market research it has been calculated 67% would be interested in the Bottle Buddy and the directors believe a realistic assumption of interest would be that 60% of female gym goers would be interested in purchasing a Bottle Buddy, making a possible target market of 830.

Customer Profile

The target customer is a person who goes to the gym regularly to do classes and takes their drink bottle, phone and keys to the gym with them. They would require somewhere to put their valuables with them while they train to keep them together, as currently they just place these items on the floor at the side of the room. They may also play sport and take the same items on the side-line.

Marketing Aims

- To sell 100 units by the end of the year.
- To have the product ready to distribute by the end of August.
- To get the product placed in a well-known gym to help get brand awareness.
- To be able to continue to sell in 2015 due to ongoing demand.

COMPETITOR PROFILE

Two competitors have been identified in the market. There is a Kathmandu pouch available to purchase in store and on their website. There is also the Runner Bottle Holder from Without Walls on Urban Outfitters.

Extensive analysis of these two products, and their promotion strategies, omitted from this exemplar.

MARKETING ANALYSIS**Ansoff Matrix**

Bottle Buddy is a new product being introduced into an existing market. The name of the growth strategy given to a business aiming to get a new product into an existing market is Product Development. Due to this, the marketing strategy is based on innovation, and satisfying the customer needs. The target customer is a woman between 18-35 years, who goes to the gym and/or plays sport who takes their keys, phone and drink bottle with them. Bottle Buddy is an innovative product reflected in the market research, as no one participating in the survey had seen anything like it on the market. This means that in order for the product to sell the target market will need to be made aware of Bottle Buddy.

The strategy/methods of distribution decided by the directors are based on the idea that this is a new product in the market and the product needs exposure. With that in mind, the directors have decided to meet with local gyms and try to get the product sold either

to gyms to resell, or through gyms as well as through a website. This allows the customers who have the need for the product to have easy access to it.

PEST analysis omitted from this exemplar.

METHODS OF DISTRIBUTION

Strengths and weaknesses of two options (sell to gyms for resale, selling from gyms) omitted from this exemplar.

Option 3 – contingency plan

If the first two options are unsuccessful the company will try selling the product privately without the help of a gym or retailer. This options would rely heavily on the directors to sell the product to consumers without selling directly to the target market at the gym. This would require more marketing as the product would not be getting exposure from gyms. Pre-orders would be taken in order to gain insight into how many units could realistically be sold. The website would be the main sales channel for the product as it is a good way of getting orders. If the number is not high enough to break even, then sales would not proceed, and any orders that had been paid for would be refunded. The directors would have to decide whether it would be ethical to continue on with the production process and selling the product.

- Strengths No logo would need to be printed for gyms; more emphasis could be placed on building up an online clientele as that would be the main point of sales.
- Weaknesses Requires additional contribution from directors to cover the cost of production; much more marketing is required than in options 1 and 2 as there would be no exposure from gyms; it may be unrealistic to sell the 100 units that the directors aim to sell.

Student's comprehensive SWOT analysis has been omitted from this exemplar.

Marketing mix of Bottle Buddy has been omitted from this exemplar.

Student's comprehensive sales forecast for Bottle Buddy omitted from this exemplar.

MARKETING BUDGET

Details for options 1 and 3 omitted from this exemplar.

Option 2

As this option will be implemented only if option 1 is not successful, the \$20 will have already been spent on having leaflets professionally printed. Option 2 requires more marketing to be done by Zer0 in order to sell the product. An Instagram page will be set up which will allow people to see the product being used at the gym and at their sports matches. This is at no cost but will be very beneficial in getting the product seen by the target market. A display box will also have to be bought at an estimated cost of \$60. The directors will also approach the local newspaper, The XXX News, to try to get a story about their product in the paper. If the product is successfully placed in Les Mills, the directors will also approach ZM DJs Fletch and Vaughn, and send them a sample of the product in the hope they will post a promotional status on Facebook for the product. This would help in getting brand awareness from potential customers. The reason ZM would be approach is that ZM and Les Mills already have a partnership. In summary, leaflets will cost \$20, promotional display box \$60, postage of Bottle Buddy's to various personalities \$40, total \$120.

TIMELINE OF MARKETING ACTIVITIES

Details for options 1 and 3 omitted from this exemplar.

Option 2

| | |
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| End of July 2014 | Email potential producers in China and New Zealand to get quotes for production with and without logo printing, and find out how long it will take to have the items produced. |
| Early August | Directors get promotional leaflets designed and printed to give to gyms who may potentially sell the products. |
| Mid-August | Meet with gyms to see if they would be interested in purchasing the product, or selling on consignment and having a sample from producers to take to that meeting. Agree with gyms to have them sell product on consignment. Contact producers to get product made. |
| Early September | Have products made and delivered to directors so that directors can inspect product before taking to gyms to begin selling. |
| Mid-September | Have product placed in gyms and selling to customers. Directors meet with newspapers (if required) to get a story done, and approach NZ TV or radio personalities to ask them if they would be willing to promote the product through their social media. Set up social media page for Bottle Buddy. |
| November | Wrap up business. |

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| | Grade Boundary: High Merit |
| 3. | <p>For Merit, the student needs to develop an in-depth marketing plan for a new or existing product.</p> <p>This typically involves fully explaining the market situation, creating a sound marketing strategy and writing a sound marketing plan through:</p> <ul style="list-style-type: none"> • including business knowledge relevant to the marketing plan • including Māori business concepts where relevant to the marketing plan. <p>This student has set marketing aims that support the corporate objectives of Sweet Treats (1). Market research was carried out to determine the target market and an appropriate price for the product (2). A marketing audit was completed to find existing competitors in the market and to determine the USP of Sweet Treats (3).</p> <p>A detailed marketing strategy that is likely to achieve the marketing aims has been prepared (4). The student has evaluated their various selling activities in terms of projected sales (5) and has created a marketing budget (6). An in-depth action plan has been prepared (7).</p> <p>The student has carefully considered possible contingencies for product, price and for each of their marketing strategies (8), and has therefore indicated how the overall strategy will be monitored.</p> <p>The student has cited the sources of all information (not shown here).</p> <p>To reach Excellence, the student could include additional business knowledge within the marketing audit and market analysis. For example, the student could prepare a SWOT analysis or analyse the marketing mix for Sweet Treats. Similarly, a matrix tool or PEST analysis could have been used to analyse the market situation.</p> |

SWEET TREATS

Student 2: High Merit

NZQA Intended for teacher use only

Sweet Treats has come up with an innovative way for parents and children to interact with one another. Caregivers and children will be able to enjoy the ease of using our product due to its simplicity. All children have to do is add the wet ingredients to the pre-measured dry ingredients, mix and bake ...

Our company's mission is to provide caregivers and their young children, aged between 3 and 13, with fun and easy baking activities that enable them to interact with one another.

BUSINESS OBJECTIVES

- To sell 300 jars by 30 October 2014
- To have launched our business by running our first stall by the beginning of August
- To make at least an 80% profit on each jar that we sell by October 2014

MARKETING AIMS

- To sell 100 jars per month in order to meet our goal of selling 300 jars by October 2014
- To gain 1% market share by 31 October 2014 – this will ensure that we are selling our desired number of jars
- To have our business featured in a local newspaper and in front of the public eye so that we have people support our stalls

MARKET RESEARCH

Our market research, carried out at [local primary] School, shows us that 81.3% of the children surveyed love to bake and of them, 76% loved to bake with their caregivers. Our market research for adults, carried out on Survey Monkey following a request on Facebook, found that most people would pay between \$10 and \$15 for a jar of pre-mixed baking. However, this survey was implying that they would only purchase a jar of pre-mixed baking. Since then we have decided to design our own Buzzy Bee shaped cookie cutters which we will attach to our jars. This will mean that we have bumped our price per jar up to \$25. Our product will sell because it will cost us less than \$10 per jar to make and if we sell them for \$25 per jar we will make over a 100% profit.

COMPETITOR ANALYSIS

Our main competition is other pre-mixed baking products available in New Zealand, such as Betty Crockers. This is a brand that sells baking and cake mixes that encourage people to bake without spending too much money or time on buying and mixing ingredients. *Extensive information about Betty Crockers history, range, promotion etc omitted from this exemplar.*

Other smaller competitors are the small companies that sell products such as pre-made baked goods at markets in the Wellington region, either as a business or a fundraiser. However, most of this baking is meant to be for eat on that particular day. We are hoping that the people at markets who prefer to do their own baking and wish to do so later, or those looking for a nice gift, will purchase our product instead. However, our only concern with this particular type of stall is that people may be more enticed to purchase baking at that very moment, instead of having to bake it themselves. Nonetheless, we are hoping that our innovation in our design, product and unique selling point will assist us to make sure we will still manage to sell our product.

UNIQUE SELLING POINT

Our competitive advantage that will enable us to compete successfully against other competitors like Betty Crockers is that Sweet Treats is the only pre-mixed baking company that has a cookie cutter shaped as Buzzy Bee. Our plan is to have a custom designed cooking cutter attached to each jar of pre-mixed baking. In order for us to use Buzzy Bee as our design we have a licence agreement with *Buzzy Bee and Friends* that we can use the kiwi icon if we post one video per week on to their website. *Buzzy Bee and Friends* loved the fact that our business aim was to bring caregivers and young children together. They were more than happy to help us with our business for this year and on that basis we entered into the licence agreement. With Buzzy Bee on our jar and as the shape of the cookie cutter, we hope it will attract young children and their families, and hopefully they will buy our product. We also have the advantage of being able to highly promote our business, Facebook page, website and stall through our 15 second videos. This will be fantastic exposure for our business.

POTENTIAL MARKET SHARE

Seeing as we have not sold any product we do not currently own any of the market. Realistically we are hoping to be able to sell our products to 1-2% of the households in Wellington that have children aged 3-13 in them. Statistics show there are around 28,800 households in the Wellington region with children living in them [source cited]. Our Survey Monkey results have concluded that on average each household will purchase one jar. This means we could potentially sell 28,800 jars. However, realistically, this is not going to be possible. We are aiming to sell our product to 1-2% of these households, so approximately 300 households. We will not be able to sell to the entire Wellington region due to the fact that we have competition such as Betty Crockers.

TARGET MARKET

Our target market is predominantly females aged 25-38 years old who are mothers of a child/children aged 3-13 years old, who enjoy spending time with their children baking. These females are situated in the greater Wellington region. As at 2009 [source cited], 53.2% of mothers worked full-time (30+ hours per week). They will buy our jars of pre-mixed baking because it allows interaction time with their children, the product is appealing, is environmentally sustainable, and is made from NZ materials and ingredients. The target consumers will like our product because it avoids having to shop for individual ingredients, doesn't create a huge mess and is safe for kids to do. As at 2009 [source cited], approximately 142,300 pre-school aged children were not enrolled in any form of day care or early childhood education. Our product will appeal to working mothers who want a reasonably quick activity to use with their children at night or on the weekends, or for those mothers who are at home with their children and want to bake with them as a fun and educational activity.

4

MARKETING STRATEGY

The majority of the marketing we will do is via social media because as of today people more commonly communicate (and promote businesses and products) through social media. We aim to do the following [only one strategy is exemplified here; the Facebook page has been omitted]

- 1 *Word of Mouth* – Initially, to get our business name out into society we will need to spread the word. Hopefully by doing this we will be able to gauge people's interest in our product and at the same time be able to get them to follow us on Facebook and Instagram. Once we have begun to spread the word via word of mouth, we are hoping that others will begin to spread the word too. This will then start to encourage others to 'like' our Facebook page and 'follow' us on Instagram, and from there we will be able to market our product and get them to purchase it from either our website or from a market near to them.

Website, emails (school competition) and Instagram explanations omitted from this exemplar.

Other sources of marketing that will be implemented in the near future:

YouTube Channel and emails to early childhood centres, and how each of these will contribute to sales, omitted.

5

BUDGET

| Short-term (1-3 months) | | Long-term (6-12 months) | |
|---|-----|---|------|
| Printing – including posters for ECEs and primary schools | 10 | Printing – including posters for ECEs and primary schools | 20 |
| Gazebo for markets | 50 | Gazebo for markets | 50 |
| Signs for table at markets | 10 | Signs for table at markets | 10 |
| Logo design | 15 | Logo design | 15 |
| Labels | 600 | Labels | 1200 |

6

Explanation/rationale for each budget item omitted from this exemplar

ACTION PLAN

For each of the following action points the student has provided detail of what/how, by whom, by when and how will be know the action has been successful?

Making the jars, (location) Carnival, Gazebo, Trade Fair, Website, Facebook page, About Space, ECE competition, (location) News, Tearaway Magazine, flyers to primary schools and ECE centres, Buzzy Bee interview

7

CONTINGENCY PLAN

Our Product

If our product (recipe) fails we will have to change it either to a different gingerbread recipe that fits the jar or to a different flavour for the cake. We will know if our recipe needs to be changed if ...

Price Decision

If we are not selling enough jars at the given price we will have to lower it. We will know that we need to lower our price if we are not selling our predicted number of jars. If we are not selling an ideal amount of jars then we will lower our price by \$5 in the hope that our sale rates (for the day) increase. We will hopefully be able to prevent this by ...

The student has provided a contingency for each of the specific marketing strategies. Only two examples are shown.

Gazebo

Potentially, Bunnings may be sold out of the particular gazebo we need. We are very specific about the model we need as we only have a limited amount of stall space. If Bunnings is sold out we will ...

8

Facebook Page

If we are not getting any attention on our Facebook page we will make sure that we give each of our market customers our business cards which have our web link on them; we will also distribute these to friends and family members. We will know that we need to promote our Facebook page more if we have few 'likes'. We will prevent this by telling all our friends and family to go on to Facebook and 'like' our page. This way it will pop up into their friends' newsfeeds on Facebook and hopefully they will like the page too.

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| | Grade Boundary: Low Merit |
| 2. | <p>For Merit, the student needs to develop an in-depth marketing plan for a new or existing product.</p> <p>This typically involves fully explaining the market situation, creating a sound marketing strategy and writing a sound marketing plan through:</p> <ul style="list-style-type: none"> • including business knowledge relevant to the marketing plan • including Māori business concepts where relevant to the marketing plan. <p>This student has set marketing aims to support the corporate objectives of Sanitarium (1). A marketing audit which evaluates existing marketing against new marketing aims has been completed (2). Market research has been conducted in order to develop a marketing plan (3).</p> <p>The student has used a SWOT analysis (4) and completed an in-depth marketing mix to develop a marketing strategy (5). Sales forecasts have been provided with figures that appear to be realistic (6). The student has stated a contingency plan should marketing aims not be achieved (7). An action plan has been provided (8), along with an explanation of how progress will be monitored (9).</p> <p>The student has cited the sources of all information (not shown here).</p> <p>For a more secure Merit, the student could include more marketing-related business knowledge. For example, they could use the Boston or Ansoff matrices as tools for evaluating So Good's market situation.</p> |

OBJECTIVE

To emphasise the quality of Sanitarium's flavoured soy So Good milk range compared to its competitors.

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|------------------------------------|
| Student 3: Low Merit |
| NZQA Intended for teacher use only |

MARKETING AIMS

- 1 To increase supermarket respondents' brand recognition of flavoured soy milk.
- 2 To establish the flavoured soy milk as the number one brand in the flavoured soy milk market.
- 3 To re-survey at the end of the year and see a 20% increase in the awareness of flavoured soy milk.
- 4 To see a 50% market share increase with the first-time buyers of the flavoured soy milk range.

1

MARKETING AUDIT

Sanitarium divides their products into four main sectors. My product fits in under the beverages section. It is one of six products Sanitarium sells under this category. So Good flavoured soy milk comes in chocolate and vanilla bliss. This gives it more originality over the normal soy milk as the flavour is more appealing to customers.

The analysis of product, price, promotion and place has been omitted from this exemplar.

Market share

A market share is the percentage of the market that the company captures. Sanitarium owns the entire market for the flavoured soy milk range as they are currently the only supplier. In the marketing aims I have specified that Sanitarium should aim to get a 50% market share of first time buyers of the product range of flavoured soy milk. I think this is an achievable aim as with some small changes to the marketing of the product. They should be able to increase the number of new buyers by at least 50% within the next year.

2

Threat of new entrants

There is a huge threat for Sanitarium that another supplier is creates new flavoured brand of soy milk. This would affect the sales of the Sanitarium brand. It would be easy for another company to take over the whole market share of the flavoured soy milk range as Sanitarium does not do a lot of branding for the product. Their main focus is to keep out other manufacturers of the product. However, the way Sanitarium is going the threat of new entrants is high.

Threat of substitutes and bargaining power of buyers have been omitted from this exemplar.

MARKET RESEARCH

Market research design and research results have been omitted from this exemplar.

3

SWOT ANALYSIS

Strengths

- Sanitarium's flavoured soy milk range is the only flavoured soy milk currently being sold.
- The product is low in glucose and it reduces cholesterol.
- Sanitarium has good marketing strategies for their other products and these could be adapted to the So Good flavoured milk range.
- Sanitarium has established a good brand name and reputation.
- An internal factor that benefits Sanitarium is that their flavoured soy milk range is the healthiest option of all flavoured milk currently on sale.

4

Weaknesses

- Sanitarium has failed to market this product effectively.
- The product is currently only being targeted at lactose intolerant people.
- Sanitarium is not looking at the benefits of being the only supplier of flavoured soy milk, therefore opening up the opportunity for a competitor to come in and capture the market.

Opportunities

- Sanitarium has the opportunity to own the whole market share in the flavoured soy milk range.
- The company has the potential to start marketing its So Good range more effectively and therefore increase their percentage of first time buyers.
- Sanitarium has the opportunity to convince dairy drinkers who drink normal flavoured milk to convert to drinking flavoured soy milk.
- The new trending thing to do is to live a more vegan or vegetarian lifestyle, therefore there is enormous potential for Sanitarium to grow its market by appealing to people with those lifestyles.

Threats

- Sanitarium may open up the market for Vitasoy or Home Brand to create a range of flavoured soy milk and join them in the market share.
- That a better-marketed new range will be introduced to the market and Sanitarium will fall behind.
- Social backlash to the soy milk range as there are some people who believe that soy is unhealthy.

Marketing Mix omitted from this exemplar.

MAIN FINDING OF THE MARKETING AUDIT

2

- 1 Sanitarium need to focus solely on marketing their range of flavoured soy milk. This is important because my primary research showed that nobody had heard of the flavoured soy milk range that Sanitarium produces. This means they are losing a majority of the potential business they could get as people have not heard of the product.
- 2 Sanitarium need to open their product up to new markets such as dairy drinkers. This is important because it could see a new area for Sanitarium to focus their promotion on. They could also promote to people who are trying vegetarian and vegan lifestyle as these are the people who are mainly purchasing the product along with people who are lactose intolerant. This is important because Sanitarium can be targeting many different markets as their flavoured soy milk range is the healthiest type of flavoured milk.

MARKETING STRATEGY

Detail has been omitted from this exemplar – the marketing strategy can be summarised as focussing on two areas:

- 1 Increasing promotion to the same level as Sanitarium’s popular products of Weetbix and Marmite
- 2 Introducing an option of a smaller box to appeal to different parts of the target market

In the table below I have calculated all the expenses related to the So Good flavoured soy milk range. These figures show how much each year in the next two years they will have to pay towards marketing the product, and the income they are hoping to make. These figures are higher in the second year as they will be able to promote the product to more people as the product will have greater recognition. I have calculated the income to be over a million dollars in the first year as there is a growing market for people to be buying flavoured soy milk and with the health benefits and the flavours that Sanitarium have produced I think that this is a realistic target. In the second year the income increases as I believe that Sanitarium would have increased the number of consumers they have for the product and converted many new people to flavoured soy milk. I have also increased the spending for Sanitarium in the second year as Sanitarium will hopefully be dealing with a wider range of people within their target market.

| Estimated Receipts | Year 1 \$ | | Year 2 \$ | |
|--------------------------------|-----------|-----------|-----------|-------------|
| Sales | | 1,746,000 | | 2,205,000 |
| Less Estimated Payments | | | | |
| Product development | 195,000 | | 206,000 | |
| Marketing costs (see appendix) | 267,000 | | 280,000 | |
| Sales promotion | 235,000 | | 247,000 | |
| Distribution costs | 202,000 | | 233,000 | |
| Market research | 178,000 | 1,077,000 | 197,000 | 1,163,000 |
| Net Surplus | | \$669,000 | | \$1,042,000 |

CONTINGENCY PLAN

If these figures do not produce the outcomes I have described in my marketing strategy, the following contingency plan could be implemented:

- 1 I would adjust the figures for advertising because that way Sanitarium can spend more on advertising the product to the specific target market. This may need to be changed as I believe with the growing market for vegan and vegetarian lifestyles, I may not have allowed sufficient for advertising.
- 2 Another plan that Sanitarium could implement if the sales volume estimate is not working they could change the target market. This will work Sanitarium as there are many different groups of people that they can target for this product.

ACTION PLAN

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| January Year 1 – Launch two main types of advertising for So Good soy milk range. Advertising on TV and radio, the first at around 8.30pm when mothers (target market) are watching TV and on the radio between 7.30 and 8.30am. |
| March Year 1 – After three months of advertising the product Sanitarium bring alternative flavours of the product into the market. This will open up a wider variety of customers. |
| June Year 1 – After a six month trial period of promoting and selling the product, conduct a survey on the So Good flavoured soy milk range. This will help Sanitarium identify what is working well and what needs to be changed. |
| September Year 1 – Reflect on advertising to date to check it is working and reaching the target market. |
| January Year 2 – Measure how budgeted income and expenditure matched actual, and adjust the year 2 budget where necessary. |

MONITORING

To monitor the success of the marketing plan over the next two year period Sanitarium will have to conduct primary and secondary research to monitor what is going on and whether the marketing plan is working and what areas they may need to tweak or change. Sanitarium could conduct a face-to-face survey in the three main supermarkets, Countdown, New World and Pak’nSave. This will help Sanitarium get detailed comments from people who purchase their products. Following this, Sanitarium could move onto doing an online survey to get more feedback from people all over the country. Secondary research could assist Sanitarium to come up with inventive ideas for soy milk products.

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| | Grade Boundary: High Achieved |
| 4. | <p>For Achieved, the student needs to develop a marketing plan for a new or existing product.</p> <p>This typically involves setting marketing aims, explaining the market situation, creating a marketing strategy and writing a marketing plan through:</p> <ul style="list-style-type: none"> • stating business knowledge relevant to the marketing plan • stating Māori business concepts where relevant to the marketing plan. <p>This student has developed a marketing plan for a new product, ring binders for left-handed people. Primary and secondary market research has been conducted to decide on the target market and an appropriate price (1). A PEST analysis has been used to explain the current market situation for the new product (2).</p> <p>Ansoff and Boston matrices and Porter's 5 Forces, (all evidence of business knowledge), have been used to conduct a market audit (3). The student has stated SMART marketing goals which reference the company goals (4). A sales forecast (5) and marketing budget (6) have been created. A limited contingency plan has been provided (7).</p> <p>The student has cited the sources of all information (not shown here).</p> <p>To reach Merit, the student could fully explain the marketing strategy that will be used to achieve the SMART goals for the ring binders. For example, what will be done to ensure the product is economically sustainable, as required for the MBIE award?</p> <p>The student's financial detail could be strengthened to indicate the viability of their niche product, matching competitors' pricing. Their contingency plan could address pricing adjustments that could be made should sales targets not be reached.</p> |

LEFT-HANDED RINGBINDERS**MARKETING AIM**

Our company, Awaken wishes to gauge our position in the market and decide whether our product is sustainable.

MARKET RESEARCH*Primary Research*

Survey results for left-handed ring binders undertaken by questioning 58 left-handed students at our College.

| Left-handed | Yes, they would buy one | No, they would not buy one | Would buy for less than \$10 | Would buy for between \$10 and \$15 | Would buy for between \$15 and \$20 |
|-------------|-------------------------|----------------------------|------------------------------|-------------------------------------|-------------------------------------|
| 58 | 49 | 9 | 21 | 23 | 15 |

Most popular colours of ring-binders bought at main sellers

| Store | Most popular colour | Second most popular | Third most popular |
|-------------------------|---------------------|---------------------|--------------------|
| Whitcoulls ZZZ branch | Black | Red | Blue |
| Whitcoulls YYY branch | Black | Blue | White |
| Paper Plus ZZZ branch | Lime green | Pink | Blue |
| Warehouse Stationery NZ | Pink | Blue | Red |
| Paper Plus NZ | Blue | Lime green | Purple |

Secondary Research

According to a number of census studies, between 10 and 15% of the global population is left-handed. Therefore it can be assumed that between 10 and 15% of the population in the Wellington region is also left-handed, that is between 48,770 and 73,155 people. It is unlikely that every left-handed person in the region is going to purchase a left-handed ring binder. A ring binder will not be useful to an elderly woman in a retirement home or to a three year old in kindergarten. Ring binders are, however, a secondary school requirement. They are also sometimes used by businesses to hold files and by tertiary students. Therefore we could be selling our product to approximately 2,351 to 3,526 people, although we will only be producing 500 units to begin with.

Competitor Analysis

Our product will be the only left-handed ring binder on the New Zealand market at this point. There are no left-handed ring binders sold within any retail shops or online. Our only major competitors are manufacturers of right-handed ring binders.

PVC overlay lever-arch ring binders are sold in Warehouse Stationery for \$15.95 per unit. Our product is made from the same materials and design as this ring binder but is produced so that it opens to the right and the paper is filed on the left. Because of this, we have priced our product competitively at \$12 per unit, \$4 cheaper than this Impact ring binder, meaning that the market for our product is not very competitive. Retailers will be purchasing our product for \$8 per unit for us, and assuming that they will resell our product at 100% profit, will be selling our product for \$16, the same as the right-handed counterpart. Being a novelty, left-handed product, this competition will not affect us as we are not aiming our product at right-handed students and are not pricing our product in order to tempt right-handed students into purchasing our product instead.

Target Market

This section omitted from this exemplar.

The student's PEST analysis has been omitted from this exemplar.

POSITION IN THE MARKET*Ansoff Matrix*

Our product is a new product being introduced into an existing market of left-handed people wanting left-handed ring binders. This means that our company will need to do product development in order to run a

successful business. Our product has been modified from ... New competencies included in our product are ... [detail omitted from this exemplar]

Boston Matrix

Currently our product is a Problem Child, meaning that our company has a high potential market growth rate but a low market share or cash generation. This is because our company has not begun to sell its product. As the product is a new one in an existing market, as demonstrated by the Ansoff Matrix above, our product has a high potential for obtaining a relatively high market share. Therefore, if our company maintains its high potential market growth rate and obtains a high market share, our product could become a Cash Star, with a high growth rate and a high market share.

Porter's 5 Forces omitted from this exemplar.

MARKETING STRATEGY

SMART Marketing Goals

Awaken has set marketing goals that can be measured and analysed in order to gauge our progress and success:

- 1 Sell 500 units by the end of October 2014
- 2 Gain 75% market share by the end of September
- 3 Achieve Wellington region-wide media publicity by 1 August 2014
- 4 Win the Ministry of Business Innovation and Employment award for excellence in economic sustainability.

Company Goals

- 1 To produce 500 left-handed ring binders, 250 by the end of May and 250 by mid-July
- 2 To sell 500 left-handed ring binders by the end of October
- 3 To earn a \$300 profit each, or \$1200 profit overall.

Marketing Timeline omitted from this exemplar

Sales Forecast

| Month | Forecast of Sales | Explanation |
|-----------|-------------------|---|
| August | 100 units | This is the launch of our product and when it will be most difficult to sell, although we will have the novelty factor. We aim to sell our first batch completely in this month, mostly through direct transactions and online sales. |
| September | 200 units | This is when our sales will be picking up as our marketing strategy will be peaking at this time. We aim to sell two complete batches of our product in this month, mostly through retailers and online sales. |
| October | 200 units | We aim to see another two batches of our product in this month also. This is when our marketing campaign will be continuing its work and this will mostly be sold through retailers. |

Marketing Budget

| Object | How this serves us | Cost per unit | Overall cost for year |
|---|--|---------------|--|
| PayPal on website for online transactions | Customers can make online transactions on our website directly into Awaken's bank account | \$0.85 | The maximum we could pay is \$425 if we sold all 500 units online, which is unlikely |
| Photocopying and printing | Posters, flyers, business cards, sheets of paper to file in our product. \$100 will get us approximately 5,000 pages for printing and photocopying | \$0.02 | \$100 |

Contingency Plan

Sell our product on TradeMe, as a large proportion of NZers use this website and it's a relatively cost-free way to sell our product, as well as easy to use for customers and sellers. This could increase the number of people that know about our product and increase sales.

| | |
|----|---|
| | Grade Boundary: Low Achieved |
| 5. | <p>For Achieved, the student needs to develop a marketing plan for a new or existing product.</p> <p>This typically involves setting marketing aims, explaining the market situation, creating a marketing strategy and writing a marketing plan through:</p> <ul style="list-style-type: none"> • stating business knowledge relevant to the marketing plan • stating Māori business concepts where relevant to the marketing plan. <p>This student has developed a marketing plan for a new product, Twist Easy, a two-in-one toothbrush. There is evidence of the student having undertaken secondary research (1). A marketing audit has been completed to determine the current competition (2), and the student has stated business knowledge by identifying Twist Easy's position within the Ansoff Matrix (3).</p> <p>A sales forecast (4) and action plan (5) have been created. The student has considered actions that could be taken should sales not reach target (6).</p> <p>The student has cited the sources of all information (not shown here).</p> <p>For a more secure Achieved, the student could have conducted primary research within their college to substantiate the viewpoint that teenagers need to improve their oral hygiene.</p> <p>The cost and selling price of the product could be explained, and the marketing budget further developed so that it is linked to the sales forecasts and marketing strategies. A contingency plan would state what the business would do if sales forecasts do not meet the marketing objectives.</p> |

Student 5: Low Achieved

NZQA Intended for teacher use only

TWIST EASY**MISSION STATEMENT**

Hycliene is a company that wants to improve the quality of a simple everyday task. We wish to save our customers time, effort and money, and in the process improve our community's oral care. We want to provide our customers with a new, fun and easy way to care for their oral hygiene.

Our business wishes to bring something new to our community that will encourage people to use the Twist Easy product for their convenience. A recent survey into the dental health of NZers has revealed that more than 80% of us have cavities, with many people failing to brush, floss or rinse, and the majority suffering from early signs of gum disease. The oral hygiene of NZers and the results show NZers are ignoring the most basic dental hygiene guidelines, according to experts. Over half (55%) of NZers brush their teeth twice per day, and around 36% only once per day. *[Sources cited]*

Hycliene believes that we can prevent prolonged chronic illnesses by encouraging NZers to brush as recommended with our Twist Easy toothbrushes. The Twist Easy is a simple, fun, yet effective product as it saves time, money and effort.

BUSINESS OBJECTIVES

- To bring a different type of toothbrush to the New Zealand market
 - To donate our toothbrushes to mobile dentists
 - To be environmentally friendly by making the packaging of the toothbrushes from recycled material
- SWOT analysis and marketing mix omitted from this exemplar.*

CURRENT MARKET SITUATION

Our Twist Easy toothbrush is currently in the development stage of the product life cycle. It currently has zero percent market share and has low-level promotional activities, therefore requires a huge amount of effort to successfully advertise the produce to ensure a good launch.

Hycliene will begin the launch of Twist Easy in July 2014. We have conducted primary research within ABC College to help indicate the interests of our target market. Our survey clearly shows a great interest, particularly in the junior school, in our Twist Easy toothbrushes. This shows that starting our launch within school is the best option.

Ansoff Matrix

The Twist Easy toothbrush is in the product development category. This is because the Twist Easy is a development of an everyday toothbrush and already has an existing market.

Competitors

Hycliene's major competitors are Colgate, Oral B and Macleans. These major oral health manufacturers are our biggest competitors as they have been around for many years and are very successful. They are able to use many ways of promoting their products worldwide, such as commercials on TV, dental care venues, websites, mobile dentists and pharmacies. They are not limited by money or resources as many people buy their products monthly. They also have the upper hand in working alongside professionals that know what will work, what will be appealing to consumers and how they can improve their products. *Detail of dental hygiene products (manual and electric toothbrushes, toothpastes, whiteners etc) omitted from this exemplar.*

Colgate recently launched its first two-in-one toothbrush, Optic White, which has a whitener inside the handle of the brush. This is the closest thing to our Twist Easy product, as our product is also a two-in-one.

TARGET MARKET

Our target market is particularly teenagers as we would like to improve the oral hygiene of this age bracket. Many dentists recommend lowering the intake of sugar and sweets, to brush twice daily for at least two minutes and to floss in-between brushing. Many teenagers neglect these basic tasks and therefore are at high risk of getting cavities and tooth decay. "While free dental care is theoretically

available in NZ up to 18 years of age, in practice only 50% of young NZers receive treatment because of availability of services, cost or understanding of how to access them" [source cited].

We believe the Twist Easy product will encourage many teenagers to increase the awareness of good dental hygiene and increase the likelihood of young people having their natural teeth when they are older.

MARKETING STRATEGY

Hycliene is a brand new business which is in the process of growing and expanding so we will be pursuing a marketing strategy of product development as we will be launching the Twist Easy toothbrush into the existing dental hygiene market (Ansoff matrix).

MARKETING AIMS

The following marketing aims have been set to help Hycliene achieve its overall company mission and company objectives.

- To import 100 toothbrushes by the beginning of July.
- To launch and begin selling the toothbrushes in mid-July.
- To sell all 100 toothbrushes.
- To import another 100 brushes as our initial goal was to sell at least 200 brushes.
- To increase brand recognition by making presentations at local intermediate and high schools within the area and give away free Twist Easy products.
- To have our toothbrushes for sale in big stores like Pak’nSave, Countdown, The Warehouse and pharmacies, and in local dental clinics.

MARKETING BUDGET

We calculate the cost of marketing to be \$1050. Hycliene must sell 85 toothbrushes in order to break even.

MONTHLY SALES FORECAST – July to December

| Month | Sales | Commentary |
|-------|-------|--|
| July | 40 | Launch our Twist Easy toothbrushes at our College’s assemblies and conduct lunchtime presentations to create interest. We will also be printing out order forms to hand out during tutor group time, along with flyers for students to take home to their parents. |

Only July is shown in this exemplar; other months have been omitted for brevity.

MARKETING PLAN

The following timeline highlights what marketing activities will need to be taken each month in order to meet our marketing objectives.

| Month | Action to be taken |
|-------|---|
| June | Prepare our promotional material Fundraise \$500 from sausage sizzles in order to finance 100 toothbrushes |

Only July is shown in this exemplar; other months have been omitted for brevity.

CONTINGENCY PLAN

The following actions will be taken in response to a variance between actual and predicted sales figures.

- 1 Give discounts – if necessary we will offer discounts such as “buy one, get one half price” or “buy two, get one free” so it may be more appealing to the consumer. We may also consider lowering the price to \$10 which was the initial price many people seemed interested in buying Twist Easy for.
- 2 Donate to third world countries that are in need of dental care – This will help those who do not have the money or access to good dental care. By doing so, people may recognise our company and become supportive and encourage our product to do more good, leading to a lot more interest worldwide.
- 3 Recycle the Twist Easy product and turn it into something else – To be environmentally friendly we can also consider recycling our leftover toothbrushes and turn them into something else that may be more useful and at the same time, will help decrease wastage of plastic.
- 4 Sell in other locations – Hycliene may also consider selling in different locations that may have more interested customers that are more into wanting better dental hygiene. We may also target locations where fluoride is not in the water as fluoride is a necessary component in keep out teeth healthy.

| | |
|----|--|
| | Grade Boundary: High Not Achieved |
| 6. | <p>For Achieved, the student needs to develop a marketing plan for a new or existing product.</p> <p>This typically involves setting marketing aims, explaining the market situation, creating a marketing strategy and writing a marketing plan through:</p> <ul style="list-style-type: none"> • stating business knowledge relevant to the marketing plan • stating Māori business concepts where relevant to the marketing plan. <p>This student has set marketing aims (1) and has completed an audit of the existing market for Sanitarium Cluster Crisps (2). Market research data has been analysed to develop a focus for the marketing strategy (3). A promotion/marketing plan has been attempted.</p> <p>The student has cited the sources of all information (not shown here).</p> <p>To reach Achieved, the student could use their marketing objectives and audit to devise an action plan that incorporates a marketing budget and contingency plan.</p> |

SANITARIUM CLUSTER CRISPS**MARKETING AIMS**

- To improve product recognition and promote Cluster Crisps more in the public eye so that the product becomes better known to customers and potential buyers.
- To promote Cluster Crisps and their healthy image against other cereal brands to improve Sanitarium's image which will increase their market share.
- To increase the market share by 5%.

1

MARKETING AUDIT

Sanitarium's Cluster Crisps are found under Sanitarium's breakfast collection. It is one of the 13 products they sell under this category and comes in three flavours, vanilla almond, triple berry and Manuka honey with roasted cashew. Cluster Crisps is different from other products because it has a mix of unique ingredients that appeal to all ages. It is both healthy and delicious and the flavours on offer are unique and different from other cereals.

- *Placement*
Sanitarium has a wide range of products that they sell and they target a wide variety of customers. By selling Cluster Crisps they target both younger and older customers. Sanitarium has factories in a number of locations across Australia and New Zealand and sell their products to supermarkets. Sanitarium's Cluster Crisps can be bought at New World and Countdown supermarkets. They are sold under breakfast cereals in the stores and on Countdown's online site.
- *Promotion*
Sanitarium promotes its products mostly through the media in the form of advertisements on television and through posters etc. They are also actively involved in the community and sponsor events like the Weetbix Tryathlon, meaning they get a fair amount of publicity. Advertising that is relevant to my product, Cluster Crisps, are their advertisements [*detail omitted*]
- *Product*
Cluster Crisps are wholegrain crunchy oat clusters that have been blended with crispy golden cornflakes. Cluster Crisps come in three flavours. They are available in a 475g pack and a larger 700g value pack. Sanitarium promotes the product as being delicious and nutritious.
- *Price*
Cluster Crisps are priced at \$5.99 for a 475g pack at Countdown and \$8.49 for the 700g pack. Cluster Crisps are reasonably priced with the majority of other cereals at Countdown, in particular, selling for between \$4.99 and \$8.49. Some of Sanitarium's major competitors are Kelloggs, Hubbards, Vogels and Select.
- *People*
Sanitarium was established by the Seventh-day Adventist Church in Australia to promote and produce plant-based health foods.

2

The firm's Market Share

Sanitarium's slice of the breakfast cereal market fluctuates between 40 and 45 percent, its nearest rival is Kellogg's holding about 22 percent [*source cited*].

SWOT analysis of Sanitarium Cluster Crisps

- *Strengths have been omitted from this exemplar.*
- *Weaknesses*
The weaknesses with Sanitarium Cluster Crisps are that they are a common cereal and many other cereal brands are selling similar types of cereals. Sanitarium need to advertise their Cluster Crisps with more enthusiasm and create an advertisement-type of promotion that sticks in people's heads and that puts Sanitarium Cluster Crisps as a first choice.
- *Threats*
There are many threats to Sanitarium on the market and especially to Cluster Crisps. Another similar item/brand is Uncle Toby's Clusters. They too come in three different flavours and have similar prices. Kelloggs is also a threat to Sanitarium and Hubbards also sell a similar item. There is a high chance of threats from substitutes. Social threats – examples of social threats could be an increase in existing customers that become intolerant of wheat or having allergies to nuts. Sanitarium Cluster Crisps would not suit such people. Economic threats – because of the current state of the economy food prices are on the rise and competition between the cereals is high. In this context, consumers may buy cheaper cereal options such as cornflakes or generic brand alternatives.
- *Opportunities*

Some opportunities for Sanitarium Cluster Crisps are the possibility of introducing another flavour or wheat-free alternative to add to the Cluster Crisps range.

CONSUMER PROFILE

Demographics

Sanitarium's target market is those who enjoy a healthy breakfast that offers both nutrition and taste. The demographic of Sanitarium Cluster Crisps is all ages. The product appeals to adults and children because they are healthy and yummy. There are golden cornflakes mixed with a hint of vanilla which appeals to a younger market but there are also wholegrain crunchy oats that appeal to the older market. The ingredients of Cluster Crisps offer a healthy balance of sugars and energy, perfect for younger children going to school. It also appeals to teens or adults wanting a delicious but healthy breakfast food.

Threat of new entrants

Sanitarium has many competitors that could have a major effect on sales because they sell similar products. They are all reasonably nutritious and are well advertised.

Threat of substitutes

Because Sanitarium Cluster Crisps is in a wide market of cereals that are all reasonably similar, there is a threat of substitutes. Sanitarium has to be very careful and wise when it comes to selling their products because if they don't keep an eye on their competitors they may lose their loyal customers to another brand simply because of that brand's marketing or price. At the moment Sanitarium is doing a good job of marketing its Cluster Crisps through advertising.

Existing competitors - omitted from this exemplar.

PRIMARY RESEARCH

I asked 20 people to rank the cereal they eat or would prefer to eat in order of 1-3. They were given three cereals to choose from – Sanitarium Cluster Crisps, Hubbards cereal and Kelloggs Nutrigrain. I chose the second two products because they are reasonably well-known and they are Sanitarium's major competitors. By asking people to rank these, I was able to gain an understanding of brand image and each product's popularity.

Result chart omitted from this exemplar.

The main finding from my research was that Sanitarium is a well-known brand and Cluster Crisps is a very popular cereal. When I spoke to the participants in my survey I found that although Cluster Crisps is advertised on TV some people were unsure of what they were and this brought to my attention that Cluster Crisps could be advertised in a better way. So, while Sanitarium is very well-known, the Cluster Crisps product isn't.

TARGET MARKET

I will be concentrating on promoting and selling Sanitarium Cluster Crisps to those who enjoy eating healthy breakfast cereals that are both delicious and nutritious. The product will be targeted at health-conscious people and parents who buy cereal for themselves and their children. Because Cluster Crisps is quite a versatile breakfast it appeals to really anyone that enjoys a muesli based cereal that contains wheat and nuts.

PROMOTION PLAN

| Promotion idea | Tools and tactics |
|---|--|
| Have contests on the back of the cereal boxes and prizes in the cereal boxes | Use colourful templates to target the younger market. Make them fun and achievable. Make the prizes small but fun so that young children want to collect the prizes and continue buying the product. |
| Continue advertising through the media and make advertisements with well-known athletes or famous NZers promoting Cluster Crisps. | This idea can be promoted on TV and on billboards etc. If possible, Sanitarium could ask to play their advertisements at an appropriate time when most people watch TV (do some research to find out the best time slot). This will mean the ad is getting the publicity it deserves. Promote the healthy image of Cluster Crisps. |
| Have promotional events at market days and tester stalls in supermarkets to promote the cereal and prove to people that Cluster Crisps are different from other cereals. They could also hand out stickers to children. | Set up stalls with promotional Tshirts and with lots of colour and hand out free testers of Cluster Crisps so customers get a taste of the product and can decide if they like it or not. It also shows customers that Sanitarium cares about its customers and is involved with the community. |
| Sanitarium could come up with their own unique jingle or theme song so that people get the brand in their head and will immediately think about that product when they choose their cereal. | This could be played through both the radio and on TV when the advertisement is playing. |

3

