

Alex Tabora

Advanced Marketing Strategy: Markops Simulation

Marketing Plan for Period 7

December 8, 2011

Contents

List of Tables and Graphs 1

Executive Summary 5

 Overview.....5

 Situation 5

 Competitive Advantages 5

 Outlook 6

SWOT **Error! Bookmark not defined.**

 Strength and Weaknesses..... **Error! Bookmark not defined.**

 Opportunities/ Threats 10

Target Market..... 15

Positioning Statement 19

Measurable Objectives..... 22

Marketing Plan..... 22

 Overview..... 22

Cake Marketing Mix 23

 Distribution 23

 Costing 23

Candy Marketing mix 24

 Distribution 24

 Awareness 24

Works Cited.....26

List of Tables and Graphs

List of tables

- Table 1: Consumer Survey - Brand Awareness
- Table 2: Consumer Survey - Purchase Intentions
- Table 3: Newsletter - Company Key Performance Indicators
- Table 4: Semantic Scales - Brand Perceptions
- Table 5: Semantic Scales - Importance of Choice Criteria
- Table 6: Market Shares
- Table 7: Consumer Survey - Shopping Habits
- Table 8: Distribution Channel - Coverage of Traditional Channels
- Table 9: Distribution Channel - Coverage of Internet Channels
- Table 10: Market Forecast - Segment Sizes and Growth Rates
- Table 11: Newsletter - Attributes of Marketed Brands
- Table 12: Benchmarking - Firm Results
- Table 13: Consumer Survey - Purchase Intentions
- Table 14: Newsletter: Attributes of Marketed Brands
- Table 15: Semantic Scales - Importance of Choice Criteria
- Table 16: Market Forecast - Segment Sizes and Growth rates
- Table 17: Consumer Survey - Brand Awareness
- Table 18: Consumer Survey - Shopping Habits
- Table 19: Competitive Intelligence - Advertising Budgets
- Table 20: Consumer Panel - Market Shares in Units
- Table 21: Distribution Panel - Coverage of Traditional Channels
- Table 22: Distribution Panel: Market Shares by Traditional Channel
- Table 23: Newsletter: Company Key Performance Indicators

Table 24: Company Report - Firms Results

Table 25: Newsletter - Attributes of Marketed Brands

List of Graphs

Graph 1: Graph of Market share over six periods

Executive Summary

Overview

Chewy is a company that specializes in the production of Yumites. The main competitors of the company in the market are Whippit, Tasty, and Savor. The market of the product is divided into five separate segments based on the consumer's purchasing skills: higher earners, the affluent families, medium income families, low-income families, and the singles. The company has two brands, cake and candy. Cake targets the singles market segment that is composed of single individuals with a low income and heavy users of Yumites. Candy, on the other hand, targets the low income families composed of married couples with kids that purchase products at lower quality and are very sensitive to prices.

In order to compete in the market, the company positions itself by producing a variety of products. The market drivers for these products are the flavors, packaging, nutrition, and pricing of all the brands. Concerns such as the distribution, consumer habits, and attributes of the respective product affect the positioning of the product in the market. This presents the need for Chewy to grow and expand its market share by way of expansion of the company's two products.

Situation

As discussed earlier, cake and candy are the two products produced by Chewy in the Yumite market. The market consists of a variety of products that present different sets of margin of market interest. Multiple brands are also presented from a variety of companies and although the companies' brands do not share the brand names, the products are similar. Chewy has established itself amongst the market competitors as well as positioned itself to all market segments.

The market of Yumites, presented in this situation, is composed of four competing companies. The other brands are from the companies Tasty, Savor, and Whippit. In accordance to the companies, Chewy lies behind with considerable margin against its competitors. Each brand is rated in accordance to its attributes of nutrition, performance, packaging, flavor, and price.

Competitive Advantage

When determining the competitive advantage of the product in regards to the brands, the strengths and weaknesses of the company must be examined in regards to research and development, brand awareness, target segments, distribution channels, etc. With strong brand awareness, the company is able to persuade consumers into purchasing Chewy's products over the other competitors, thereby increasing its market share. Through both brands, Chewy is able to target a variety of different market segments and to effectively impact the market, must develop a well represented position in the marketplace.

In regards to Chewy's distribution channel, the company must take advantage of these channels in order to market its products throughout various geographical positions of customers. Since the product has been in the market for some time, this demonstrates that the product has already established distribution channels. This is an advantage of Chewy against its competitors. When analyzing the distribution channels, Chewy has focused on aligning the market's purchasing behavior with the distribution channels to take full advantage of the market.

Outlook

In regards to the issues and advantages presented thus far, this paper intends to depict how this data can improve the organizations performance in the market. As expected, Chewy is attempting to take advantage of the specific target audiences that maximize use of their brands and allocate those resources in hopes of becoming the market leader for Yumites. An understanding of the effectiveness and full utilization of the traditional channels are necessary for placing the product to become the market leader. As for web-based channels, Chewy does not ignore the market such as other brands but circulates its products throughout both traditional and online channels. To take full advantage of both channels, the company needs to establish an aggressive online campaign to work alongside traditional channels at a desirable level rather than allocating resources to one side.

SWOT

Strength and Weaknesses

To analyze the strengths and weaknesses of the company's brands, this analysis will be based on the stability and performance of the company and the brands awareness of the in relation to its competitors. These measurements will illustrate the market amongst its environment and the position of the parameters in the market

Table 1

Consumer Survey - Brand Awareness							
Firm	Brand	Highs	Aff. F.	Med. F.	Low F.	Singles	Average
Chewy	CAKE	53.8%	55.6%	68.8%	73.2%	71.1%	67.00%
	CANDY	64.6%	68.0%	75.3%	77.2%	71.4%	72.7%
Whippit	WAFER	55.5%	69.5%	77.7%	76.6%	71.1%	71.5%
	WALNUT	42.1%	53.4%	75.6%	83.2%	76.5%	70.7%
	WIZARD	20.2%	21.6%	25.5%	36.2%	41.5%	31.3%
Tasty	TACO	85.2%	86.6%	81.4%	77.3%	82.4%	81.3%
	TOFFEE	72.6%	73.9%	82.9%	81.4%	82.3%	79.6%
	TOMATO	87.1%	84.4%	70.4%	59.7%	73.1%	71.2%
Savory	SALAD	87.3%	85.6%	77.5%	70.3%	78.7%	77.5%
	SUSHI	87.3%	74.6%	81.9%	80.4%	80.9%	78.8%

Table 1 depicts the relative strengths and weaknesses of the Chewy Company and the perspective on the awareness of the companies' brand. These statistics state the effectiveness of the company to reach out to market segments. Based on the analysis, Chewy's products, Cake and Candy, play a significant part of consumer brand awareness. The table lists Chewy's brands Cake and Candy score an average of 675 and 72.7% in brand awareness. Candy has the fifth highest brand awareness in the market. Both brands also do an excellent job of distributing awareness equally across all target audiences with Candy slightly ahead.

Table 2

Consumer Survey - Purchase Intentions							
Firm	Brand	Highs	Aff. F.	Med. F.	Low F.	Singles	Average
Chewy	CAKE	5.3%	6.0%	17.8%	12.3%	24.0%	13.7%
	CANDY	0.2%	1.0%	5.2%	9.9%	9.1%	6.4%
Whippit	WAFER	1.5%	15.1%	13.5%	4.3%	5.4%	6.8%
	WALNUT	0.1%	0.1%	0.6%	43.9%	4.9%	17.2%
	WIZARD	0.4%	0.4%	1.8%	8.9%	18.0%	7.2%
Tasty	TACO	6.7%	26.0%	9.8%	3.7%	4.4%	7.8%
	TOFFEE	3.4%	3.5%	16.0%	7.0%	14.8%	9.0%
	TOMATO	35.5%	19.9%	4.3%	1.9%	2.8%	9.8%
Savory	SALAD	44.0%	20.5%	4.3%	2.1%	2.9%	11.4%
	SUSHI	2.9%	7.7%	26.9%	6.0%	13.8%	10.7%

Table 2 indicates the consumer purchase intention. This table depicts the measure of each consumer likely to purchase a specific brand. Purchase intentions are influenced by the level of brand awareness of that product to that market segment based on the brands attributes. According to the table, Cake and Candy score an average of 13.7% and 6.4% in purchase intentions. Cake has the advantage as second best purchase intentions in the market. Candy, on the other hand, faces some difficulty in the market as the second worst in the market. Overall, Cake has potential to do very well in the market by having most of its purchase intentions focused upon Med Families and the Singles market.

Table 3

Newsletter: Company Key Performance Indicators					
		Chewy	Whippit	Tasty	Savor
TOTAL MARKET SHARE					
Based on unit sales	%U	14.5%	27.7%	32.4%	25.3%
Based on \$ sales	\$\$	10.6%	16.3%	41.6%	31.5%
RETAIL SALES					
Total retail sales	K\$	139,251	213,754	545,708	414,177
Traditional retailers	%Total	100.0%	95.1%	88.4%	88.6%
E-Tailers	%Total	0%	4.9%	11.6%	11.4%
CONTRIBUTION					
Before marketing	K\$	54,068	104,459	229,407	183,269
After marketing	K\$	22,987	54,737	149,935	131,296
EBIT	K\$	4,189	33,424	115,272	105,951
Cumulative EBIT	K\$	-59,215	164,783	436,550	487,997
STAKEHOLDER VALUE INDICATORS					
Stock price index	Base 1000	127	1,318	2,198	1,654
Market capitalization	M\$	88.8	1,008.2	2,554.6	1,971.30
Current ROI	%	+13.5%	+67.2%	+145.0%	+203.9%
Cumulative ROI	%	-25.8%	+62.2%	+104.9%	+138.7%

In reference to the company's indicators to the market, the trends identify significant weaknesses in the company's performance. Chewy faces the lowest total market share at 14.5% based on unit sales in comparison to Tasty, which dominates the market with a 32.4% market share. More than double than that of Chewy! When examining the total market share based on dollar sales, Chewy again faces the lowest market share of 10.6% in comparison to Tasty that retains a market share of 41.6%. A phenomenal four times more market share than that of Chewy. Chewy also faces the lowest stock price index of 127 against its competitors Whippit, Tasty, and Savor at \$1,318, \$2,198, and \$1,654. In addition, the company faces the lowest market capitalization at 88.8 with its competitors at 1,008.2, 2,554.6, and 1,971.30 in the market. Obviously Chewy faces some difficulty staying competitive in this market as examined in the retail sales; Chewy is again the lowest amongst its competitors at \$139,251.

Table 4

Semantic Scales - Brand Perceptions						
Firm	Brand	Performance	Nutrition	Packaging	Flavor	Price
Chewy	CAKE	5.3	3.8	5.0	5.2	3.5
	CANDY	2.6	3.1	2.5	1.7	3.4
Whippit	WAFER	2.8	4.9	6.7	2.8	4.6
	WALNUT	3.0	1.3	2.5	1.9	2.1
	WIZARD	3.7	2.8	2.8	3.8	3.0
Tasty	TACO	4.0	6.6	4.3	3.4	5.1
	TOFFEE	5.0	3.4	2.2	4.4	3.9
	TOMATO	6.0	6.2	4.7	5.8	6.0
Savor	SALAD	6.7	5.0	5.3	6.7	6.1
	SUSHI	4.7	4.2	4.1	3.1	4.0

When examining Table 3 for Brand Perception, the table depicts Chewy's brands strengths in the following attributes: for Cake, its strengths lie within Performance and Flavor attributes and for Candy, its strengths lie within Nutrition and Price. Cake holds a strong position in brand perceptions for the two attributes in reference to the other competitors. Cake also has the advantage of stability. When examining the attributes for Cake, its brand perceptions do not fluctuate chaotically as much as other brands do. Candy, on the other hand, is a bit more unstable

Table 5

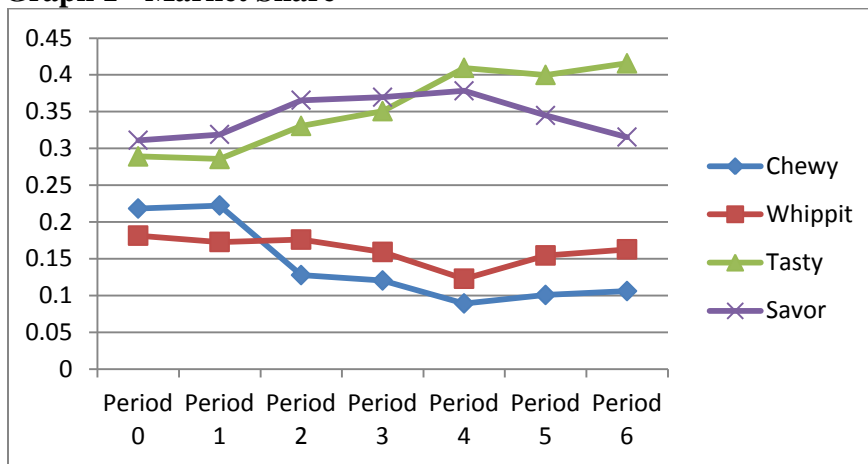
Semantic Scales - Importance of Choice Criteria						
		Highs	Aff. F.	Med. F.	Low F.	Singles
PHYSICAL ATTRIBUTES & PRICE						
	Performance	27.20%	9.60%	7.00%	19.30%	25.80%
	Nutrition	16.00%	27.60%	18.80%	11.20%	5.60%
	Packaging	10.70%	22.20%	16.40%	4.90%	5.60%
	Flavor	29.10%	12.00%	13.10%	14.00%	19.30%
	Price	17.10%	28.50%	44.70%	50.50%	43.80%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%

Referring back to Chart 4, Chewy's brands, Cake and Candy, strengths lie within Performance and Flavor, and Nutrition and Price. According to the table, Cake's attribute, Performance, stands for 27.20% Highs, 9.60% Aff. F, 7.00% Med. F, 19.30% Low F, and 25.80% Singles. The overall average of the market attribute represents 17.78%. As for the attribute Flavor, the attributes represent 29.10% Highs, 12% Aff. F, 13% Med. F, 14% Low F, and 19.30% Singles. The overall average of the market attribute represents 17.5%. In reference to Candy's attributes, Nutrition and Price, Nutrition represents 16% Highs, 27.60% Aff. F, 18.80% Med. F, 11.20% Low F, and 5.60% Singles. The overall average of the market attribute represents 15.84%. As for Price, the attributes represent 17.10% Highs, 28.50% Aff.F, 44.70% Med. F, 50.50% Low F, and 43.80% Singles. The overall average of the market attribute represents 36.92%. According to these analyzes, regardless of whether or not the brands do have these strengths among these attributes, the majority of these given attributes, other than Price, represent less than 20% of the overall market, thereby rendering the strengths weaker than the actual findings.

Table 6 Market Shares

	Chewy	Whippit	Tasty	Savor
Period 0	0.218256	0.181433	0.28914	0.311171
Period 1	0.222471	0.17285	0.285637	0.319043
Period 2	0.127771	0.176067	0.330596	0.365566
Period 3	0.120472	0.159247	0.350669	0.369612
Period 4	0.089268	0.122868	0.409543	0.378322
Period 5	0.100773	0.154497	0.399935	0.344795
Period 6	0.106065	0.162812	0.415654	0.31547

Graph 1 - Market Share



Graph 1 illustrates the market share performance of the companies in question. The graph depicts that Chewy has encountered downward declines in market share throughout most of the periods. The market share relates to the level of consumer preference of the product and the brand. Beginning at Period 0, Chewy's market share represented 0.21856, which was in third place behind Tasty at 0.28914 and Savor at 0.311171. At the start of Period 1, Chewy slightly

increased its market share to 0.222471 but remained in third place behind Tasty and Savor, who grew to 0.285637 and 0.319043. The company experienced a significant decreased in market share at the start of Period 2 at 0.12771 becoming last in the market behind the other competitors. As of this moment, Chewy began its downward spiral, decreasing in Period 3 from 0.120472 to 0.100773 in Period 5 and then gaining a slight increase in Period 6 to 0.106065. The market share trend suggests a significant decline as the company’s competitors remain ahead in market share. Low sales of the company represent low market share and low market share has financial implications on the company as well as problems on the brand strength of the company.

Opportunities/Threats

Table 7

Consumer Survey - Shopping Habits							
Proportion of consumers in each segment who use this channel when shopping							
		Highs	Aff. F.	Med. F.	Low F.	Singles	Total
TRADITIONAL CHANNELS							
	Mass. Merch.	8.30%	13.20%	39.50%	53.10%	27.50%	34.60%
	Supermarkets	31.10%	35.80%	24.50%	28.60%	46.10%	32.50%
	Spec. Stores	49.10%	40.40%	24.90%	14.20%	18.70%	25.10%
	Total	88.40%	89.40%	88.90%	95.90%	92.20%	92.20%
INTERNET CHANNELS							
	e-Grocers	0.10%	0.70%	4.00%	3.00%	2.10%	2.30%
	e-Boutiques	11.50%	9.90%	7.20%	1.10%	5.70%	5.60%
	Total	11.60%	10.60%	11.10%	4.10%	7.80%	7.80%
TOTAL		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 7 depicts the distribution channels that consumers pursue in reference to the market segments. Referring back to Tables 4-5, Chewy's Brand, Cake, targets audiences in the Highs market and when examining Table 7, the traditional channels beginning with Mass. Merch. only makes up 8.30% of the Highs market. This suggests that regardless of the brands target for the Highs market, shopping habits constitute Highs as the lowest in regards to the other markets from 8.30% Highs to 53.10% Low F. When examining the shopping habits for Supermarkets in regards to Cake, the Highs market depicts slightly improved shopping habits but still lies fourth amongst the other markets. Finally with Spec. Stores, the Highs constitute the highest market amongst its competitors at 49.10% making Spec. Stores the target channel Cake should use. Candy, on the other hand, targets audiences in the Aff F and Low F. market. When examining Table 7, the traditional channels beginning with Mass. Merch constitute one of the highest markets for Candy; Low F. constitute 53.10% of consumer shopping habits. Aff F., on the other hand, constitutes 13.20%, a significant difference in shopping habits from Low F.

When examining the internet channel market depicted in Graph 7, both Chewy's brands, Cake and Candy, constitute a portion of the market. Cake's target audience in the Highs market constitutes 0.10% of the e-Grocers channel. Unfortunately, the e-Grocers channel measures the lowest consumer shopping habits of the market, the highest being Med.F with 4.00% of the market. On the other hand, Candy's target audiences, Aff F and Low F measure a significant portion of the Internet channels. For e-Grocers, Candy measures 0.70% and 3.00% of the

markets shopping habits. This suggests that Candy has established an effective marketing plan to target consumer shopping habits.

Table 8

Distribution Panel - Coverage of Traditional Channels Number of sites carrying the brand, in each internet-based channel				
		Mass. Merch 2,100 stores	Supermarkets 13,000 stores	Spec. Stores 7,500 stores
Chewy	Cake	3.3%	2.5%	31.7%
	Candy	96.7%	2.6%	0.7%
Whippit	Wafer	35.7%	21.6%	5.5%
	Walnut	54.2%	13.8%	0.0%
	Wizard	15.7%	23.5%	4.1%
Tasty	Taco	8.3%	55.9%	61.7%
	Toffee	51.9%	43.8%	20.1%
	Tomato	0.0%	45.8%	87.4%
Savor	Salad	0.0%	33.3%	77.6%
	Sushi	45.2%	31.1%	16.9%

Using Table 7 and comparing to the statistics provided in Table 8, the potential of the Traditional channels is portrayed. Examining the target audiences provided in Table 7, it was established that Cake's primary target audience was Highs which constituted for the majority of the shopping habits in the Spec. Stores channel (49.10%) and for Candy, the primary audience was Low F. which constitute for the majority of the shopping habits in the Mass. Merch. (53.10%)

Using the measures established in Table 7 and applied to Table 8, Chewy's brands are well distributed across the traditional channels. The brand, Cake, applies 31.7% of the Spec. Stores and the brand, Candy, applies 96.7% of the Mass. Merch.

Table 9

Distribution Panel - Coverage of Internet-Based Channels Number of sites carrying the brand, in each internet-based channel			
		e-Grocers-6 sites	e-Boutiques -4 sites
Chewy	Cake	0.07%	0.0%
	Candy	0.06%	0.1%
Whippit	Wafer	16.9%	0.0%
	Walnut	14.30%	0.0%
	Wizard	0.0%	0.0%
Tasty	Taco	14.7%	17.8%
	Toffee	25.8%	12.9%
	Tomato	0.0%	28.6%
Savor	Salad	0.0%	25.0%

	Sushi	0.0%	11.0%
--	-------	------	-------

Using the measures obtained in Table 7, it is determined that the brand, Cake, focuses more of its attention on e-Boutiques with a measure of 11.50% and 0.10% for e-Grocers. When examining Table 9, the distribution panel is distributed around e-Grocers, composed of 6 stores, and e-Boutiques, composed of 4 stores. The brand, Cake applies most of its coverage to e-Grocers at 0.07% and 0.0% to e-Boutiques. Referring back to Table 7, the brand, Candy, focuses more of its attention on e-Boutiques with a measure of 9.90% and according to Table 9, the coverage of the brand is indeed applied more heavily to e-Boutiques at 0.10%. This suggests that Chewy does a great job of distributing the coverage of the brand across the different channels. Chewy also has the advantage of further penetrating the market by taking advantage of both online channels, whereas the majority of companies, Whippit and Savor, focus on only one channel.

Table 10

Market Forecast - Segment Sizes & Growth Rates								
Current segment sizes and estimates of future sizes over three periods All sizes in thousands of units.								
Segment	Actual Size	Actual Growth	Forecasted Sizes in KU			Forecasted Growth Rates in %U		
	Period 6	Period 6	Period 7	Period 8	Period 9	Period 7	Period 8	Period 9
High Earners	11,912	+8.8%	12,985	14,153	15,285	+9.0%	+9.0%	+8.0%
Affluent Families	8,184	+3.3%	8,429	8,628	9,029	+3.0%	+3.0%	+4.0%
Medium Income Families	12,255	-2.0%	12,574	12,901	13,236	+2.6%	+2.6%	+2.6%
Low Income Families	27,195	+7.2%	29,371	31,720	33,941	+8.0%	+8.0%	+7.0%
Singles	14,638	+10.7%	15,922	15,809	18,269	+8.0%	+8.0%	+7.0%
Total	74,186	+6.0%	81,585	79,167	89,761	+6.7%	+6.8%	+6.2%

Table 10 illustrates the company's opportunity to expand its market share by focusing on its brands target audiences. For Cake, it was established in Table 7 that its target audience is the Highs market. According to the measures of Period 6, High Earners makes up an actual size of 11,912, this is a growth of 8.8%. Using forecasted measures, Period 7 and 8 is expected to average a growth of 9.0% going from 11,912 to 14,153 by the end of Period 8. Finally, by Period 9, the measures are expected to rise another 8.0% to 15,285. Based on these forecasted statistics, Chewy should continue focusing its resources onto its brand's primary audience, High Earners. For Candy, it was established in Table 7 that its target audience is the Aff Families and Low Families. According to the measures of Period 6, Aff Families make up an actual size of 8,184, this is a growth of +3.3% and Low Families make up a size of 27,195, a growth of +7.2%. Using forecasted measures, Period 7 and 8 is expected to have a growth for both Aff Families and Low Families averaging from 8,429 to 8,628 for Aff and 29,371 to 31,720 for Low. This is a growth of 3% for Aff and a growth of 8% for Low. Based on these forecasted statistics, Chewy should continue marketing Candy to its primary audiences as it is expected to provide favorable results

Table 11

Newsletter - Attributes of Marketed Brands								
Physical attributes, retail price and estimated unit cost of all marketed brands.								
Firm	Brand	Introduced or upgraded	Physical attributes (0-100)				Avg. Retail	Est. Unit
			Performance	Nutrition	Packaging	Flavor	Price (\$)	Cost (\$)
Chewy	CAKE	Maintained	70	50	70	70	14.30	4.55
	CANDY	Maintained	25	40	30	10	11.55	1.50
Whippit	WAFER	Maintained	30	68	98	35	18.55	3.10
	WALNUT	Maintained	35	10	30	20	7.15	1.25
Tasty	WIZARD	Maintained	45	35	35	45	12	2.35
	TACO	Maintained	50	98	54	45	22.9	4.25
Savor	TOFFEE	Cost Reduced	65	45	25	60	15.95	2.25
	TOMATO	Maintained	75	90	60	75	27.75	6
	SALAD	Maintained	90	70	75	98	28.25	5.3
	SUSHI	Cost Reduced	60	57	56	40	16.55	2.75

When referring back to Table 5, it can be deduced that Price is the key attribute in the importance of choice criteria of the Aff, Med, Low, and Single families. Therefore, when examining Table 11, the following can be deduced from prices and costs: examining the brands average retail price, Cake has a reasonably accurate price in the market relative to its competitors. The cost however, is exceedingly high in comparison to the other brands and when subtracting costs to the retail price, Chewy is actually making \$9.75 per purchase. This purchase price, in comparison to the other brands, is relatively low and competes closely only to Wizard and lies slightly ahead of Walnut. Even though the attributes of the brand are relatively high and stable in comparison to most other brands, the Highs market only makes up 27.20%, 16.0%, 10.70%, 29.10%, and 17.10% according to Table 5. In order to better accommodate the brand relative to its attributes, the company should lower the cost of production or increase the brands retail price. It would probably be more suited to increase the retail price since other brands at lower attributes are offered at a higher price but also at lower cost.

Candy, on the other hand, has relatively low attributes across the brand but has an average retail price of \$11.55 and a cost of \$1.50 making the company \$10.05 per purchase. As examined with Cake, the high attributes suggest that many resources were used to build the brand including high cost but with Candy, attributes including price, are relatively low.

Table 12

Benchmarking - Firm Results						
Estimated financial results of competitive firms All numbers in K\$						
FIRM	TOTAL	Chewy	Whippit	Tasty	Savor	

SALES		27%	21%	23%	20%
Retail sales	1,312,891	139,251	213,754	545,708	414,777
Revenues	738,483	78,722	132,731	299,186	227,843
PRODUCTION					
Cost of goods sold	162,687	20,965	27,369	69,779	44,574
Inventory holding cost	4,592	3,689	903	0	0
Contribution before marketing	571,204	54,068	104,459	229,407	183,261
MARKETING					
Advertising	53,415	8,000	14,980	18,205	12,230
Trade marketing	97,194	15,382	21,076	36,817	23,919
Promotion	57,329	7,699	12,171	22,505	14,954
Contribution after marketing	358,956	22,987	54,737	149,935	131,296
OTHER COSTS					
Production fixed costs	34,985	8,369	5,948	11,936	8,733
Management time	26,681	4,346	6,652	9,549	6,134
Exceptional costs & profits	531	0	280	84	167
BRAND CONTRIBUTION	296,759	10,273	41,858	128,366	116,262
CORPORATE COSTS					
Research & Development	0	0	0	0	0
Market research studies	6,460	1,615	1,615	1,615	1,615
General & Administration	31,462	4,468	6,818	11,480	8,696
EBIT	258,837	4,189	33,424	115,272	105,951
% Revenues	+19.7%	+5.3%	+25.2%	+38.5%	+46.5%
NEXT PERIOD BUDGET	250,000	40,000	60,000	90,000	60,000

Table 12 depicts the financial position of the company. According to the table, there are several threats that are presented in the marketing position of the company in relation to its competitors. For example, the company's retail sales are the lowest amongst its competitors at 139,251 in comparison to Whippit, Tasty and Savor that represent 213,754, 545,708, and 414,777. As for company revenue, Chewy again represents the lowest margin amongst its competitors at 78,722 in comparison to the other companies that represent 132,731, 299,186, and 227,843. This can pose a threat to the company considering the retail sales with the competitors accumulating a more significant margin and threatens Chewy's chance of keeping up with the competitors. When illustrating revenue, the highest potential problem that Chewy faces is the fact that two of the other competitors make up more than double the revenue that Chewy puts out; this can result in one of the competitors monopolizing to eliminate the other competitors. This situation could also result in one company, such as Savor, to establish a collaboration with a lower competitor, such as Whippit, to overthrow the highest competitor, Tasty, thereby making Chewy insignificant.

When examining the production segment of cost of goods sold, the revenue ratio for Chewy proves to be damaging for competition. Chewy has revenue of \$78,722 and a cost of goods sold value of \$20,965. This represents a ratio of 27%. As for the competitors, Whippits revenue is

\$132,731 and a costs of goods sold value of \$27,369. This represents a ratio of 21%. As for Tasty, the revenue is \$299,186 with a cost of goods value at \$69,779. This represents a ratio of 23%. Finally for Savor, the company has revenue of \$227,843 with a cost of goods value at \$44,574. This represents a ratio of 20%. Based on these measures, the average ratio of the companies represents 23%. Now, when examining Chewy, who represents a ratio of 27%, the company is facing a serious issue of being significantly inferior to the industry in respect to the Table representing the company already having the lowest retail sales and revenue. This also states that Chewy spends more on production of goods to the revenue it generates than the industry average.

The company also spends the least on marketing, \$8,000, while it faces the third highest fixed production cost of \$8,369. The first is Tasty, with a production cost of \$11,936. This shows that Chewy spends more on costs that do not generate revenue than costs that do generate revenue. The table also illustrates that none of the companies spend funds on research and development, but all spend \$1,615 on market research studies. Using these measures described in Table 12, it can be deduced that the average growth rate in revenue is 28.9% using Chewy 5.3%, Whippit 25.2%, Tasty 38.5%, and Savor 46.5%. This is most likely due to the fact that the companies lack implementation on the research studies. If Chewy's does not find a solution to its lack of growth, then the company faces a complete loss of the market.

Target Market

There are various market segments targeted by Chewy in attributes such as age, family status, occupation, income, and marital status. These attributes are distributed among five market segments: the highs, affluent families, low income families, medium income families, and singles. The high earners are made up of individuals and families with high income. These individuals are generally motivated by social status and prone to purchasing expensive products. The age group of this market lies between the ages of 25-45 years of age. As for the affluent families, these individuals are made up of married couples with children. This segment is also usually composed of individuals with a high income that purchase high quality products. In addition, affluent families also are frequent buyers of Yumites. The medium income families have a lower income than affluent families. They are generally married and with children. Medium income families are generally price sensitive and purchase average quality products unlike the highs or affluent families. Medium families are also generally composed of individuals around the ages of 25-45. The low income families, on the other hand, are made up of married couples with children. These individuals are generally faced with a low income and are very price sensitive. The age group for low income families usually lies between the ages of 25-45. With their disposable incomes, low families also shop for low quality products. Finally we have the singles market. Singles generally face a low income such as low income families but instead of generally being married, this market is composed of single, students and employees. This market is also composed of individuals that are heavy users of Yumites and are rather price sensitive. Singles are generally composed of individuals around the ages of 18-35. The company, Chewy, is composed of two separate brands that attempt to penetrate the market, cake and candy. For segmenting the target audiences the two brands attempt to reach, examine Table 2 Purchase Intentions. According to the table listed below, Cake targets the Singles market at 24.0%. For the remaining segments, Cake targets 5.3% highs, 6.0% affluent families,

17.8% medium families, and 12.3% low families. In regards to the Singles market, this depicts that cake targets individuals around the ages of 18-35 with low incomes that are price sensitive, and singles or employees. Chewy's other brand, Candy, targets consumers in the low families market segment at 9.9% and singles at 9.1%.

Table 13

Consumer Survey - Purchase Intentions							
Firm	Brand	Highs	Aff. F.	Med. F.	Low F.	Singles	Average
Chewy	CAKE	5.3%	6.0%	17.8%	12.3%	24.0%	13.7%
	CANDY	0.2%	1.0%	5.2%	9.9%	9.1%	6.4%

The target market is also described from the cost of the product and the market share value depicted below:

Table 14 - Newsletter - Attributes of Marketed Brands

Firm	Brand	Introduced or upgraded	Physical attributes (0-100)				Avg. Retail	Est. Unit
			Performance	Nutrition	Packaging	Flavor	Price (\$)	Cost (\$)
Chewy	CAKE	Maintained	70	50	70	70	14.30	4.55
	CANDY	Maintained	25	40	30	10	11.55	1.50

Table 15

Semantic Scales - Importance of Choice Criteria						
	Highs	Aff. F.	Med. F.	Low F.	Singles	
PHYSICAL ATTRIBUTES & PRICE						
Performance	27.20%	9.60%	7.00%	19.30%	25.80%	
Nutrition	16.00%	27.60%	18.80%	11.20%	5.60%	
Packaging	10.70%	22.20%	16.40%	4.90%	5.60%	
Flavor	29.10%	12.00%	13.10%	14.00%	19.30%	
Price	17.10%	28.50%	44.70%	50.50%	43.80%	
Total	100.00%	100.00%	100.00%	100.00%	100.00%	

The tables above depict the average retail price and the estimated cost of producing Cake and Candy, Chewy's brands. According to the tables, Candy costs about three times the cost of cake to produce. Candy's retail price is \$11.55 while Cake's retail price is \$14.30. Based on the attributes, Cake is far superior in terms of Performance, Nutrition, Packaging, and Flavor. This different in price indicates a difference in class of the brands within the target markets. When examining the attributes, the low earning segment of the market has no serious interest in packaging and nutrition, which is valued at 70, 30 for Cake's attribute. In regards to the singles market, attention is not focused on nutrition nor packaging as well. Attention is more focused on price and performance for both brand segments, which is valued at 70 for performance of Cake and 25 for candy. When examining the difference in price and cost between Cake and Candy along with the value of their attributes, Cake's average retail price at \$14.30 and its cost of \$4.55

in regards to Candy's average retail price of \$11.55 and its cost of \$1.50 demonstrate that Candy's lower attributes are a factor in considering why the retail price and cost is lower than that of Cake. However, when factoring out the difference in average retail price with cost of production, Candy actually ends at higher margin.

Table 16

Market Forecast - Segment Sizes & Growth Rates								
Current segment sizes and estimates of future sizes over three periods All sizes in thousands of units.								
Segment	Actual Size	Actual Growth	Forecasted Sizes in KU			Forecasted Growth Rates in %U		
	Period 6	Period 6	Period 7	Period 8	Period 9	Period 7	Period 8	Period 9
High Earners	11,912	+8.8%	12,985	14,153	15,285	+9.0%	+9.0%	+8.0%
Affluent Families	8,184	+3.3%	8,429	8,628	9,029	+3.0%	+3.0%	+4.0%
Medium Income Families	12,255	-2.0%	12,574	12,901	13,236	+2.6%	+2.6%	+2.6%
Low Income Families	27,195	+7.2%	29,371	31,720	33,941	+8.0%	+8.0%	+7.0%
Singles	14,638	+10.7%	15,922	15,809	18,269	+8.0%	+8.0%	+7.0%
Total	74,186	+6.0%	81,585	79,167	89,761	+6.7%	+6.8%	+6.2%

As presented earlier, cake's target market is the singles market segment. The market size of Period 6 for the Singles market is 14,638 with a growth rate of 10.7% from the previous period. The segment is expected to increase to 15,922 for Period 7, a growth rate of 8.0%. Candy's target market is the low income families market segment. The market size for low income families for Period 6 is 27,195, a growth rate of 7.2%. The segment is expected to increase to 29,371, a growth rate of 8.0%.

Table 17

Consumer Survey - Brand Awareness							
Firm	Brand	Highs	Aff. F.	Med. F.	Low F.	Singles	Average
Chewy	CAKE	53.8%	55.6%	68.8%	73.2%	71.1%	67.00%
	CANDY	64.6%	68.0%	75.3%	77.2%	71.4%	72.7%

According to the Consumer Survey - Brand Awareness, there is consistency on the allocation of the budget across the market segments regarding the level of awareness for products of the company. Based on the measures, low families are the most aware market segments of the brand Cake at an awareness level of 73.2%, this is expected based on the budgetary allocation for advertisement of the product across the market. Candy is also more popular in the low families market segment at an awareness level of 77.2%. The shopping habits of customers based on brand awareness are illustrated below:

Table 18

Consumer Survey - Shopping Habits							
Proportion of consumers in each segment who use this channel when shopping							
		Highs	Aff. F.	Med. F.	Low F.	Singles	Total
TRADITIONAL CHANNELS							
	Mass. Merch.	8.30%	13.20%	39.50%	53.10%	27.50%	34.60%
	Supermarkets	31.10%	35.80%	24.50%	28.60%	46.10%	32.50%
	Spec. Stores	49.10%	40.40%	24.90%	14.20%	18.70%	25.10%
	Total	88.40%	89.40%	88.90%	95.90%	92.20%	92.20%
INTERNET CHANNELS							
	e-Grocers	0.10%	0.70%	4.00%	3.00%	2.10%	2.30%
	e-Boutiques	11.50%	9.90%	7.20%	1.10%	5.70%	5.60%
	Total	11.60%	10.60%	11.10%	4.10%	7.80%	7.80%
TOTAL		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 19

Competitive Intelligence - Advertising Budgets							
Estimated advertising budget in K\$, for each consumer segment and each competitive brand							
Firm	Brand	Highs	Aff. F.	Med. F.	Low F.	Singles	Total
Chewy	CAKE	164	163	976	484	1,396	3,183
	CANDY	193	184	654	1,648	1,129	3,718
	Total	357	347	1,540	2,132	2,525	6,901

Table 20

Consumer Panel - Market Shares in Units							
Market shares, based on \$ sales, of each product in each segment							
Firm	Product	Highs	Aff. F.	Med. F.	Low F.	Singles	Average
Chewy	CAKE	1.1%	1.5%	6.4%	8.3%	11.9%	5.9%
	CANDY	0.2%	0.4%	3.9%	10.6%	6.3%	4.7%

The following tables show the consumer shopping habits for the various market segments. According to the measures, Cake targets low families considering its advertising budgetary but has the highest market share at the singles market segment. Candy on the other hand, targets high families considering its advertising budgetary but has the highest market share at the low families market segment.

Examining the table depicting shopping habits, the majority of low families, making up 53.10%, shop at Mass Merchandise stores while 28.60% shop at Supermarkets, and 14.20% shop at Specialty Stores. Only 3% of the segment shop via Internet using e-Grocers. When examining the singles market, the majority make up the Supermarkets at 46.10% while the remaining 27.50% come from Mass Merchandisers and 18.70% from Specialty Stores. Only 5.70% of the segment shop via Internet using e-Boutiques. These measures are further assessed below in the positioning of Chewy's brands across the traditional channels.

Table 21

Distribution Panel - Coverage of Traditional Channels Number of sites carrying the brand, in each internet-based channel				
		Mass. Merch 2,100 stores	Supermarkets 13,000 stores	Spec. Stores 7,500 stores
Chewy	Cake	3.3%	2.5%	31.7%
	Candy	96.7%	2.6%	0.7%

The positioning of the brands across the traditional channels is inconsistent with the consumer behavior depicted in previous tables. According to the table, Cake is widely distributed throughout the 7,500 Specialty Stores. However, Cake targets low families that constitute the majority of shopping habits within Mass Merchandisers. Unfortunately, Mass Merchandisers only constitutes 3.3% of Cake's coverage across traditional channels. As for Candy, the brand is widely distributed across 2,100 stores of Mass Merchandisers. Candy targets high families that constitute the majority of shopping habits within Specialty Stores. This represents poor positioning for the company in regards to the market. The next table confirms the distribution through showing purchasing trends of the two brands.

Table 22

Distribution Panel: Market Shares by Traditional Channel Market shares, based on units sold, of each brand in each traditional channel					
		Mass. Merch. 2,100 stores	Supermarkets 13,000 stores	Spec. Stores 7,500 stores	Total Traditional
Chewy	CAKE	0.0%	7.7%	18.8%	7.9%
	CANDY	19.1%	2.1%	0.0%	7.8%

This table represents the brand sold over traditional channels in comparison to the total sales of the Yumites. According to the measures, the majority of cake purchases are at 18.8% through 7,500 Specialty Stores, which are popular among high and affluent market segments. As for candy, the brand is sold most amongst 2,100 Mass Merchandise stores, which are popular among low family market segments.

Positioning Statement

Table 23

Newsletter: Company Key Performance Indicators					
		Chewy	Whippit	Tasty	Savor
TOTAL MARKET SHARE					
Based on unit sales	%U	14.5%	27.7%	32.4%	25.3%
Based on \$ sales	\$\$	10.6%	16.3%	41.6%	31.5%
RETAIL SALES					
Total retail sales	K\$	139,251	213,754	545,708	414,177
Traditional retailers	%Total	100.0%	95.1%	88.4%	88.6%

E-Tailors	%Total	0%	4.9%	11.6%	11.4%
CONTRIBUTION					
Before marketing	K\$	54,068	104,459	229,407	183,269
After marketing	K\$	22,987	54,737	149,935	131,296
EBIT	K\$	4,189	33,424	115,272	105,951
Cumulative EBIT	K\$	-59,215	164,783	436,550	487,997
STAKEHOLDER VALUE INDICATORS					
Stock price index	Base 1000	127	1,318	2,198	1,654
Market capitalization	M\$	88.8	1,008.2	2,554.6	1,971.30
Current ROI	%	+13.5%	+67.2%	+145.0%	+203.9%
Cumulative ROI	%	-25.8%	+62.2%	+104.9%	+138.7%

In reference to table 3, Chewy falls behind in the Yumites market shares rates. Based on the total market share, Chewy's unit sales of 14.5% compared to its other competitors Whippit 27.7%, Tasty 32.4%, and Savor 25.3%, lack market share. The market share based on \$ sales is at 10.6%, which is again the lowest amongst the competitors market share. Examining the total retail sales, Chewy represents \$139,251 with 100% on traditional retailers. In regards to the market capitalization, Chewy's capitalization represents \$88.8 million, which is once again the lowest amongst its competitors of \$1,008.2 million, \$2,554.6 million, and \$1,971.30 million. The current ROI, using these measures, is represented as 13.5% for Chewy, 67.2% Whippit, 145.0% Tasty, and 203.9% Savor.

Table 24

Company Report - Firms Results			
FIRM	PERIOD 5	PERIOD 6	%Change
SALES			
Retail sales K\$	123,077	139,251	+13.1%
Revenues K\$	79,149	95,793	21.00%
PRODUCTION			
Cost of goods sold K\$	23,617	20,965	-11.2%
Inventory holding cost K\$	2,702	3,689	+78.1%
Contribution before marketing K\$	46,003	54,068	+17.5%
MARKETING			
Advertising K\$	8,000	8,000	0.0%
Trade marketing K\$	15,282	15,382	+0.7%
Promotion K\$	7,599	7,699	+1.3%
Contribution after marketing K\$	15,122	22,987	52.0%
OTHER COSTS			
Production fixed costs K\$	8,369	8,369	0.0%
Management time K\$	4,083	4,346	+6.4
Exceptional costs & profits K\$	0	0	-
BRAND CONTRIBUTION K\$	2,670	10,270	+284.8%
CORPORATE COSTS			

Research & Development K\$	0	0	0.0%
Market research studies K\$	750	1,615	+115.3%
General & Administration K\$	4,292	4,468	+4.1%
EBIT K\$	-2,373	4,189	-276.6%
% Revenues %\$	-3.3%	+5.3%	
NEXT PERIOD BUDGET K\$	40,000	40,000	+0.00%

In reference to the purchase intentions of the consumer survey, the firms brand, cake, has the second highest purchase intention in the market of an average 13.7%. Candy, on the other hand, ranks poorly on the purchase intention of the market segments with an average of 6.4%. As examined in Table ?, the company exhibits weaknesses in relation to its position among the competitors regarding the lowest market share, lowest retail sales, and completely ignoring the online channel. According to the firms results, its revenue and retail sales recorded \$79,149 and \$123,077 for period 5 and \$95,793 and \$139,251 for period 6. The cost of goods sold and expenses on marketing between the two periods also experienced a withdrawal from 23,617 to 20,965 while marketing remained 8,000. The company has a slight increase in trade marketing between the two periods along with an increase in promotion as well. The earnings before interest and taxes of the company (EBIT) recorded an increase from -3.3% in period 5 to +5.3% in period 6.

Table 25

Newsletter - Attributes of Marketed Brands								
Physical attributes, retail price and estimated unit cost of all marketed brands.								
Firm	Brand	Introduced or upgraded	Physical attributes (0-100)				Avg. Retail	Est. Unit
			Performance	Nutrition	Packaging	Flavor	Price (\$)	Cost (\$)
Chewy	CAKE	Maintained	70	50	70	70	14.30	4.55
	CANDY	Maintained	25	40	30	10	11.55	1.50
Whippit	WAFER	Maintained	30	68	98	35	18.55	3.10
	WALNUT	Maintained	35	10	30	20	7.15	1.25
	WIZARD	Maintained	45	35	35	45	12	2.35
Tasty	TACO	Maintained	50	98	54	45	22.9	4.25
	TOFFEE	Cost Reduced	65	45	25	60	15.95	2.25
	TOMATO	Maintained	75	90	60	75	27.75	6
Savor	SALAD	Maintained	90	70	75	98	28.25	5.3
	SUSHI	Cost Reduced	60	57	56	40	16.55	2.75

Measureable Objectives

A primary objective of Chewy is to increase the sales of both brands. In regards to cake, the sales of the brand are expected to increase to 7,000 units sold in period 7 resulting from an increase in sales by 30% from the period 6 sales of 5,434 units. The company also desires to increase candy's sales to 7,000 units by period 7, relative to the 40-50% increases in period 5 and 6 of 2,553 to 5,326. The objectives stated are based on the findings that the market share has potential to grow among the singles and medium families market segment relative to the brand awareness remaining substantial throughout these segments and advertisement is used efficiently and effectively. The price of cake has increased with less funds being allocated to advertisements of the product. As of period 6, candy has a market share of 13.75% on the singles market segment. Candy has the potential to meet the objective by seizing opportunities presented in the other markets such as medium families at 8.1% and low families at 7.3% market share.

For candy to achieve the objective growth and seize the opportunities of these other markets, specific objectives in distribution, cost, and awareness are set. For starters, the company should increase awareness to the desired market segments, and maintain price. To achieve the objectives set out for cake, Chewy should continue expansion in the low families market segment, increase awareness, focus more on advertising in low market segments, and focus the product to supermarkets and mass merchandisers to better cope with the new market. These objectives are targeted to further develop the growth of the company's brands and its market share by improving elements of marketing.

Marketing Plan

Overview

Examining Chewy, to achieve a market growth of the products based on the position of the company, decisions need to be made. The objective of the company is to increase the sales of cake to 7,000 units, representing a 30% increase in sales in period 7, and to increase sales in candy to 7,000 units in comparison to the 40-50% increase from the previous period. As established in the target market section, the target market for cake is the singles market, representing individuals who are price sensitive and generally students or employees while for Candy, the target market is the low family market segment representing married couples with children who are very price sensitive. Cake's advantage in the market is consumers purchasing large increments of the product while candy has the advantage of targeting families with products that don't require high levels of quality.

Based on the measures, the market segments of both products are forecasted to register growths. Chewy company has to be aggressive in all aspects of marketing. With the singles and low income families market segments are projected to register an 8% growth for period 7, the marketing plan is must concentrate its resources towards these markets to ensure this necessary increase. According to the market shares by traditional channels, cake is marketed primarily at specialty stores, yet based on the target market, the most substantial market for the brand would be mass merchandisers. The company should focus applying some resources to other channels. The company's current performance is unsatisfactory in comparison to the other competitors in

terms of brand awareness, distribution, and costing. The current brand awareness for Chewy's brand, cake, is averaged at the second lowest amongst its competitors at 67%.

Cake Marketing Mix

Distribution

When examining cake's distribution channels, it is important to consider the shopping habits depicted by cake's target market, the singles market segment. The shopping habits for the singles market segment is 27.50% Mass Merchandisers, 46.10% Supermarkets, and 18.70% Specialty Stores. When examining the distribution in the traditional channels for cake, 0.0% of 2,100 Mass Merchandisers, 7.7% of 13,000 Supermarkets and 18.8% of 7,500 Specialty Stores.

Examining the market shares by traditional channels, cake made 7.9% of the total traditional channels sales in period 6. This measurement is based on 18.8% allocated to specialty stores and 7.7% allocated to supermarkets. The company's objective of possibly increasing distribution begins with the required increase to specialty stores. To do this, an increase in the allocation of budgets to cake is necessary. When examining the competitive intelligence for the brand cake, the budget of \$5,624 is allocated to traditional segments and nothing being distributed to online markets. Cake's market, singles, has an estimated budget of \$1,396k out of a total \$3,183k, this demonstrates 40% of advertising budgets being placed on the singles market alone. The singles target for traditional channels is the specialty stores which is also receiving \$1,548k promotion budget based off of \$1,872 sum. This represents a promotional budget of 80% allocated to traditional channels. Based on these statistics for period 6, for period 7, Chewy should allocate another 40% of the \$8,000 advertising budget to advertising for the singles market to further expand onto the segment and perhaps begin allocating more money for expansion to other segments. The 80% promotional budget to specialty stores should remain unchanged.

Costing

As demonstrated previously, the brand awareness for Chewy's brand cake, targets the singles and low families market segments at 71.1% and 73.2% and an average of 67.0% for the market overall. The objective for the marketing plan is to increase awareness of cake by 20%. This can be best represented as increasing the awareness for low families and singles at or above 90%. Cost determines a significant portion of the segments which each target heavy usage of the product. Thus, a reduction of price is projected to enhance usage of the product. The new price would not affect its competitive standards of quality because the market does not care much for quality. Cake retails at \$14.30, which is \$1.65 less than its closest competitor in terms of price, toffee. When examining the physical attributes of toffee in comparison to cake, cake ranks significantly higher than toffee in all aspects especially packaging, 70-25. In terms of cakes target audience of singles and low families, packaging actually represents only 5.65% of singles and 4.9% low families, this suggests that regardless of cakes efforts, they do not represent a large impact in sales. The most significant attribute for both of these target segments is price, from 50.5% low families and 43.8% singles. Cake has no trouble as its retail price is \$14.30 and Toffee is \$15.95. Though in reference to the unit cost of production, one unit of cake costs \$4.55 and one unit of toffee costs \$2.25. This suggests that cake makes under \$10 per purchase of unit

and toffee makes \$13.7. Obviously a reduction in costs may be worthwhile. Seeing as the attribute of packaging does not constitute a significant impact on the sales of low families and singles, reducing the attribute to 30 may have an impact enough to reduce costs significantly and still win the market.

Considering production of the product, fixed cost of \$7,312 relating to cost of goods sold of \$12,748, approximately 9.4% of the costing relates to fixed cost that does not change with increase in number of cakes produced. Through a costing model that encourages further production, the reduction in price is possible to enhance the sale of cakes. The reduction of price will encourage further purchases to a market that is characterized by heavy usage. To achieve the price change, increase in production is necessary.

Candy Marketing Mix

Distribution

The brand, candy, targets the low and medium families' market segment. The market of low families is experiencing a further increase in expansion of the product because of the high brand awareness in the market segment and the focus of resources onto the proper means of traditional channels. According to consumer shopping habits, 53.0% of low families shop within mass merchandisers, 28.5% shop within supermarkets, and 14.4% shop within specialty stores. The medium families, on the other hand, portray 39.3% mass merchandisers, 24.4% supermarkets, and 25.4% specialty stores. This data has projected that the majority of focus for candy is in the low families constituting 95.5% of the overall traditional channels. Based on the market shares by traditional channels, 19.1% of market share for candy is based on mass merchandisers represented by 36.9% of the overall size of mass merchandisers. To further increase the distribution of the product to achieve the goal of 7,000 units, it is important to find stability between the increases in demand by the expanding market segment. Based on the firm results for period 6, focusing resources onto market research studies recorded a significantly positive impact on the distribution of candy. Therefore, a budget allocation should resemble if not further surpass that of period 6 of \$1,615 in comparison to period 5 of \$750. Thus, a budget of around \$1,500 should be allocated to market research studies.

Awareness

As a result of the increased distribution across mass merchandisers, an increase in awareness also occurred. Currently, the awareness levels for candy represent 64.6% highs, 68.0% affluent families, 75.3% medium families, 77.2% low families, and 71.4% singles with an overall average of 72.7%. Generally, if any of these market segments are to experience an increase then an increase in awareness will occur. Based on the segment sizes and growth rates, the highs market is expected to experience the highest growth of 9.0% throughout period 7 and 8 while the singles market is expected to rise 8.0% in period 7 and 8. Affluent families will experience only a 3.0% increase and medium families only 2.6% and finally low income is expected to also rise 8.0% through period 7 and 8. Based on these forecasted statistics, candy should develop a marketing campaign that will target highs, low income families, and singles as they represent the highest growth rates. Generating sales via these measures will drastically improve cakes image and growth in the coming periods. In addition, the online channels are also expected to rise significantly with e-Grocers representing a 13.7% increase and e-Boutiques a 14.1% increase. This would mean a development of a marketing plan for Chewy to target online channels.

Creating a campaign to target most or all the segments will allow candy to develop a competitive advantage throughout the markets and stabilize the increased awareness to above 70% for each segment.

To achieve this increase in awareness to above 70% for all segments, Chewy will have to focus on allocating more money to advertisement. Currently, candy makes up 6.5% of the firms advertising budget at \$4,000. In order to achieve this new awareness, another 12% should be allocated to candy. It is important to not allocate too much of the advertisement budget to candy alone but seeing as it is focusing on most or all market segments, it requires a larger percentage.

Work Cited

Triolet, Rémi. "Students handbook." *Stratix*, 2005. Web. Accessed 24 November 2011 from <http://www.markstrat.com/student-20v1.00.pdf>.