

THE HEALTH FOOD COMPANY



# Marketing Plan Summary Sanitarium – Weet-Bix

Associate Degree in Business

MKTG 1296 Marketing Principles

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## **Executive summary**

This marketing plan analyses Sanitarium's current state in the Australian Cereal Food and Baking mixes market and outlines a new marketing campaign that will promote a new and improved Weet-Bix cereal attracting new users not just the typical Energy-Junkies segment. The main purpose of the marketing campaign is to half the market share gap between Sanitarium and a market leader Kellogg's. It will be achieved by targeting the Healties segment, product improvements and integrated promotion mix.

## **Introduction**

The purpose of this report is to outline a marketing campaign for Weet-Bix. Data were collected by secondary research and if data were unavailable or inaccessible due to confidentiality an educated guess was used. In the first part report will analyse a current market situation and in the second part will address marketing strategies designed to achieve marketing objectives.

## **Market overview**

### **Company Background**

Sanitarium is the trading name of two sister food companies; Australian Health and Nutrition Association Ltd and New Zealand Health Association Ltd, owned wholly by the Seventh-Day Adventist Church. In 2010 recorded revenue of \$347 million. It's product portfolio include UP&GO liquid breakfast, Light 'n' Tasty wholegrain cereal, Marmite, So Good Soymilk and its flagstaff product Weetbix. Mission statement is, "to inspire and resource our community to experience happy, healthy lives" (Sanitarium Health Food Company 2012, p.1.) Corporate objectives are "to provide healthy food that actively improves our community's health and well-being, and to offer easy-to-understand nutrition information and practical health advice" (Sanitarium Health and Wellbeing 2011)

### **Definition of the market category**

The Weet-Bix product can be put into a sub market of ready-to-eat cereals which is still a major component (roughly 47.5%), of the overall market of Cereal Food and Baking mixes.

### **Market Size**

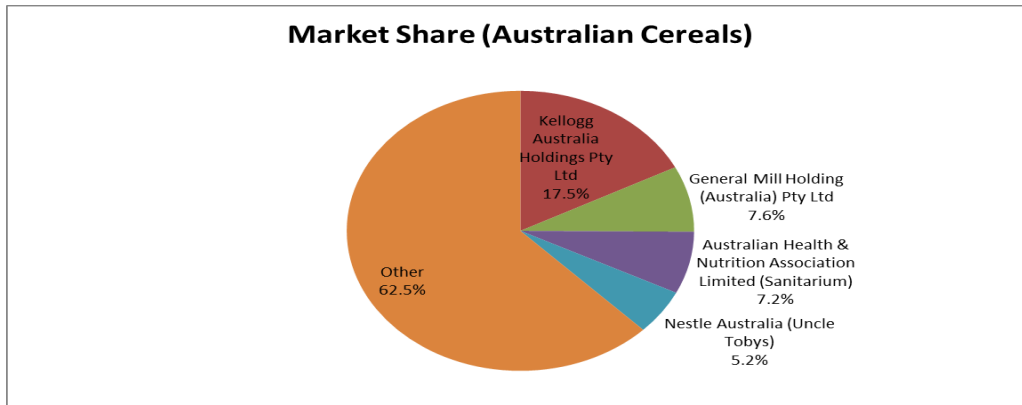
According to the Market research by [ibisworld.com.au](http://ibisworld.com.au), the Cereal Food and Baking mix market in Australia grossed a revenue of approximately \$3bn.

### **Market Potential**

Since 2007 Cereals and Baking products have grown by 2%, however signs suggest that growth will greatly increase over the coming years with consumers opting for more healthy options amongst the obesity epidemic.

### **Market Structure**

The ready-to-eat cereals in Australia is an oligopoly market, in the mature life cycle stage and Kellogg's is a market leader.



Source: (Scribd, 2012)

### Trends

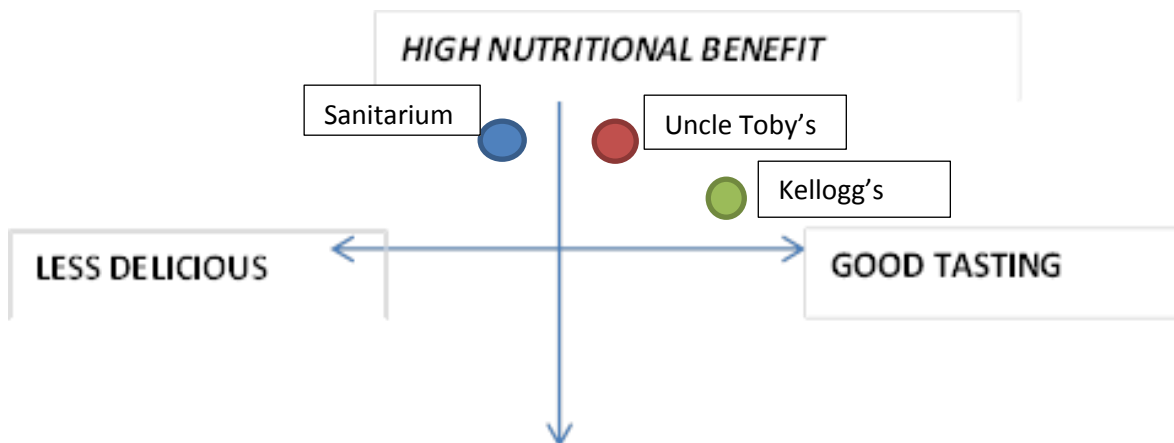
The cereal market of Australia is likely to be impacted by increasing population awareness of healthy eating and obesity epidemic.

### Competitor Analysis

In direct competition with Sanitarium’s Weet-Bix are Kellogg’s Nutri-Grain Cereal and Uncle Toby’s Plus Range.

Kellogg’s is strong commercially as they recorded sales in 2010 of almost 12.4 billion. They have strong tradition in Australian households and are a well-recognised brand. Their major strength is in resources, as they have 17 different countries with manufacturing plants, giving them a broader distribution range and reach across the globe where they distribute to more than 180 countries (Wikinvest.com 2012). Kellogg’s has a strong emphasis on maintaining social and environmental responsibility. Kellogg’s products are in the higher priced cereal bracket what can be a weakness because it can deter consumers with lower purchasing power.

Uncle Toby’s is leading in the oats part of the breakfast cereal market, as it is a well-known and trusted brand in Australian Households. Their manufacturing is based locally enabling them to create and grow customer relationships. This is also a weakness because it has limited them to a local market and they yet have to test markets globally. Current market positioning is presented in the perceptual map.



## Segmentation

The cereal market can be segmented into four markets, the Sweet-Tooths, the Healthies, the Body-Watchers and the Energy-Junkies. The Healthies segment is mainly interested in cereals that provide the most nutritional value to improve or maintain their overall wellbeing. The Sweet-Tooth is seeking cereals that have the best taste and this demographic consists of kids between the age of 5-12. The Body-Watcher's segment consists of confident and extremely image conscious women, who are mostly aged between 25 and their late 30's. The Energy Junkies segment enjoy an active lifestyle and are heavily involved in sports and exercise. **Appendix A** summarises each of the four segments in the cereal market.

## Buyer Behaviour

Cereals fall into the category of variety-seeking buyer behaviour. This involves the consumer having low involvement in the purchase, but there are significant differences between the brands of cereals. The cost of switching between products is low, so it is easy for the consumer to switch between brands if they wish to. Lauren Drell states that 85% of women make the purchasing decisions in households (Mashable 2011).

## Internal Analysis

### a) Marketing mix

Sanitarium strongly promotes the healthiness of Weet-Bix, targeting athletic boys and young men, who come under the Energy Junkies segment. The main ingredient is wholegrain wheat (97%), and is naturally high in fibre, containing very low levels in salt (0.29%) and sugar (3.3%). Packaging supports reduce/reuse/recycle philosophy that is environmentally benign as much as possible throughout the life cycle. In 2012 price was \$4.19 being the cheapest in comparison to major competitors. Promotional strategies include sponsoring sporting teams, events by using sporting celebrities. Sanitarium is using intensive distribution, selling through as many outlets as possible such as supermarkets, gas stations, and convenience stores. **Appendix B** provides a snapshot comparing Weet-Bix with two other competitors' brands.

### b) SWOT Analysis

**Strengths:** Australia's favourite cereal for over 40 years; the only wholegrain cereal brand to be the official breakfast for Australian Soccer team, Socceroos.

**Weaknesses:** Sanitarium products are not so well known for being a delicious tasting cereal.

**Opportunities:** Increased awareness and demand for healthy eating.

**Threats:** Major competitor brands, cereal substitutions because of their 'instant food' nature, and cheaper home brand cereals offered in Coles and Woolworths.

# Marketing Strategies

## Product Objectives

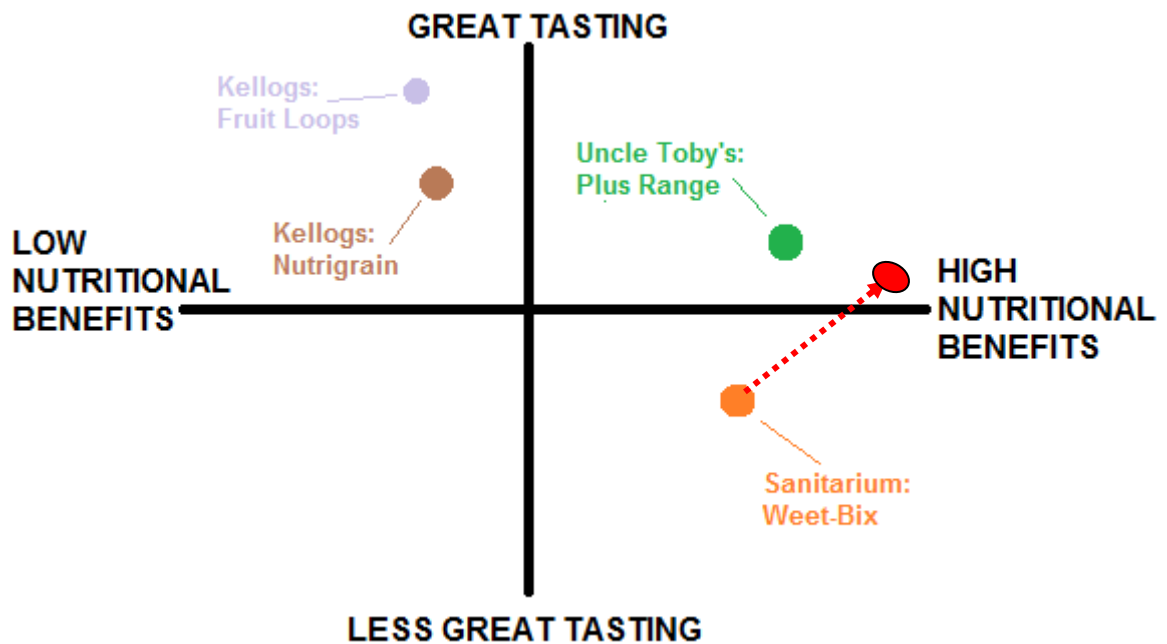
1. To half the gap of market share between Sanitarium and Kellogg's from approximately 10% to a 5% gap within a two year time frame.
2. To become the market leader in cereals for people between the ages of 30 to late 40's

## Target Market

The current target market is the younger generation, specifically athletic boys who need a sustainable breakfast to support them throughout the day and at sporting activities. However the mature Healthies market segment, specifically adults aged 30 to late 40's will be targeted. This target market can be divided into two groups: mothers with children and career orientated adults who are concerned with healthy, high quality foods. Mothers will buy products not only for themselves but also for their infants, teenagers and husbands. Career orientated adults generally work around a busy lifestyle, are stereotypically single and earn more than enough to support themselves sufficiently.

## Positioning

In comparison to competitors brands, Weet-Bix shows a high nutritional benefit; however is not as great tasting as the other cereals. The red dotted arrow on the graph shows the desired position.



## Marketing Mix

### A) Product

Keep with the nutritional values, attributes and features that are in place, but with the introduction of Omega 3, through microencapsulation. This is the process of adding the particles of a functional ingredient which will increase the benefit of the product to the consumer, yet masking the flavour from these functional ingredients without the consumer tasting that it is there, (Glenis Heath, Heather McKenzie, Laurel Tully, 2011). Introduce a new luxury feel packaging, with a more designer style in the aim of our target segment of adults, so that the package portrays a more high classed and 'adult-type' meal. Introduce a zip lock bag inside of the box, instead of the traditional bag which is either cut or ripped open; this is aimed to keep the Weet-Bix fresher and more appealing for a longer period of time.

### B) Price

Pricing strategy will be based on Market-Penetration pricing, aiming to attract a large number of new buyers in the market. The lower prices will apply to the new Weet-Bix original bites and the Weet-Bix flavoured products in the original size; they will be 20 cents cheaper than the traditional sized Weet-Bix, which will result in them being more attractive to current and potential consumers. The lower prices aim to try and gain as large a market share as possible during the first 6 months and during the next 18 months the price of the Weet-Bix original bites and Weet-Bix flavoured products in the original size, will be raised the 20 cents and become the same price as the traditional Weet-Bix originals.

### C) Placement

Main distribution will be to supermarkets as they record the largest amount of sales to achieve the product objective of increasing market share.

Product Distribution	
Supermarkets	65%
Retail Convenience Stores	20%
Independent Food Stores	10%
Discounters	5%

### D) Promotion

The promotional strategies are aiming specified target markets of parents with children and career orientated adults. As the majority of these targets, have busy lives, they will need continuous exposure in several different ways; firstly make them aware of the new product, secondly convince them to try the product and finally to keep them wanting to purchase Weet-Bix regularly. By constant advertising and promotional prizes and giveaways there is high probability the target market will become regular Weet-Bix consumers. **Appendix C** shows the promotional schedule for the year 2013 and the details of the advertisement sources used.

### Action Program

The action program **Appendix D** developed in line with the marketing plan highlights actions and events that are planned as part of a new line of products and improvements to the Weet-Bix brand. Each action is accompanied by what the objectives are, who is responsible, when it will take place and the budget allocated. **Appendix E** can give much more detailed financing information.

### **Control Program**

A control plan is the monitoring and evaluating of those marketing implementations discussed in the action plan. The control plan is used to allow fast reaction and fixes without delay when problems incur (see Appendix D)

### **Conclusion**

Weet-Bix is currently trailing the market leader in the Cereal Food and Baking mixes market. This report outlined marketing strategies that will improve Weet-Bix market positioning and gain market share.

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## Appendix A Summary of market segments

Components	Sweet-tooths	Healthies	Body-watchers	Energy junkies
<b><u>Behaviour:</u></b>				
<b>Benefit sought</b>	Sweet and tasty breakfast meal	Fulfilling daily nutritional requirements	Lose and maintain weight	Energy for daily activities and sports
<b>Knowledge of product</b>	Medium to High	High	High	Medium to High
<b>Usage rate</b>	Low to medium (Breakfast & snacks)	Low (Breakfast)	Medium (Breakfast & Snacks)	Low (Breakfast)
<b>Loyalty status</b>	Medium	Medium to High	Low to Medium	Low to Medium
<b>Price sensitivity</b>	Low	Low	Low to Medium	Low to Medium
<b>Occasion consumption</b>	Breakfast & snacks	Breakfast	Breakfast & snacks	Breakfast
<b><u>Demographic:</u> income</b>	Low to medium	Medium to High	Medium to High	Medium
<b>Life-cycle stage</b>	Children	Adults/Mature	Urban Woman	Growing Kids/ Young adults
<b>Age</b>	5 to 12	30's to 40's	25 to late 30's	12 to 25
<b><u>Psychographic:</u> Lifestyle</b>	Care-free	Settled/healthy	Urban/modern	Active/sporty
<b>Values</b>	Fun/outgoing	Health-conscious	Modern/confident	Energetic/outgoing
<b>Involvement</b>	Low	High	High	Medium
<b>Brand</b>	Froot-loops, Coco pops, Frosted flakes	The Guardian, Weetbix multigrain, Uncle Toby's healthwise	Kellogg's Special K, Sanitarium light 'n' tasty	Nutri-grain, Uncle Toby's plus, <b>Weet-Bix</b> , Milo energy cereal

(Scribd, 2012)

## Appendix B Competitors' brands comparison

<b>Components</b>	<b>Nutri-Grain</b>	<b>Uncle Toby's</b>	<b>Sanitarium</b>
<b>Price (AUD)</b>	\$4.98	\$4.99	\$4.19
<b>Variety</b>	Nutri-Grain	Sports lift, Protein lift	Multi-grain, oats & barley
<b>Place</b>	Mid-Shelf	Mid-Shelf	Lower-Mid Shelf
<b>Weight</b>	345 grams	460 grams	750 grams
<b>Value Proposition</b>	Iron man food, for growing boys who need protein, iron & calcium for growth and muscle development	Has real plump fruit, nuts and nutritious whole grains.....Put a REAL Plus in your morning	Australia's favourite breakfast for over 40 years : The breakfast of champions
<b>Attributes</b>	High level of protein, iron & calcium from corn, oat & wheat. Brown (Iron) packaging colour	High level of protein, iron & B group vitamins. Rich source of iron essential for carrying oxygen to energise active bodies	97% wheat, rich source of fibre. Very low in sugar & salt
<b>Promotion</b>	Iron-Man Series. Official Sponsor of the NRL	Swim, Survive, Stay alive campaign. Celebrity endorsers include Grant Hackett & Emily Seebohm	Weet-Bix Kids Try-athlon. Official Sponsor of the Socceroos

## Appendix C: Promotion Schedule

Promotional Mix	2nd Jan-Mar	Apr-Jun	July-Sept	Oct-Dec
<b>Personal Selling</b>	Making the Australian Public and Retailers aware of the new product sizes and nutritional value			
<b>Radio Slots</b>	Ads will be run between 7 and 9 O'clock each morning and between 4 and 6 O'clock each night during the week		Ads will start up again and be run between 7 and 9 O'clock, each morning and between 4 and 6 O'clock each night during the week, so that the price increase is countered by constant advertising	
<b>Television Slots</b>	As in keeping with previous years, commercials will be run during Australia's summer of cricket and during the A-League season as we remain sponsors for them each respectively, promoting the new products	New set of commercials to be aired between 7 and 9 O'clock each morning during weekdays and nights, as these are the most opportunistic times, that are target market will see the commercials		The Australian summer of cricket and the A-League start up so again, so new commercials would be aired in accordance with them
<b>Magazines/Newspapers</b>	Our main aim here is to target mature women and men, so we will have ads in women's magazines such as the Women's Weekly, also car and sport magazines for the men	Continue ads in Women's Weekly as well as the cars and sports magazines, but also have ads in AFL and NRL records, which are purchased when going to a match	We will offer a free Donna Hay, an Australian Chef weekly magazines with healthy food recipes, with every purchase of 3 Weet-Bix products	Strong advertisements in the Herald Sun and The Age newspapers, with a large focus on the weekend editions
<b>Sample Distribution</b>	We will offer for the first month offer a buy 1 Weet-Bix product get the second one free	We will offer a buy 2 get and extra 1 free, in an attempt to increase the amount of sales		For the month of December we will again run the buy 2 products and get an extra 1 free
<b>Public Relations</b>	The Weet-Bix Tryathlons will be held around the country, but will be changed to Kids and Parents, so it is not just for kids. It will encourage increased participation and awareness for our target markets	The Weet-Bix Tryathlons will be held around the country, but will be changed to Kids and Parents, so it is not just for kids. It will encourage increased participation and awareness for our target markets		
<b>Competitions</b>	We will run monthly competitions where cash and fitness gear prizes can be won, conducted on the Weet-Bix official Website, with coupons included in the packaging with a code that you enter for a chance to win	We will run monthly competitions where cash and fitness gear prizes can be won, conducted on the Weet-Bix official Website, with coupons included in the packaging with a code that you enter for a chance to win	We will run monthly competitions where cash and fitness gear prizes can be won, conducted on the Weet-Bix official Website, with coupons included in the packaging with a code that you enter for a chance to win	As well as the monthly prizes, we will run a competition over Facebook, Twitter and Instagram and the Weet-Bix website, where a person uploads a picture of themselves with a new Weet-Bix product to win a trip around Australia
<b>Posters/Bill-Boards</b>	Larger Bill-Boards in the capital cities around the country and posters in shopping complexes in almost all other cities/towns		Larger Bill-Boards in the capital cities around the country and posters in shopping complexes in almost all other cities/towns	

**The Tryathlons are held annually between January and May in the major cities around Australia, these include the Central Coast, Sydney, Canberra, Bendigo, Melbourne, Geelong, Adelaide, Perth, Logan, Caboolture and Townsville. (Sanitarium 2012)**

## Appendix D Action plan

<b>Action Program - Sanitarium Weet-Bix</b>				
<b>Action</b>	<b>Objectives</b>	<b>Responsibility</b>	<b>Deadline</b>	<b>Budget</b>
<b>Product launches and updates</b>				
Introduction of omega 3 through microencapsulation, adding further nutritional value to weet-bix products.	- To increase nutritional value of the product therefore increasing value for money and the targeted ages.	Research & Development, Marketing Department	Implementation: 1 <sup>st</sup> December 2012 (deadline) Launch: 2 <sup>nd</sup> January 2013	Medium (Research Budget)
New 'luxury' feel added to packaging with weet-bix being stored in a zip lock bag.	- New design will be aimed at a higher-class, adult type meal, increasing targeted ages.	Advertising Department, Marketing Department	Design: 1 <sup>st</sup> December 2012 (deadline) Launch: 2 <sup>nd</sup> January 2013	Medium
Introduction of bite-sized flavours to standard sized weet-bix, such as honey flavour.	- To increase sales and half the gap of market share between Sanitarium and Kellogg's.	Marketing Department, Research & Development, Logistics	Launch: 2 <sup>nd</sup> January 2013	Medium (Research Budget)
Introduction of bite-sized original flavoured weet-bix.	- To increase sales and half the gap of market share between Sanitarium and Kellogg's.	Marketing Department, Research & Development, Logistics	Launch: 2 <sup>nd</sup> January 2013	Medium (Research Budget)
<b>Promotions and advertising</b>				
Social media promotions – competitions for 'followers.'	- Increase market share and brand image.	Social Media Head and Manager	January 2013 – October 2013	Low
New billboards and ads introduced into magazines, TV and radio.	- Increase market share and brand image.	Advertising Department	2 <sup>nd</sup> January 2013 – September 2013	High
Weet-bix's TRYathlon changed to include both kids and parents.	- Increase share of market in 35 yr old plus range as parents can enter with their kids.	Research & Development, Marketing Department	2 <sup>nd</sup> January 2013 – June 2013	Low
Donna Hay free weekly magazine with purchase	- Increase share of market in 35 yr old plus range as women will have an incentive to purchase in bulk.	Promotions manager, Marketing Department	July 2013 – September 2013	Low
Communicate the nutritional value and	- Encourage more consumers to	Public Relations Department,	2 <sup>nd</sup> January 2013 – March 2013	Low

new product sizes to the Australian public and retailers.	purchase the product as it has increased in variety and nutritional value.	Marketing Department		
<b>Control and Monitoring</b>				
Weekly check-ups in regards to budget cost and actual cost.	To ensure no excess money is being spent leading to inefficiency and wastage	Finance Department	2 <sup>nd</sup> January 2013 onwards (weekly checks)	N/A
Biyearly ratings checks to evaluate the effectiveness of the marketing plan	To evaluate the effectiveness of the marketing plan and to determine the whether it is making a difference	Finance Department, Marketing Department	2 <sup>nd</sup> January 2013 onwards (biannually checks)	N/A
Public marketing surveys every 3 months.	Evaluate public awareness of the marketing plan.	Marketing Department, Head of brand image/awareness	2 <sup>nd</sup> January 2013 onwards (quarterly checks)	N/A
Yearly evaluations to reassess the marketing plan.	To ascertain whether any changes need to be made with the marketing plan.	Finance Department, Marketing Department	2 <sup>nd</sup> January 2014 onwards (yearly)	N/A

## Appendix E Promotional budget

<b>Marketing/Promotion</b>	<b>2013</b>	<b>2014</b>
New billboards and ads introduced into magazines, TV and radio	\$1,800,000.00	\$1,700,000.00
Social Media promotions - competitions for followers	\$180,000.00	\$190,000.00
Weet-Bix's Tryathlon changed to include both kids and parents	\$70,000.00	\$65,000.00
Donna hay, free weekly magazine with purchase	\$150,000.00	\$170,000.00
Communicate nutritional value and new product sizes to the Australian public and retailers	\$200,000.00	\$180,000.00
Other	\$80,000.00	\$90,000.00
<b>Marketing/Promotional Totals</b>	<b>\$2,480,000.00</b>	<b>\$2,395,000.00</b>
<b>Other Promotions</b>		
Research	\$550,000.00	\$600,000.00
Administration	\$ 220,000.00	\$230,000.00
<b>End Total</b>	<b>\$ 3,250,000.00</b>	<b>\$ 3,225,000.00</b>