



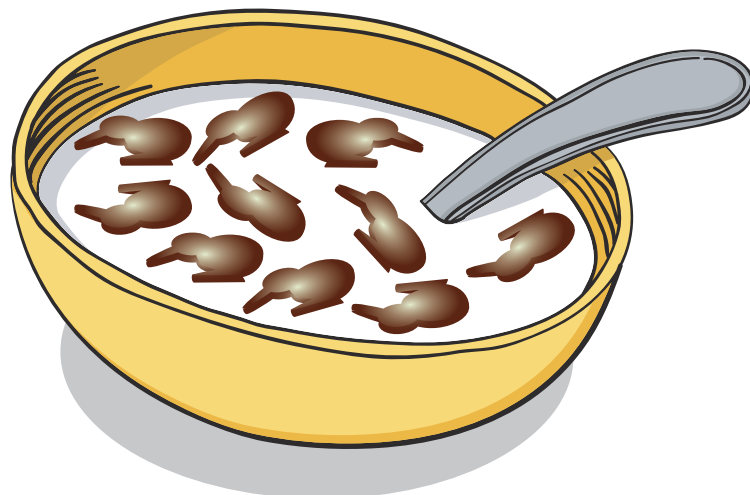
Kiwi Pops™
breakfast cereal

BSNS5340
Marketing Fundamentals
Group Project 2012

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Kiwi Pops™
breakfast cereal



LETTER TO MANAGEMENT

ATTENTION MANAGEMENT

To whom it may concern,

The following is a report detailing the company's plan to develop and introduce a new cereal product into the New Zealand cereal industry. The target market has been segmented via demographic (age) and geographical (Auckland) means for our initial launch. This is to say that we intend to only launch the product in Auckland initially to test the market and the products potential. However dependant on the products life cycle, there is an opportunity to expand into other local and international segments.

Initial research allowed us to isolate a gap in the market by which we intend to integrate an organically produced children's cereal into the mix. The product titled Kiwi Pops™ is an organic cereal aimed at children with a social conscience aimed at adults. The cereal attempts to adhere to nutritional guidelines so we can help raise a health conscious youth whilst surreptitiously letting children discover that healthy foods can be as tasty as foods that are sugary, particularly in the cereal industry.

All promotional techniques outlined within this report fall within our designated annual budget and have been so chosen based on their ability to penetrate our intended children orientated market and their guardians. We are opting to use interactive marketing, print advertising and radio advertising as our main forms of promotion, all of which are accompanied in some form by the products character Kōkō. The products mascot therefore is a way for children to associate the character with the product; a similar technique used successfully by our main competitors.

Further information on the product and our social intention can be found on our products website at, www.kiwipopscereal.tumblr.com

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1. INTRODUCTION

Kiwi Pops™ Breakfast Cereal is a group project assignment for our Marketing Fundamentals course, At Unitec in Auckland, New Zealand. The initial idea for Kiwi Pops™ breakfast cereal was devised by Jeffrey Tausie, and developed further by the rest of the team, Monique McTaggart, Hitesh Nanu and Luga Liupau.

We have designed this Breakfast Cereal product concept as a means to address a number of issues which include; promoting healthy eating amongst children, environmental issues with our recycled paper packaging, which is produced with vegetable based biodegradable inks, it aims to raise money for a cause, in this case “BNZ Save The Kiwi Trust” - which is an Environmental/Conservation cause, we aim to have organic, and sustainably sourced ingredients that are Fair-trade compliant, and the product is to be locally made in NZ, reducing to a minimum the number of food-miles that the product travels; in essence, all things good. The real trick to this will be if it is economically viable to produce, and compete against major players in the market such as Kellogg’s and Sanitarium.

2. PRODUCT CONCEPT

The Kiwi Pops™ product will be a children’s organic cereal that is shaped like little kiwis. The initial product will not be flavored however future variants may be. The product is packaged in a box made of recycled paper and is co-branded with the BNZ Save The Kiwi charity.

Nutritional Guidelines

Our product aims to adhere to nutritional guidelines to make a healthy and nutritious product for children, which it must be for us to be perceived to be better than those competitors in the market. These guidelines are based on recommendations from consumer.org.nz, which compared products, and found that of the products that fit within the ideals, that “these products met our nutritional criteria for fat, saturated fat, sugar, sodium, and fibre” (Allan, 2008).

- Per 100g they had over 5g of dietary fibre (but no more than 15g)
- Less than 5g total fat (10g is acceptable if the saturated fat is less than 2g)

- Less than 15g sugar (25g is acceptable if some of the sugar comes from dried fruit)
- Less than 400mg of sodium

Examples of these products come largely from the main cereal competitors:

- Sanitarium Weet-Bix Fruity Apricot
- Sanitarium Weet-Bix Fruity Sultana, Bran & Apple
- Kellogg's Mini Wheats Golden Honey
- Pams Wheat Biscuits
- Sanitarium Weet-Bix
- Kellogg's Mini Wheats Blackcurrant Flavour
- Sanitarium Puffed Wheat
- Uncle Toby's Milk Oaties
- Sanitarium Weet-Bix Multigrain

(Allan, 2008)

2.1 MOCK-UP OF PRODUCT

The following is a visual representation of how we intend the Kiwi Pops™ product to look in its final packaging phase.



front of the box



back of the box

3. BRANDING

There are a number of elements that we have placed into our Kiwi Pops™ brand, which inform the brand, its personality, the promises and benefits, all reinforcing and augmenting the product, and ultimately, it is these which set Kiwi Pops™ apart from the other competitors in the market.

Our brand is designed with the intent to work on two levels, one to communicate with children, and secondly to communicate with parents and other family members.

The visual elements of our brand include the Kiwi Pops™ colours and logo. As our product is aimed at children between the ages of 4 and 11, we have strong primary colours, with the blue, the red and the yellow. The typeface we have used is also very rounded and soft, emphasizing that the brand is safe, and good for children. We also have Kōkō, our cartoon Kiwi character and mascot, who is designed to attract children to our product, and in a way de-emphasise the elements that we have targeted at the parents, as these aren't motivating factors for children. Instead Kōkō injects a fun quality into the product, and he will be used to interface between children and the positive messages we wish to impart on them, via our cereal, packaging and other media, such as our website. Another element is that Kiwi Pops™ is a shaped cereal, shaped to resemble Kiwi, and this is an element that is quite different from other breakfast cereals in the market.

For children, the personality of Kiwi Pops™ is intended to be light-hearted, fun and educational - very much on their level, so they have some ownership of the brand.

We could say, we have even more in the brand for Adults than we do for the children. Our brand is based on leveraging a number of elements; on one level we have the elements that are good for their children. This means the parents trust, to leave (an aspect of) their children's health and education in the care our brand.

The other elements that tend to be more important to the parents, than to the

children include; our support of the Save The Kiwi cause, our environmentally friendly packaging and sustainability ethos, and our primary emphasis on a healthy product.

For adults, the personality of Kiwi Pops™ is that of a caring, trustworthy and socially responsible brand.

By leveraging all these element, particularly our co-branding relationship with BNZ Save The Kiwi Trust, we have created a unique product that has a multi-layered brand, that promises a great deal, both at the core product level, and at the augmented product level, and much more that what anyone expects in a breakfast cereal. Importantly, this is a means to establish a strong position in a market that is dominated by Sanitarium and Kellogg's.

4. CEREAL INDUSTRY

4.1 COMPETITIVE DIFFERENTIATION

The New Zealand cereal industry is populated with well established brands that are recognised by adults and children alike. The top three brands are Kellogg's, Sanitarium and Hubbard's. Each brand is populated with the following sub-brands of cereal,

- **Kellogg's:** Nutri-Grain, Special K, Coco-Pops, Sultana Bran, Just Right, Cornflakes and Rice Bubbles.
- **Sanitarium:** Weet-Bix, UP&GO, Light 'n' Tasty, Honey Puffs, Weeties, Cluster Crisp, Skippy Cornflakes and Ricies.
- **Hubbard's:** Fruitful Breakfast, Berry Berry Nice, Big Bugs 'n' Mud, Yours Fruitfully, Brantastix and Honey Bumbles.

As this company is producing a new cereal targeted at children, a less recognised however important brand is Nature's Path. Nature's Path is a producer of organic cereals with specific products targeted at children; Gorilla Munch and Koala Crisps. These cereals are products under a sub-brand called 'EnviroKidz'

which aims to provide New Zealand children with healthier cereal alternatives by which purchases would also support various animal charities and educational programmes for children; a 1% share of every purchase (FMCG, 2012a).

4.2 MARKET ANALYSIS

Cereal is a fast moving consumer good (FMCG) and therefore the market as a whole is fairly competitive. With this in mind, it could be suggested that the integration of new products into the market may be relatively hard as large conglomerate brands have already established their niche; to be successful, a new brand might enter surreptitiously as to not be out marketed by already established products. The difficulty associated with the uptake of a new product is furthered by the idea that consumers tend to purchase products they are already familiar with. This in turn means that consumers are “more likely to shop within a small repertoire of familiar products [within the cereal section] than they would across the rest of the supermarket” (FMCG, 2012b). The primary competitors in the New Zealand market are Kellogg’s, Sanitarium and Hubbard’s, each of which produces various sub-brands.

The New Zealand cereal industry has shown excessive growth within the last few decades with the increase of advertising and the advent of new products targeted specifically at certain segments of the market; children, families, gluten intolerant and health conscious. It is therefore stated that,

“The breakfast cereal category has experienced strong growth in recent times... led by innovation, multiple layers of manufacturer investment, including consumer advertising and increased consumption lined to the recession” (FMCG, 2012c).

One could also correlate this growth with the strategies used to integrate products into the market, specifically the marketing mix components: price, packaging, promotion and place.

- **Price:** Price allows companies to regain revenue used to manufacture and distribute their product lines. Cereals tend to be priced up to

\$8.70 for generic cereals such as those produced by Kellogg's and Sanitarium. Niche market cereals such as those organic products produced by Nature's Path are able to gain a higher price because of their healthier perception.

- **Packaging:** Packaging keeps products free from contamination, allows for easier transportation, helps consumers associate a visual image with a product and allows companies to display pertinent information; nutritional information etc. Cereal tends to be packaged in rectangular boxes with a surface area which is large enough to print nutritional information, the brand, logos and animated characters associated with the product whilst utilising colours which catch a consumer's eye. The box format also holds the plastic bag which both contains the cereal and keeps it fresh whilst also providing a more efficient way to pour the cereal from its packaging.

- **Promotion:** Advertisements create revenue for a product by creating awareness. Cereals, particularly those aimed at children can be promoted on television, in print media and on billboards. Promotion can also extend to product sampling within supermarkets, shopping malls or with the distribution of sample products within residential mailboxes. Already established brands may also opt to advertise new products via social media outlets such as Facebook or Twitter.

- **Place:** Cereals tend to be more widely available on supermarket shelves as opposed to any other location. In a local context, Countdown tends to shelve their cereal products by the fruit and vegetable section of the supermarket with products usually distributed based on their categories: porridge, muesli, sugar-induced and gluten-free. This process allows consumers to best find the various types of cereals that are pertinent to their lifestyles.

Mhurchu & Ogra (2007) breakdown the average New Zealand consumer's weekly grocery expenditure of approximately \$90.00 - \$100.00, to better analyse if consumers tend to purchase healthy products. They breakdown the purchases

into categories:

• Fruit and vegetable:	14%
• Meat and poultry:	14%
• Bread:	4%
• Soft drink:	2%
• Breakfast cereal:	1%

The conclusion is that whilst consumers do incorporate healthier options into their purchases, there is a clear gap in the market by which consumers can obtain healthy alternative to breakfast products; limiting product purchases.

Supermarket shelf space has been increasing over the last few years as there is a new demand for healthier products. With this in mind, it is important to note that there is a supply and demand issue at play as consumers have become limited in their product choices because there is only a limited amount of healthy cereals available; particularly those for children (Mhurchu & Ogra, 2007). The increase in space however has not efficiently entered into the cereal section of the supermarket making it harder to integrate new products into commercial supermarkets; forcing some brands and new product lines to become niche orientated.

A SWOT and PESTEL analysis allows for a better understanding of the various factors associated with the cereal industry in New Zealand. A PESTEL analysis breaks down the political, economic, social, technological, environmental and legal factors that correlate with the success of an industry and its subsequent businesses (Solomon et. al, 2009).

- **Political:** Company's must adhere to importation and exportation laws and boards such as the Australian New Zealand Food Standards Code to regulate proper cereal manufacturing.
- **Economic:** High usage coupled with affordable prices allows the cereal industry to grow; certain brands are more economically sound because their sub-brands service a wider audience.
- **Socio-cultural:** Ready-to-eat-cereals (RTECs) prove effective in servicing the busy lifestyle of many consumers. Cereals are becoming

increasingly popular because companies are advertising the health benefits associated with eating breakfast

- **Technological:** Technology used to harvest wheat to help produce certain cereals; highly computerized industry. New advancements to help reduce carbon footprints.
- **Environmental:** Slowly seeing the introduction of recycled packaging to lower the industry’s carbon footprint.
- **Legal:** The correct use of packaging and display of labelling, nutritional information, ingredients and subsequent storage information; must adhere to the Australia New Zealand Food Standards Code.

A SWOT analysis on the other hand allows for a better understanding of a company’s strengths and weaknesses whilst also highlighting any potential threats and opportunities that may become important to the fruition of a company (Solomon et. al, 2009).

<p style="text-align: center;">STRENGTHS</p> <p>Small market size Consistent profit turnover Reasonably priced cereal for all demographics Ethical stance; packaging Moral values; supporting charity Strong visual identity</p>	<p style="text-align: center;">WEAKNESSES</p> <p>Too many sugar induced cereals; specifically targeted at children Consumers are habitual and new products have trouble with uptake No current brand awareness Strong competitive environment</p>
<p style="text-align: center;">OPPORTUNITIES</p> <p>Introduce new healthier children’s cereals Introduce new healthy options Introduce more recycled cereal packaging Diversify flavours</p>	<p style="text-align: center;">THREATS</p> <p>Popularised cereals from international markets integrating into New Zealand; harder for local cereals to become prominent.</p>

Figure 1: SWOT analysis of the New Zealand cereal industry

Figure 1 breaks down what may hinder or enhance the current cereal industry within the New Zealand market. It is apparent from both the weaknesses of the SWOT analysis and a wider interpretation of the industry that there is a gap in the market when it comes to healthy cereal options, specifically for children. This

weakness however creates an opportunity for cereal companies by which certain brands may create new healthier options to help maintain the strong industry.

The following Ansoff matrix is beneficial in analysing potential growth strategies; based on if a company will rely on their existing products or the creation of new ones whilst also analysing whether it is beneficial to target existing market segments or new ones (Keller, 2008).

new product	<p>Product development</p> <p>Adapting an already existing product to create a new one that will better service the market and generate profits.</p> <p><i>Medium risk</i></p>	<p>Product diversification</p> <p>Attempting to create a new product to integrate into the market.</p> <p><i>High risk</i></p>
	<p>Market penetration</p> <p>Increase brand awareness to allow the new product to gain entrance into the market and obtain some percentage of the market share.</p> <p><i>Low risk</i></p>	<p>Market development</p> <p>Targeting new parts of the market for the purpose of developing a new consumer base; alternatively tapping into an existing segment of the market.</p> <p><i>Medium risk</i></p>
existing product	existing market	new market

Figure 2: Ansoff Matrix for a new product development

Figure 2 shows that for the purpose of creating a new product such as the proposed Kiwi Pops™, it is best that the company try to target the existing market in the hopes that the product will generate profits and negotiate a percentage of the market share. Alternatively it is proposed that the company direct this new product at a new segment; organically produced children’s cereal with environmentally friendly packaging.

4.3 TYPE OF COMPETITIVE ENVIRONMENT

The cereal industry has seen an increase in profits between the 2011 and 2012 year as stated by FMCG (2012). As of the start of 2011, the total breakfast cereal market produced \$244.707 million in revenue with \$87.953 million of that directly correlating with family cereals. Subsequently, children's cereals generated \$24.631 million for the cereal industry as a whole (FMCG, 2012b). In the one year period between the start of 2011 and that of 2012, the total breakfast cereal market generated \$256.817 million with the family segment generating \$91.365 million; children's cereal made \$24.767 million (FMCG, 2012a).

Viv Wilson of Kellogg's New Zealand breaks down the cereal industry based on their consistencies; Ready To Eat Cereals: RTEC. Wilson (FMCG, 2012a) states that RTEC's, which are strictly cold cereals, hold the largest share of the market with an 80% share; equating to approximately \$204.9 million in profits. Second to these cereals are hot products such as porridge and other assorted oats with an 11% share of the market whilst liquid portable cereals hold the final 9% share of the total breakfast cereal market. Within the RTEC market share, Wilson further denotes that Kellogg's "is the second largest manufacturer of cereal in the New Zealand market with [a] 28.1% share" (FMCG, 2012a).

5. MARKET SEGMENTS

5.1 SEGMENTATION BASE

Is Our Target Market Correct? Our target market may actually be a segment of the section that we have already created. What we have to ascertain is whether there is a significant interest in a product that is perceived as sustainable.

5.2 POSITIONING STRATEGY

We have chosen to target a market segment that is characterised by families, with two parents, who earn over \$50,000, and whose youngest child is between the ages of 4 and 11. We have decided that we can reach this family segment in a number of ways, via radio (at certain times), in-store at supermarkets, in news

papers and supermarket mailers, and at other relevant events.

We have created Kiwi Pops™ as a product that is intended to be unique, yet one that can compete in the same space as some of the most popular products and brands in the market. By selecting a target market that is within a market segment that is already serviced by other brands in this area of the market, we are creating increased risk (majority fallacy), but the potential for success would also be greater, once established. Our positioning strategy is to price our product as close to these other products as possible, and to have our product available in both Countdown and New World stores, which in themselves impart a certain amount of value on product that they retail. We would also endeavour to have our product available in the same space in the supermarket as these established brands, and not be relegated to the organic food aisle, although a presence there also would be highly desirable. We would like to be in with the mainstream product, as we would like to draw more attention to the causes that we are championing, and show that healthy organic food with ethical values can be commercial given the opportunity and the right marketing approach.

5.3 DEMOGRAPHIC PROFILE TARGET MARKET

We have used statistics available via Statistics NZ from the census last conducted in 2006. As these figures are quite old, and produced prior to the Christchurch earthquake, it is difficult to gauge the accuracy of the figures, but they will give us some idea of target market population numbers.

Statistics NZ's figures are an indication of families within the 4 regions in which we have chosen to focus our product distribution and sales. What the Statistics NZ figures do not tell us is the number of members in the families, so the actual population size may be dramatically larger than those indicated.

Our target market is families earning between \$50,000-70,000 consisting of two parents and where the youngest child is between the ages of 5 and 9 (these are the limitations of the Statistics NZ search function on their website).

We have limited our market to 4 main centres Auckland, Wellington, Canterbury,

Otago, and this may include areas within their sphere of influence; our product will initially however be launched only in Auckland.

In the Auckland region, our target market is 44,559 families, of a total 338,397 families. Our target market is 13.2% of the total number of families in the Auckland region. The Auckland region consists of Rodney, North Shore, Waitakere City, Auckland City, Manukau City, Papakura district and Franklin District. This Auckland Region is serviced by a total of 52 Countdown Stores, and 19 New World Stores.

In the Wellington region, our target market is 14,607 families, of a total 117,705 families. Our target market is 12.4% of the total number of families in the Wellington region. The Wellington region consists of Tararua, Kapiti Coast, Porirua, Upper Hutt, Lower Hutt, Wellington City, Masterton and Carterton. The Wellington region is serviced by 12 Countdown stores, and 21 New World stores.

In the Canterbury region, our target market is 16,563 families, of a total 142,059 families. Our target market is 11.6% of the total number of families in the Canterbury region. The Canterbury region consists of Kaikoura, Hurunui, Waimakariri, Christchurch City, Selwyn, Ashburton, Timaru, Mackenzie, Waimate and Waitaki. The Canterbury region is serviced by 17 Countdown stores and 17 New World stores.

In the Otago region, our target market is 5,460 families, of a total 49,677 families. Our target market is 11% of the total number of families in the Otago region. The Otago region consists of Waitaki, Central Otago, Queenstown Lakes District, Dunedin City and Clutha District. The Otago region is serviced by, 4 Countdown Stores and about 10 New World Stores.

Our total target market population in our 4 main centres is a total of 81,189 families of a total 647,838, or 12.5% of all families in the 4 regions. These regions are serviced by 152 supermarkets that are known to service our target market.

6. MARKET RESEARCH METHODOLOGY

The research methodology included specific steps to ensure we best analysed the cereal industry as a whole whilst isolating the best ways to create and market our intended product. Steps included:

1. Researching the cereal industry in New Zealand
 - a. Who are the main competitors?
 - b. What are the current market shares?
 - c. How are current cereals priced?
 - d. How are New Zealand brands competing against international ones?
2. What are the nutritional guidelines?
 - a. Does our product reflect correct nutritional procedures?
3. Is the product right for our intended market?
 - a. Is the flavour desirable?
 - b. Is an organic children's cereal marketable?
 - c. Will the product be viable for supermarket shelves?
 - d. Are parents receptive to an organic/healthier cereal option?
4. How should the product be promoted?
 - a. Where is the best place to promote a cereal product?
 - b. Which techniques are most effective for a cereal brand?
 - c. What techniques best target our intended market?
 - d. Which techniques fit within our budgetary means?
 - e. Is a mascot viable?
5. What is the future potential of our product?
 - a. Is there an opportunity to extend the brand?
 - b. How can we gain a larger market share?
 - c. Can the product expand into the international market?

Whilst some of these questions have been answered throughout this report, some will need to be reviewed once the product has been on the market during its initial year.

7. SECONDARY RESEARCH DATA

Research allowed us to find facts and figures that referred to market shares, demographics and promotional plans. The fast moving consumer goods (FMCG) New Zealand website best provided up to date market share values associated with the cereal industry, specifically those relating to the main competitors within the market. This information was then used when defining a market analysis and seeing how competitive our product and its subsequent brand would need to be to thrive within the market.

Statistics NZ was used to determine the demographic nature of our intended market. It allowed us to analyse the population and their annual income to best determine if our price range would be viable to these consumers. These statistics further allowed us to see the amount of people who live within our intended area, Auckland, and specifically isolate how many people within this location shop at Countdown supermarkets; initial distribution location.

Radio Network NZ provided us with information on how much it costs to advertise on the radio (appendices 2.0). This information further informed our decision to use radio as a form of promotion. It should be noted that there was an attempt to contact Progressive Enterprises to determine how much it would cost to distribute our product into Countdown supermarkets, however because of commercial sensitivity, the information was not available for us to use. (Appendices 1.0).

8. PRICING

8.1 PRICING OBJECTIVES

We intend to price our product as close to competitors products as possible. This will be an attempt to integrate what may be deemed as a niche product into the mainstream market with other commercially renowned cereal products; Kellogg's and so on.

8.2 PRICING STRATEGIES

Based on observation, standard (small) boxes of cereal range from \$3.80 - \$5.80 with larger boxes ranging from \$6.00 to \$8.00 dependent on contents/brands. Our product being 280g, with 8 serves per pack, is amongst the standard range of the box sizes, and as such, we will price our product at the upper end of the standard pack prices, at around \$5.80 – \$6.00, as there is a premium attributed to the value we have imbued in our product. Our analysis of different breakfast cereals (appendices 3.0), different sizes and flavours has revealed that the average price of products that are competing in the same space as our product is \$6.04. 9.

9.DISTRIBUTION STRATEGIES

We have aimed to introduce Kiwi Pops™ to supermarkets such as Countdown and New World because of their higher level of perception, and by choosing these retailers, we are aiming for a high turnover, but not high intensity. How wholesalers and retailers (also known as market intermediaries) will carry our product to the market, and this requires five decision factors such as the company, customers, channels constraints and competition.

Intensive distribution

Intensive distribution is the type of distribution we have chosen to distribute our product which aims to maximise market coverage by selling the product through all retailers and wholesaler even if we were to produce our product we would concentrate more on the production and rely on our market intermediaries who have the expertise to move our product efficiently to our consumers and that will stock and sell our product in this case we have chosen Countdown and New World as they are one of New Zealand's main supermarkets for selling good quality products with a high level of perception from customers. Marketers usually use this type of distribution process for products such as milk and bread because they are consumed quickly which means high turnover and are often replaced frequently. This would relate to our cereal as we are aiming for these main concepts. The costs would vary between producer who would deal with larger volumes to fewer buyers, to Countdown and New World who are our retailer/

wholesaler and the price of our cereal for our intended consumers in this case we are aiming for health conscious parents who also want a cereal that their children between the ages 6-11 would be satisfied by the taste like any other cereal with a higher sugar content but with the use of organic ingredients. The Intensive distribution is necessary for these types of products because of the convenience and availability they have in contributing to consumer's decisions.

Characteristics that favour intensive distribution over exclusive distribution

For a company intensive distribution is oriented towards corpus markets whereas exclusive distribution is more oriented towards specific markets. For a customer decision factor intensive distribution aims towards high customer mass price and convenience and priorities because consumers have little time in deciding when and where to purchase their cereal whereas exclusive distribution is about low consumer service and co operations are their main priorities. Intensive distribution channels are based on overlapping market coverage compared to exclusive distribution is about non overlapping market coverage. For constraints is low costs for serving customers for intensive distribution related to exclusive distribution their cost of serving individual consumers is high. Intensive distribution competition is created by a stable market presence regularly through advertising and promotion. While exclusive distribution is centred on converted attention to consumers often

9.1 DISTRIBUTION LOGISTICS

Having made contact with an insider, Mr X, at Progressive Enterprises, the local parent company of Countdown Supermarkets, we have been able to isolate the possible processes we could follow to have our product stocked on their shelves.

Mr X (personal communication, March 24, 2012) **supplied the following information about our product, its market potential, and the implications for distribution via supermarkets:**

- “As the product is organic you would be reducing the chance of selling it, as the organic category is growing and your product would be located in the organic section and not in the mainstream cereal category.” **(We must note here, that this is problematic to our strategy, as we are aiming to have our product cross the divide between being perceived as a niche product, to a more mainstream product, allowing a larger market to reap the benefits from our product and brand. Being relegated to the organic isle would diminish the impact we could make. As we are marketing our product in the way that mainstream product is marketed, we would hope that Buyers will be able to see the potential appeal to a larger market.)**

- When asked if we would need to purchase shelf space for our product, Mr X responded by saying, “you don’t need to buy shelf space but you must follow all the labelling rules and be able to track from all your suppliers where the ingredients came from.”

- “In order to get the product into store you need to present the product to the relevant category manager and he will say yea (sic) or nay. He will look at how much GP he will make on each product sold and what is the selling price in relation to other cereals in the market. In your case it would be Lowan Cocoa Bombs or Natures Path or something like that.”

- “Another way is to offer it as a “Job Lot” where you would sell them 20 pallets as a one off deal.”

- Mr X also noted, “if you went to a New World or Pak N Save you can approach each buyer in-store, as they are owner-operated and they can make individual decisions, which would be easier.”

(Mr X, personal communication, March 24, 2012)

10. ADVERTISING

10.1 PROMOTIONAL PLAN

To promote the Kiwi Pops™ product and brand, we have proposed a series of promotional plans that adhere to our target market and our budgetary means. As part of the promotional plan, a set of questions were proposed to help determine how to better target the intended market.

Questions included but were not limited to:

- Where should we advertise?
- What advertising techniques best fit within our budget?
- Do the proposed advertising methods adhere to the ethical standards the product strives to promote?
- Is our product niche?
- Which media sources are used for niche products for kids?
- Is there a children's social media alternative?
- Are children interested in supporting charities?
- Where is the best place to sell the product?

Our marketing campaign has a number of avenues available from which we could approach our marketing. Our product is intended to be superior to competitor's products in many ways.

For Kids:

- Our product will have a strong kid-centric, fun brand personality, based around the kiwi characters, utilising bright and colourful packaging and supporting marketing material
- Leveraging of kid's interest in environmental issues and cute animals, i.e. Kiwi, and do so by supporting a local cause, and emphasise this in the marketing programme.
- Online (www.kiwipopscereal.tumblr.com), a place to learn and participate in games that support the brand personality, as well as ethical and environmental issues we are advocating for.

- Kiwi mascot character, Kōkō, will be present at Kid's friendly events and in store.

For Parents/Adults:

- Our product will have a healthier nutritional value to many cereals on the market, a better option to many of the alternatives.
- Our product will be packaged in environmentally friendly packaging (better materials and production methods)
- Our product will be organic and sustainably sourced, and manufactured locally in New Zealand, limiting food miles and employing local people.
- Our product will support a local cause, BNZ Save The Kiwi Trust.

All these elements, amongst others, can either be integrated together, creating multi-levelled meaning, or create separate marketing material for the Kids, and the Parents, to prevent clutter and a clearer message. The latter may be preferable, but marketing budgets may prevent this. Media such as newspapers may be more suited to adults, as well as Facebook which is aimed at users 13yrs +, and therefore messages more suitable to the parents could be used in these contexts.

Based on the analysis of the above questions as well as an analysis of the best ways to penetrate the market as a whole, the company plans to utilise various methods. As we are a start-up company integrating a new child based product into the market, the product will initially be introduced only in Auckland Countdown supermarkets to test the products potential. Therefore to promote the product in this area of New Zealand, we will use various media channels to advertise to our target market whilst also promoting in a live setting such as in-store promotions and at locations specifically designed for children; Teddy Bears Picnic, Lollipops and Chipmunks to name a few. To further create a demand from the target market, the company is considering integrating the product during the school holiday period so that the intended mascot of the Kiwi Pops™ product will be available at school holiday events.

The promotion mix has been useful in helping isolate the resources which will be used to promote Kiwi Pops™. Solomon et al. (2009) states that there are

six factors that incorporate the promotion mix: advertising, sales promotion, interactive marketing, direct marketing, personal selling and public relations. Whilst all prove useful in promoting products and services, Kiwi Pops™ will only utilise four of these factors because of our initial budget, advertising, sales promotion, interactive marketing and public relations.

Advertising: Incorporates all media channels used for communicating a brand in an attempt to create brand awareness and eventual sales. Media channels include but are not limited to television, newspapers, magazines, radio, internet, billboards and so on. Using advertising is an excellent promotion technique because it further allows marketers to control their intended message (Solomon et al., 2009). Kiwi Pops™ intends to utilise advertising techniques in the form of radio, newspapers (print media) and the internet. These channels will be used at various points of the first year of promoting the product to create awareness and help penetrate the market.

Sales promotion: Sales promotion refers to all the promotion techniques that encourage consumers to make immediate product purchases (Solomon et al., 2009). It is our intention to provide consumers with product samples in Auckland supermarkets, primarily Countdown, to allow parents and their children to experience the product at the same time. A technique like this will also give the sales team a chance to gain instant feedback from consumers that may influence future changes and future sales of the product; determine if the product has the potential to enter other parts of the market. We further intend to use a Kiwi mascot in our in-store promotions to help children associate our character with our product.

Interactive marketing: Defined as a communication channel which utilises internet and mobile technologies (Solomon et al., 2009), Kiwi Pops™ will utilise social networking to help market the product and the associated charity. The promotional plan emphasises the use of both adult social networking sites such as Facebook as well as children orientated sites such as ScuttlePad and Everloop. To best use the interactive marketing techniques, Kiwi Pops™ will set up pages by which the company can post information about the product and the charity whilst allowing consumers to best voice their opinions on the product as is as well

as any improvements they feel will make the product better.

Public relations: This best relates to a communication system that helps companies best promote a positive image to their consumer base. Solomon et al., (2009) further states that public relations are useful in providing consumers with credible information about the product and the company's future endeavours. Since the Kiwi Pops™ packaging is made from eco-friendly materials and contains an organic product, public relations will be useful in providing consumers with accurate information that will support the Kiwi Pops™ cause; extends to the BNZ Save The Kiwi Trust charity.

The AIDA model works hand in hand with the promotional mix as it helps the company achieve four distinct goals necessary for the fruition of the brand and its featured products. These four goals are: get attention, hold interest, create desire and produce action. It is apparent that because it is ideal to integrate the product into a supermarket setting, the company and the retailer will engage in a push-pull strategy, evident in the promotional mix. Solomon et al. (2009) denotes that a pull strategy is used to stimulate product interest amongst retailers so they may stock the product and sell it to consumers who have become aware of its existence via promotional activities such as advertising. This strategy will be most effective in helping Kiwi Pops™ enter the market as a push to get the products on supermarket shelves should result in a pull by consumers to bring the product into their homes.

The product life cycle is an extra component to the promotional strategy as it details the four stages of a product: introduction stage, growth stage, maturity stage and decline stage. Each stage is important to the promotional phase because it helps determine whether or not a product is thriving or needs to be taken off the market completely; with its corresponding promotions at the time (Solomon et al., 2009).

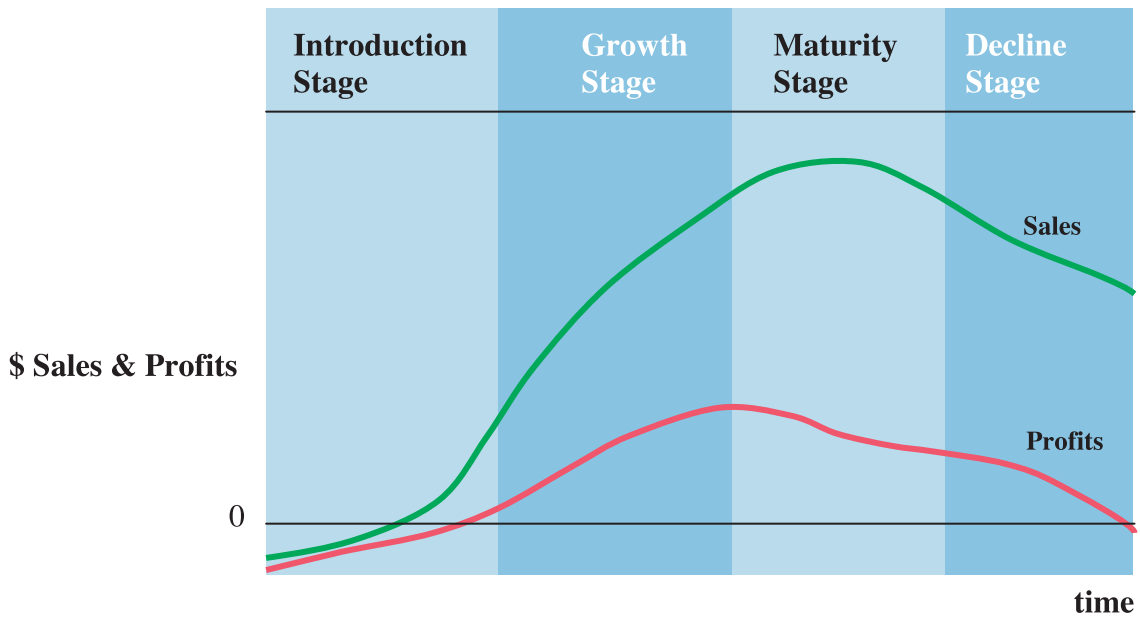


Figure 3: Product life cycle graph for Kiwi Pops™

Introduction stage: The introduction stage sees the creation of product awareness and subsequently a funding increase to support needed advertising. This promotional plan best reflects this stage as the product has yet to be integrated into the market resulting in a lack of consumer awareness. This stage also primarily helps recover the losses sustained during the development and integration process.

Growth stage: This second stage pushes the benefits the product can provide consumers. It is within this stage that we hope to recover costs and start generating a profit. It is also where we will start to see the Kiwi Pops™ product generating a loyal consumer base via repeat purchases and if necessary to compete with competition, the development of a product that varies from the original; gluten-free, different flavours and so on.

Maturity stage: The maturity stage occurs when the product has already been on the market for a period of time and sees the utilising of marketing techniques to encourage consumers to switch from competitors products to their own. In regards to Kiwi Pops™, this will be the stage which will determine if the product has the ability to remain in the market for an extended period of time. It will further allow the company to determine if they have the insight to introduce a new product into the market at a future date.

Decline stage: The final stage sees the decrease in promotional spending by which remaining products will be shelved to sell to loyal consumers. However in some cases, one might see the removal of products from the market all together. Whilst it would be ideal that the product never reach this stage, if Kiwi Pops™ was to become a declining product for the company, the data gathered from having Kiwi Pops™ in the market will prove useful in the innovation of a new product and its subsequent promotional plans.

Figure 3 denotes the Kiwi Pops™ product life cycle based on estimations. In using Solomon et al. (2009) definitions of each stage, it becomes apparent that even if there is an increase in sales, it is impossible for the product to gain any profits because it must first cover its initial production costs. Sales begin to peak within the maturity stage however profits peak during the growth stage. The two do not coincide because during the maturity stage where consumers are purchasing the products, the company is using the time to diversify and reinvent the product.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Radio												
Morning												
Afternoon												
Weekends												
Social Networks												
Facebook												
ScuttlePad												
Everloop												
Product Website												
Newspaper												
Countdown adverts												
New World adverts												

Table 1: Media Schedule for the initial year

In relation to the product life cycle, we have compiled a media schedule we feel will help the product strive through each stage. Table 1 details how we intend to

promote our product across various channels on a month by month basis. During the introduction stage, it is apparent that we plan to utilise radio advertising as well as social networking to create product awareness with the public. It is further noted that for the initial year, we plan to utilise Facebook as a means of reaching consumers as well as a means by which we can direct traffic to our product website. Table 1 also showcases the final nine months of the calendar by suggesting we alternate advertisements in newspapers in relation to the specific retailers who will be shelving our products.

10.2 MEDIA CHOICE AND REASONING

In creating awareness for the product and its featured cause, a number of media sources were proposed and narrowed down to fit within the company's resources, namely its promotional budget. These channels were also chosen because they comply with the 2010 Children's Code for Advertising Food. The code refers primarily to children under the age of 14, our intended market, and highlights various elements that ensure children do not feel pressured into obeying an advertisement. It is further stated that advertisements should promote social responsibility, should not trick children because of their lack of knowledge on an issue and should not use keywords or characters that promote an unhealthy lifestyle (ASA, 2012). A full list of the code is available on the Advertising Standards Authority (ASA) website; http://www.asa.co.nz/code_children_food.php

Annual advertising expenditure in New Zealand across varying media channels, 2006-2010

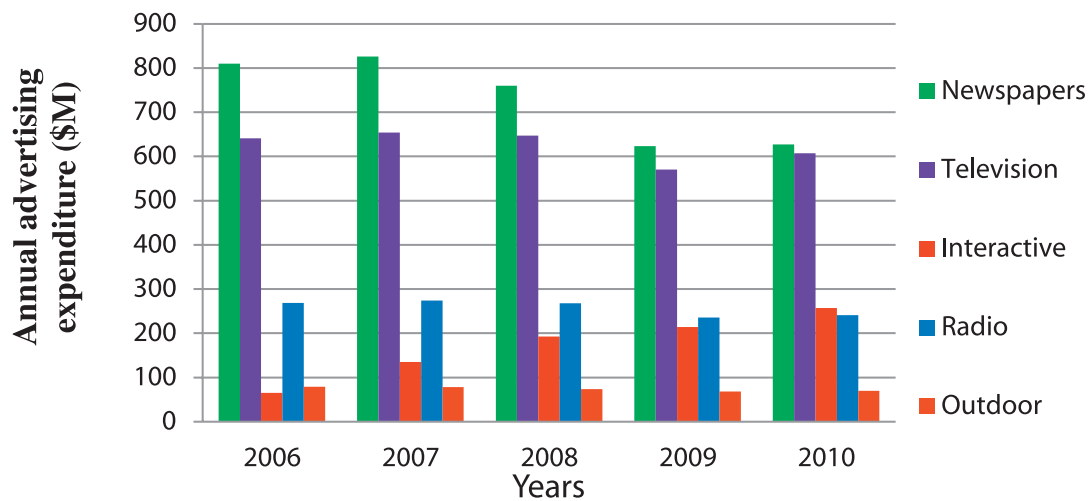


Figure 4: Changing trends in annual advertising expenditure in New Zealand between 2006 and 2010.

Figure 4 largely references the media channels we propose to use in our promotional plan. In the initial phase of promotion, we will be utilizing radio and interactive media sources to gain product awareness with the public; low expenditure may refer to low advertising costs through these channels. At a later point, we plan to make use of the print industry by advertising in newspapers to ensure consumers both old and new are still aware of the products existence and the cause it aims to help; showcased as being the highest form of advertising channel, Figure 4.

The resources and their justifications are as follows:

Social networking sites are utilised by millions of people worldwide on a daily basis with over half of New Zealand's population making use of its online resources; users of various ages (Figure 5). Therefore it is pertinent to suggest that advertising via a source such as Facebook would allow the company to not only advertise without hindering their budget, but it would also allow Kiwi Pops™ to gain recognition with an older market; namely teenagers or parents of young children.

New Zealand Facebook users distributed by age, 2010

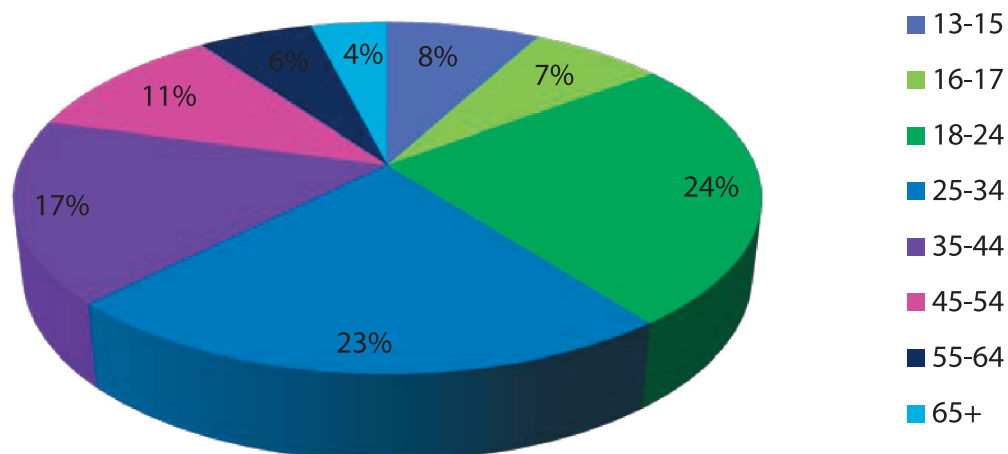


Figure 5: Age-ratio of New Zealand Facebook users in 2010

Figure 5 allows us to see that as of 2010, the primary users are between 18 and 24 with the following two segments residing in the 25-34 and 35-44 age range; parents. This is useful because it will further allow parents to learn information about the health and environmental benefits of Kiwi Pops™ whilst they are engaging in an activity they are already familiar with. A subsequent advantage to using social networking is that it will allow customers to provide feedback on the product, the company, the cause and their experiences with Kiwi Pops™. This will prove useful in the future as it will allow the company to determine what consumers like and dislike about the product and the brand, enabling potential growth within the market. Figure 4 further shows how the interactive media channel has been growing over the years to the point where companies are beginning to spend more money to advertise via these means.

In regards to social networking, the company also proposes the use of social networking sites aimed at children, ScuttlePad and Everloop;

- <http://www.scuttlepad.com/>
- <http://www.everloop.com/>

ScuttlePad creates an online community for children aged 6-11 and allows

children to engage with their peers, play games and share photos with their friends. Unlike other mainstream adult orientated sites, all content uploaded is manually monitored by the websites team to ensure all content is appropriate for the intended audience; encourages parental supervision by allowing parents to link their email address to their children's ScuttlePad account. It should be noted that whilst the site is an excellent tool to target the market, ScuttlePad makes a point of not allowing adverts on its site. Therefore we could utilise this media channel to direct traffic to our product website; <http://kiwipopscereal.tumblr.com/>

Everloop acts in a similar way to ScuttlePad in the sense that it allows users to create profiles and interact with peers in a monitored context by parents and the sites creators. Everloop's site is aimed primarily at 8-13 year olds however the content and ease of use is appropriate for a slightly younger audience. This site is partners with various charities and educational companies such as National Geographic, American Camp Association, The Max Cure Foundation and Mattel.

The use of these sites will prove useful in allowing children to interact with information on the product and the Kiwi Pops™ mascot on a level that is both entertaining and understandable to them.

The company proposes to use radio as a form of advertising as it is a cheaper alternative to creating and maintaining a television advertisement across the initial three month period and longer. In using radio advertising, we aim to target our market between the hours of 6.30-9am and 3-5pm weekdays as well as 9-11am on weekends, which coincide with children's travel times, to school and after school, as well as travel to sports and recreation. As radio is most often listened to in cars (we assume), these hours have been chosen to ensure the advertisements are heard by children and their parents whilst they are in the process of dropping off or picking up their children from school or extra-curricular activities.

The company will also have to also develop relationships with our retailers, Countdown (Progressive Enterprises) and New World (Foodstuffs), to ensure that we can be part of their in-store promotions and have a presence in their weekly

brochure advertising formats, which are delivered to homes. There is likely to be some costs associated with these, so will need to be considered as part of the promotional/marketing budget.

Print advertisements will be utilised at a later time to help maintain interest in the product whilst also providing additional information on the associated charity, BNZ Save The Kiwi Trust. Figure 6 shows a proposed advertisement by which we intend to remind consumers of the products existence in the market.

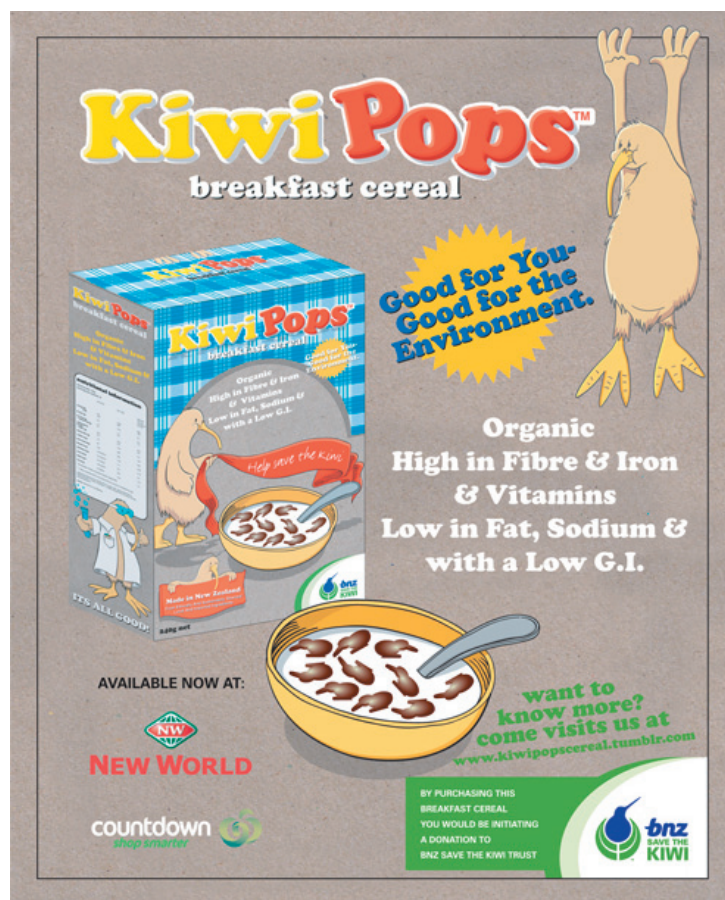


Figure 6: Proposed print advertisement for the final nine months of the initial one-year promotional plan.

10.3 PROMOTIONAL BUDGET ALLOCATION

Whilst it would be ideal to advertise on television, figures suggest that to create and maintain a television ad for an extended period of time would far extend our initial budget. Therefore the budget will allocate funds to various other forms of advertising: radio, a mascot, in-store promotion and print media. Furthermore,

because the product is being launched as a new product and not an extension of an existing brand, we felt that we need to create a strong impact upon launch. Therefore the company will utilise an annual budget by which the company proposes to split the budget 50/50 for a set time frame.

The first 50% of the budget will be used over the course of an initial three month period. In the first three months, funds will be allocated to three distinct advertising areas:

Radio – [30%]

In this segment we plan to advertise on radio between 6.30-9am and 3-5pm during the week. It will approximately cost \$200-\$300 a day to advertise within this time period and therefore over a three month period we estimate an initial expenditure of \$20,000. Spending within this period seems viable as it is the best means by which we can stimulate product interest amongst a large populous which may in-turn generate profits in the future; create a return. Whilst this promotional technique seems expensive, its run over a three month period will allow us to gauge if we need to re-evaluate our promotional plan within the second half of our promotion time frame.

A Characterised Mascot – [10%]

A Kiwi Pops™ mascot named Kōkō will be utilised initially in correlation with the in-store promotions. The purpose of the mascot is to allow children to identify with an animated character that will appear on the cereals packaging as well as the intended print advertisements; which will run within the second half of the budget allocation. The mascot will be designed to resemble a Kiwi as to highlight the cereals name as well as its affiliated charity, BNZ Save The Kiwi.

Depending on its success, future budgets will allocate funds to allow the mascot to attend events aimed at children to not only help with the fruition of the brand but to best allow children to have an interactive experience with the face of the Kiwi Pops™ brand; much like Mickey Mouse and Disneyland

In-Store promotions – [10%]

We intend to promote the product in-store via a sampling system. This therefore means we will need to budget for transport, staff and the entrance fee to advertise in supermarkets; currently unaware of the pricing. This process will see staff promoting the product itself by offering shoppers samples of the product whilst receiving feedback on what consumers think makes the product a viable cereal option. It will also allow one to best advertise the competitive price of the product, the Save The Kiwi charity affiliation and the allow children to interact with Kōkō the brands mascot.

The remaining 50% of the budget will be used for the next nine months to help maintain awareness created during the first three months. The budget here will primarily be used on:

Print Advertisements – [40%]

We intend to further advertise the product in supermarket catalogues as well as newspapers to further highlight the products benefits and its subsequent charity affiliations. This form of promotion will best help individuals maintain interest in the product as well as reminding individuals that the product is available on the market.

Mascot – [10%]

The mascot will once again be used for promotion at events during this period.

11. CONCLUSIONS

It is our intention to revolutionise cereals aimed at children by providing them with a fun and healthier alternative to popular sugar cereals already on the market. An organic product such as Kiwi Pops™ aims to adhere to nutritional guidelines that will not only satisfy the taste requirements children demand but also the health requirements their growing bodies need; help with the eradication of childhood obesity. By offering an environmentally friendly packaged product, we hope to stimulate a wider understanding on the importance of recyclable materials and

the need to integrate more biodegradable materials into our weekly consumption to better service the environment in which we live. To promote this product it has been deduced that the best option is to start with targeting the parents and allow the promotion to flow through to the children via the radio and social networking channels. The use of a mascot will further allow children to associate the mascot with our product and in turn our brand; brand awareness. Using these promotional techniques will further allow us to advertise the Save The Kiwi cause to the parents and to the wider public, hopefully creating a positive brand association. Consumers of our product will therefore be engaging in a co-creation of value by purchasing Kiwi Pops™ because their purchases will allow the company to further donate money to the BNZ Save The Kiwi charity. This service will hopefully create a sense of community amongst consumers that will further allow us to expand our affiliations into new charities that these individuals will also attempt to support through our brand. Future variants could see the development of new flavours, shapes, and charity affiliations that stem from our original brand. With the integration of new products with these features into a domestic market we hope to already have established our brand in, the company hopes to eventually gain a larger market share that will improve the company's standing as a business as well as a health conscious product developer. These variations could therefore see our products integrated into an international market and our brand name and brand value extending into a mass market.

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Further information sourced from:

www.savethekiwi.org.nz, (logo and brand information)

Sanitarium Weetbix (nutritional information on our packaging concept)

Pricing retrieved from countdown.co.nz, <http://www.huckleberryfarms.co.nz/>, and New World letterbox mailers.

APPENDICES:

1.0 Letter from Progressive (Countdown):

Dear Luga,

Thank you for your letter requesting assistance.

Unfortunately we are unable to assist you with your project as the information you have asked for is sensitive and we are not able to share it outside of the organisation. I am sorry we are unable to assist you in this endeavour, however should you require assistance with another matter please feel free to contact us.

Warm regards,

Victoria Schmidt
Customer Care Representative

Countdown Contact Centre

TEL: 0800 40 40 40 | 09 255 2497 | FAX: 09 255 2191

Support office. 80 Favona Road, Favona, Auckland, 202 Private Bag 93306, Otahuhu,
Auckland, 1640, New Zealand

Safety - it's up to us.

PLEASE CONSIDER THE ENVIRONMENT BEFORE YOU PRINT THIS E-MAIL

2.0 Radio advertising costs

Radio Station	Time	Auckland	Wellington	Christchurch
Easy Mix	6am-9am	\$120	\$40	NOT ON AIR
	9am-noon	\$120	\$40	
	noon-4pm	\$80	\$40	
	4pm-7pm	\$80	\$40	
	7pm-midnight	\$50	\$40	
	w/end 6am-1pm	\$85	\$40	

	w/end 1pm-7pm	\$65	\$40	
Flava	6am-9am	\$120	NOT ON AIR	NOT ON AIR
	9am-noon	\$90		
	noon-4pm	\$85		
	4pm-7pm	\$95		
	7pm-midnight	\$80		
	w/end 6am-1pm	\$85		
	w/end 1pm-7pm	\$80		
ZM	6am-9am	\$265	\$245	\$70
	9am-noon	\$190	\$160	\$68
	noon-4pm	\$185	\$125	\$63
	4pm-7pm	\$185	\$155	\$50
	7pm-midnight	\$75	\$45	\$18
	w/end 6am-1pm	\$180	\$130	\$50
	w/end 1pm-7pm	\$150	\$70	\$50
Classic Hits	6am-9am	\$226	\$82	\$72
	9am-noon	\$285	\$67	\$72
	noon-4pm	\$280	\$51	\$72
	4pm-7pm	\$210	\$51	\$46
	7pm-midnight	\$51	\$15	\$15
	w/end 6am-1pm	\$185	\$46	\$41
	w/end 1pm-7pm	\$103	\$31	\$41

3.0 Comparison of cereal prices across three markets to create a price average

	countdown	huckleberry farms	new world
Kelloggs Cereal Cocopops Original 375g	\$6.69		
Kellogg's Cereal Coco Pops 650g	was \$8.49 now \$6.99		\$5.99 (promo)
Kellogg's Cereal Coco Pops O's 300g	\$5.69		
Kellogg's Cereal Sultana Bran 420g	\$5.29		
Kellogg's Sultana Bran Cereal Original 730g	was \$8.25 now \$6.99		\$5.99 (promo)
Kellogg's Cereal Sultana Bran Crunch 500g	\$5.99		
Kellogg's Cereal Sultana Bran Buds 600g	was \$8.88 now \$6.99		

Kellogg's Cereal Sultana Bran Buds 340g	\$5.89		
Kellogg's Nutrigrain Cereal 290g	\$4.99		
Kellogg's Nutrigrain Cereal 500g	was \$7.89 now \$6.99		\$5.99 (promo)
Kellogg's Cornflakes 380g	\$3.09		
Kellogg's Cornflakes 220g	\$2.10		
Kellogg's Rice Bubbles 250g	\$2.95		
Sanitarium Weetbix Wheat Biscuits Regular 1kg	\$6.59		\$4.99 (promo)
Sanitarium Weetbix Wheat Biscuits Regular 750g	\$5.09		\$3.99 (promo)
Sanitarium Rice Bubbles Ricies 460g	\$4.19		2 for \$5.00
Sanitarium Rice Bubbles Ricies 275g	\$2.79		
Sanitarium Skippy Cornflakes pkt 500g	\$3.79		2 for \$5.00
Sanitarium Skippy Cornflakes bag 300g	\$2.79		
Sanitarium Weetbix Bites Wheat Biscuits Wildberry 500g	\$6.69		
Sanitarium Weetbix Bites Wheat Biscuits Apricot 500g	\$6.69		
Sanitarium Weetbix Bites Wheat Biscuits Honey 510g	\$6.69		
Hubbard's Cereal Bugs N Mud 400g	\$4.99		
Nestle Cereal Milo Duo 340g	\$5.99		
Nestle Cereal Milo 580g	\$8.79		
Uncle Toby's Cheerios Cereal 375g	\$5.39		2 for \$7.00 (promo)
Uncle Toby's Porridge Milk Oaties 1kg	\$4.89		
Uncle Toby's Porridge Rolled Oats 1kg	\$4.89		
Uncle Toby's Porridge Rolled Oats 575g	\$2.99		
Uncle Toby's Porridge Milk Oaties 500g	\$2.99		

Uncle Toby's Flemings Porridge Rolled Oats 1.3kg	\$6.15		
Envirokidz Cereal Gorilla Munch Gluten Free 284g	\$6.99	\$8.30	
Envirokidz Koala Crisp Cereal Organic Cocoa 325g	\$6.99	\$8.30	
Freedom Foods TropicO's 285g	\$6.99	\$11.70	
Freedom Foods Cocoa Puffs 285g		\$11.70	

4.0 Group meeting notes:

Meeting one, 26.03.2012

- Must be a breakfast product (not necessarily a breakfast cereal?). It's made by a company that makes breakfast cereal.

- Many current products are targeted at Children, even weetbix, but market is bigger. Some are targeted at health conscious, i.e. low fat. Other possible target markets are, infants, teens, University students/students (young and poor?) ie healthy but cheap. Young professionals (in a hurry), established professionals, retirees.

- Current cereals include flakes (bran, corn), bix (weetbix), sugary cereals, muesli (what do other cultures have for breakfast?)

Savoury cereal? no milk? nutritious, but is like eating a snack ie potato chips, grainwaves.

- Other breakfasts include:

Ham cheese & bread/bun, Toast, bacon, eggs, black pudding, kippers, tea, coffee, porridge, yoghurt, baked beans, spaghetti, waffles, pancakes, flapjacks, crepes,

- Anytime/all day cereals, no coffee - caffeine cereal?

- What is cereal?

- 2 brands? 1. for the Cereal company (ie Sanitarium) 2. for the Cereal type. Or keep it simple and just focus branding on the Cereal flavour.

- "No brush tooth-health cereal?"

- no-Mint toothpaste/Cereal bundle pack

- Calcium fortified-no milk cereal

- Anti-smoking/Smokefree cereal - (smokefree diet)

- carb-free/ sodium free cereal for health conscious/ training people

- gluten free cereal (rice based?)

- waffles cereal

- Jeff's idea - KiwiPOPs - choc shaped kiwis, "pop" when milk is added, kids focussed, booklet inside box with kiwi info, recycled paper packaging, high-fibre, super-healthy, all the good stuff, none of the bad.

- Pacific flavours ie CocoRice and Papaya, other tropical flavours, (real fruit?)
 - Indian flavours - Semolina and raisin pudding - cardamon spice flavour
- other flavours: tea masala, ginger, cinnamon.

other things to consider:

name

slogan/phrase

character/mascot

look / feel / aesthetics / type of language / feelings ie fun? serious? quirky?

song/jingle

packaging

promotion / advertising ideas / media formats / outlets / website

Please look/supply ideas that you like that may help us develop a look and feel, ie if you like the aesthetic of something that we may be able to use in our packaging/brand design. Not necessarily other cereal, could be anything ie Basektball or chinese opera, anything that will be different to what is already in the market.

- how to create value?
- Customer based brand equity model (Keller)
- Marketing mix - Product, Price, Promotion, Place, (people, process, physical evidence, partnerships)
- swot analysis / pestel analysis / SMART criterea - competition and other products in the market ie can we develop a product that fits a gap in the market
- target market / market segment / market positioning

is this relevant?:

step 1. perform a situation analysis - SWOT analysis /Peste analysis

step 2. set marketing objectives

step 3. develop marketing

step 4. implement market strategies

step 5. monitor and control marketing strategies

•Where can we find secondary data that may inform our marketing strategy?

• what would we need to know that we can't find from secondary data. What should we do to get primary data? SWOT/Peste analysis may help us determine this.

• determine our research design i.e. questionnaire

Meeting 2 4.15pm, 2 April 2012, all members present.

- TEAM - to discuss further - work out later
- HITESH
- JEFF
- MONIQUE
- LUGA

Content

- Covering letter to management
- Table of contents
- Product concept outlined - (team discussed today)
 - Kiwi Pops
 - what other chocolate cereals are available?
 - decided against "On The Go" concept as doesn't fit the Kid's cereal concept.
 - What are the sizes of cereal boxes - physical dimensions + net weight?
 - Recycled card board/vegetable inks, BNZ Save The Kiwi Trust to benefit from sales. Made in NZ.
 - what are guidelines for selling to children?
 - healthy, less sugar, low GI
 - what are our legal requirements?
 - competition, sanitarium, kellogg's, nice n natural
 - soaks up milk and expands in size?
 - what percentage of the cereal market is aimed at children? How lucrative?
 - what other products compete for this space ie LCMs, Muesli bars?
 - are there other cereals that use the work Kiwi?
 - What is it made of, is it rice? (like coco pops)
 - what is the market share of other competitors in the market?
 - what other relevant secondary data is available?
 - what are nutrition guidelines/requirements for cereal (legal)

Actual = physical product

Core Products = its nutritional value

Augmented Product = made in NZ, benefits BNZ Save The Kiwi Trust, recycled paper to have less impact on the environment.

- classified as a convenience product

Consumer Product adoption process:

- Awareness (promotion, marketing strategy, branding strategy)
- interest
- Evaluation
- Trial
- Adoption
- Confirmation

- **Brand Identification**
- **Branding strategy** - co-branding with Save The Kiwi trust (licensing?)
- **Mock up of product concept**
Hitesh

- **Competitive differentiation** - other cereals
- **Market Analysis** - SWOT analysis/PESTEL analysis , breakfast foods / cereal market in general / children's cereal, marketing Mix components, cost to buy space in the supermarket, production costs, promotion costs, distribution costs
- **Type of competitive environment** - Market share value
Monique

- **Segmentation base** - identify marketing segment
- **Demographic profile target market**
- **Target Market Strategies**
- **Positioning Strategy**
kids between 4-10years - (parents who buy on their behalf)
what is the size of the population aged 4 to 10? Percentage of the whole population? (in which stores? at what price point? in what areas? how to target the right target market?) (target socio-economic group)
Jeff

- **Market research methodology**
- **Secondary research data undertaken**

- **Pricing objective(s)**
- **Pricing strategies outlined (average?) not too high, not too low, based on competitor analysis**
Hitesh.

- **Distribution strategies/level of intensity** -
based on our discussions, we have established that the supermarkets are our ideal method of distribution with a presence in New World and Countdown. How do we get our product into the supermarket, what are the costs involved, ie do we have to buy space on the shelves? Level of intensity relates to the volume of various distribution outlets, ie all supermarkets, all petrol stations, all dairies, we have chosen to limit to the supermarkets in the mid range of value perception, so we have excluded Pak'n'Save, Four square, Service stations and Dairies etc.
Luga

- **Promotional plan overview**
Facebook page, website/blog,

- Media choice & reasoning
- Promotional budget allocation

Presentation

- Professional presentation
- Marketing plan headings provided
- Creativity & Innovation applied
- Concepts and ideas well thought out
- Provides sufficient & relevant detail
- Clear & concise sentence structure & wording
- Proper use of paragraphs, writing is grammatically correct including spelling & punctuation
- Proper referencing
- Appendix provided

Meeting 3

23rd April 2012

Hitesh, Monique, Luga

Discussion on the remaining questions.

- **Segmentation base** - identify marketing segment
- **Demographic profile target market**
- **Target Market Strategies**
We have made an assumption that our product is aimed at kids between 4-10years old (parents who buy on their behalf)
what is the size of the population aged 4 to 10? Percentage of the whole population?
- **Positioning Strategy**
(in which stores? at what price point? in what areas? how to target the right target market?) (target socio-economic group)
we have made the assumption that the product we are producing will have a perceived value that will place it in the category where breakfast cereals are on the more expensive side.
To service this position in the market, our target demographic is Two parent families that earn between \$40,000 and \$70,000+. The Supermarkets we have chose to supply our product to are Countdown and New World have target demographics that fit closer to this demographic than Diaries, Four Squares and Pak'n'Save.

We will attempt to glean segmentation and target market information

via Statistics New Zealand if possible

- **Market research methodology** - we may require a survey, or a focus group.
- **Secondary research data undertaken**
Secondary data may be available from statistics new zealand website, we have sourced information via a number of other sources already, ie Consumer New Zealand and FMCG.co.nz

Possible questions to ask the potential market regarding our product:

- What cereals do you currently eat for breakfast?
 - would kid's like to eat a product that is perceived as healthy?
 - what would appeal to the parent who is buying it? environmentally sustainable/ organic/ biodegradable packaging/ is this perceived as green washing?
 - What is the perceived value of the product? Would you buy it at this price?
 - does it matter if it is organic?
 - do you like the taste/texture/flavour/colour/shape? Is it preferable to competitors like coco pops, frosties etc?
 - where did you hear about us (after promotion has been launched)
 - which supermarket/s do you purchase breakfast cereals from
 - via Focus groups?
 - via on the street testing?
 - via free sample in mailbox with online survey with a competition entry?
- **Promotional plan overview**
Facebook page, website/blog,
 - **Media choice & reasoning**
 - **Promotional budget allocation**

Regarding our product promotion we discussed:

- Where would we advertise?
- Which media sources are used for niche products for kids? Is our product "Niche"?
- TVCs in kids cartoon time, before school and after school
- Radio adverts in before schools Pick-up and Drop-Off times, on popular radio stations like More FM, Zm and The Edge.
- A Website with kids Interactive Games
- Is there a kid's social media website?
- We have chosen to sell in supermarkets that could have instore promotion
- Via In-School breakfast clubs in conjunction with schools (may not be the target market)
- promotion via Before School and After School programmes, Holiday programmes
- we have assumed that a charity like BNZ Save The Kiwi Trust would co-brand with our product, for mutual benefit. Linked/promoted/sold via savethekiwi.org.nz
- Are our advertising methods and channels Appropriate and Ethical, to match with our ethical ethos?

- Billboards (where?)
- Brochures and Samples in mailboxes (in target market neighbourhoods)
- Promotion at Kids events i.e. Kid's Days, Teddy Bears Picnic, Santa Parade, Kid's sporting / Club events
- Playgrounds, ie Chipmunks and Lollipops, public parks
- Cross promotion with Zoo, and or Save The Kiwi releases.
- Create events that promote healthy eating, plus sustainable & ethical standards of living
 - i.e. conservation projects, clean up events like sustainable coastlines, breakfast events for healthy living, "the food show" event, "The Home Show" event, "The Gluten-Free Food" show Event. Kid's School Holiday events/programmes.
- Life Education trust?
- Dept. of Conservation event / schools coordinator?
- Mascot Character/dress-up costume to be present at these events.

Meeting on Monday 7th May

All present. Hitesh, Monique and Luga.

• Discussed with the Group and Greg:

Co-Creating of value - creating value for the customer by making a donation to a charity on their behalf.

Forecast to the future - in the conclusion.

What is the demand?

Focus group, survey, survey face to face in the mall?

Test the market and test the promotional methods with focus groups, and qualitative interviews.

what % of the budget - used in which media outlets? Over what period of time - ie 6months , 12months?

USP - Unique Selling Proposition

Product Life Cycle

The Group discussed the promotion aspects of the Kiwi Pops product.

What percentage of the promotional budget is allocated in what ways?

Because of the product being launched as a new product, not an extension of an

existing brand, we felt that we need to create a strong impact upon launch, and felt that perhaps 50% of the promotional budget could be used in the first three months, and the remainder 50% would be used over the course of the next 9 months to maintain our presence.

Product life cycle projection is to maintain a consistent position in the market following launch, and perhaps increase market share as intangible benefits such as environmental and social aspects become increasingly important to consumers. We aim to hold our place, as other market players attempt to catch up in this time. As our flagship product we have no plans to phase this out at anytime in the future. We will likely add extensions to our brand to keep it relevant and vital.

Co-branding cost, with licensing fees/commissions, are inherent to the product and therefore are not part of the promotional cost, but part of the production cost.

The promotional media channels that we felt would be most effective for our product include:

- Website - with free online games in future for Kiwi Pops Kids.
- Radio
- Social Media - Kid's friendly social media + facebook etc.
- In-store at selected supermarkets - including presence of a KiwiPops Mascot character
- advertising in supermarket mailers
- possibly news-paper adverts
- School visits in conjunction with Save the Kiwi Trust and the Dept. of Conservation (with the Kiwi Pops Mascot)
- School Holiday programmes / breakfast club programmes / Auckland Zoo - would require us to build relationships with schools and other organisations - the purpose would be to encourage healthy eating, and promote other social and environmental causes that align with the Kiwi Pops brand. Promotional material would include packaged samples and units of the product.

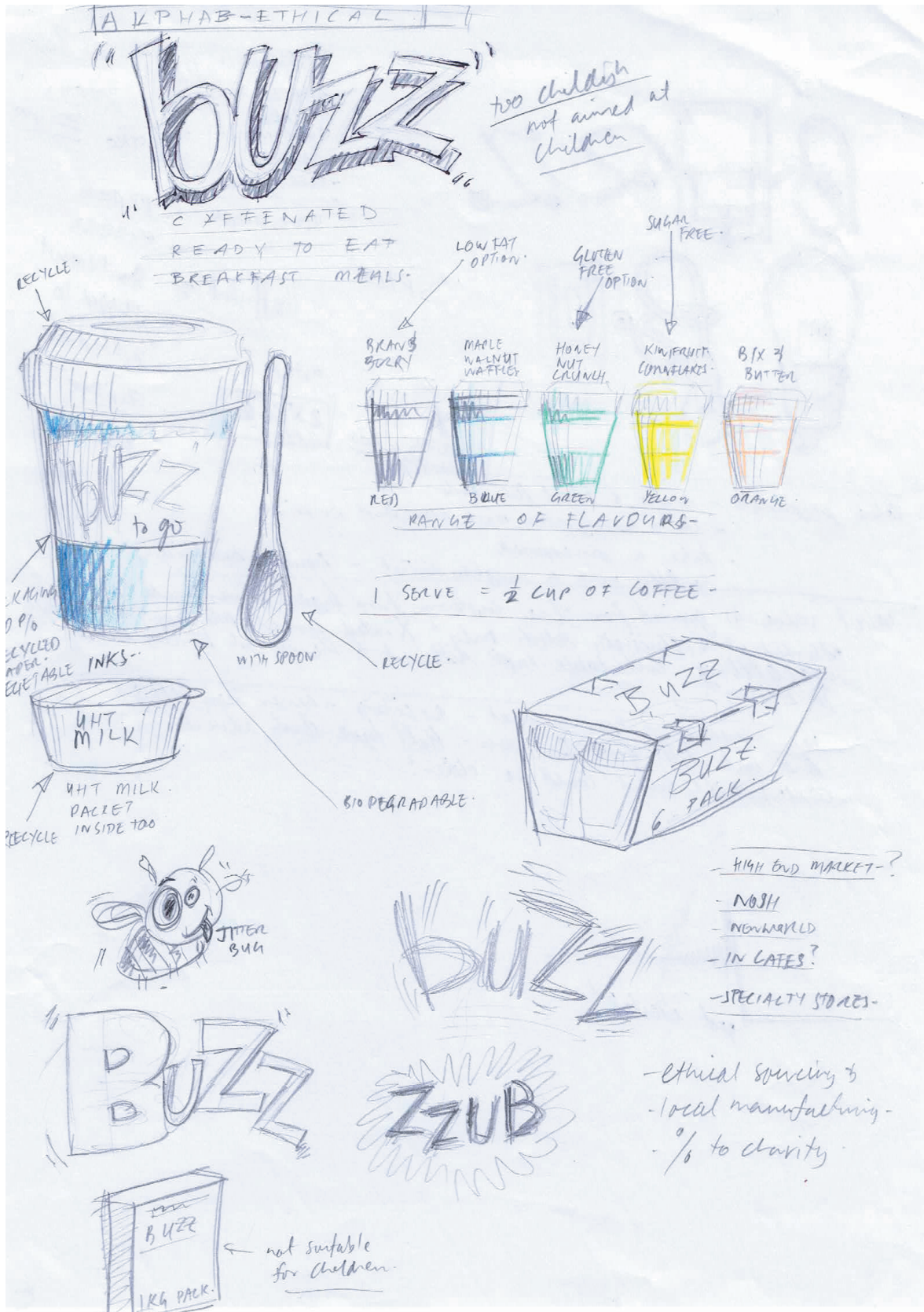
Promotional material could include: free packaged samples, promotional toys, brochures and fact sheets, colouring books, stationery, cereal bowl and spoon etc

Pricing strategy aim is to seek parity with other existing brands in the market.

5.0 Full Packaging Artwork



6.0 Concept Development (Buzz) - page 1



6.1 Concept Development (Buzz) - page 2

CHECK
 ZAPPED
 BUZZED
 BUZZING
 ZAPPED
 ELECTRIFIED

"SHAKES"
 Zoom
 ELECTRO
 ZZZZZ

"POWER break"
 PZZZZ
 BUZZZZZ
 Short circuit
 plugged in
 "Switched on"
 Zvzap
 Power cut

"SPILT"
 Half-shot of
 Caffeine -
 on it
 excite
 cereal

adults only
 and
 naughty but nice

Value proposition - awake & alert for work
 - in a hurry - no more breakfast nookies
 - take a powerbreak
 - healthy with a naughty twist - naughty but nice

What value is gained for the customer from buying powerbreak "Buzz"?
 Affordable? exclusively adults only! X-rated cereal. nice design? aesthetically
 eye-catching, collectable cups? different to the normal boring cereals.
 it exciting

new product - new market - exciting - never seen before -
 bad but still good for you - Hell type shock advertising
 conservative? market could be older?

get excited!

6.3 Concept Development (Kiwi Pops™)

Due - 28th May - 2nd April 2012

Kiwi Cereals
Kiwi Pops

Wocopops -
cereal with chocolate products
Kiwi cereal - **Kiwi Pops**
go to the supermarket -
ready to go cereal

Dimensions?
one size
what average cereal content?
Kiwi - Family

Idea generation
Product development
Marketing strategy
Business analysis
Technological development
Market
Commercialisation

Marketing mix (target market)
Price, Promotion, Product, Place

Partnerships

Keeps many for sale he Kiwi trust

made in NZ

- legalities
- differentiation
- recycled paper
- money to go to charities
- available in all stores
- Kellogg's - competition
- competition in cereal area

guidelines for selling to children

- healthy
- less sugar
- ethically made
- sourced

expands in size?
1.5L? 1L?

nutritional guidelines for cereal - for kids

what is the cost of putting a cereal to market?

- what percentage of cereals are aimed at children?
- muesli bars - Lems etc
- other forms of cereal breakfast
- use of the word Kiwi in?

competitors

- Sanfarnini = 30%
- Kellogg's
- Healthfood co
- others
- hubards
- Kellogg's

what could the cereal be made of?

Secondary data - what info is readily available -

Actual product, cereal - we - benefits ie nutritional values

Actual as physical product - Augmented - licensing/recycled/made in NZ

7.0 Current Website Screen Shots - www.kiwipopscereal.tumblr.com



