



# STRATEGIC MARKETING

## Group Assignment – 2<sup>nd</sup> Semester 2015-2016

1. The consumption of dairy products, including milk, is intrinsically linked to the evolution of Man. Over 6,000 years ago, Man has changed his ways of life, from hunter to farmer and livestock breeder, with the taming of animals that produce milk. These changes introduced significant modifications in human dietary habits and the introduction of milk in human nutrition is one of them.
2. Originally, the milk consumed came mainly from goat, sheep and donkey. It was during the rule of the Roman civilization that Man began to consume cow's milk and the first techniques for the preparation of milk derivatives were developed. It was also during the Roman Empire that the consumption of milk spread throughout Europe.
3. Later, in the late nineteenth century, Louis Pasteur's breakthroughs, applied to milk, allowed the creation of a method known today as pasteurization. This method enabled an increase milk's longevity by killing germs at high temperatures.
4. In the twentieth century, new methodologies such as rapid pasteurization, HTST (High Temperature Short Time), which increases the temperature of the milk very quickly, and then lowers it significantly, enabled a considerable reduction in the number of bacteria present in milk. A more advanced technique known as UHT (Ultra High Temperature) was introduced in the sixties. This method completely eliminates bacteria and spores preserving the nutritional value and organoleptic characteristics of milk. Additionally to the innovations in health and food safety, these methods enabled the dairy industry to diversify the products it offers to consumers.
5. With the continuous and permanent changes of modern societies, consumer needs are also changing constantly. This reality means that the challenge for companies in this sector is incessantly growing. How to respond to the increasing trend of health and well-being conscientious consumers, or to the currents of thought that consider milk that consumption in adults has harmful effects on health? This situation has had an impact on the market and has significantly shaped the needs for innovating and introducing new products and solutions in the dairy industry.
6. The market trends demand the creation of new milk products or byproducts and derivatives, such as cheese, butter, yogurt or even kefir. The new products include, for example:
  - a. fortification, by enriching the natural properties of the products with vitamins, minerals and proteins.

The fortification of dairy foods is suitable for different needs and different segments that include all lifecycle stages and lifestyles. Be in children and adolescents, as a result of their rapid growth, the elderly, prone to bone degeneration as they age or even athletes, due to their special dietary needs.

- b. probiotics, which were introduced to the market in the 1980's/1990's and have health benefits, especially for digestive problems.
  - c. non-fat or light products, due to the growing concern in reducing calories and fat.
  - d. new textures like "easy to spread" butter or drinking yoghurts.
  - e. the challenge of widening the consumption of products in emerging markets with high potential, as is the case in China where, however, some of the population is lactose intolerant.
7. Paradoxically and despite the awareness to "healthy products" the number of new cases of people with diseases such as diabetes or cancer is alarmingly increasing in industrialized countries. Adding to these apparent mysteries is the difficulty to establish a range of adequate products for specific segments of consumers who, despite having apparently identical sociodemographic characteristics, have very distinctive behaviours. An example of this can be found amongst a large and powerful group of consumers dubbed the Millennials. Their preferences and buying motivations are more complex than found in previous generations. Some Millennials appear to be conscientious of their health while others have a carefree attitude. At the same time they have tighter budgets than the older generations but are still willing to pay more for products they value. As for other consumers, marketing to those segments imply rethinking many assumptions of the consumer's motivations.
8. In addition to the changes in consumption patterns, the market dynamics and competition in the sector have also changed in recent years, notably by the increasing pressure in the distribution channels together with the growth of the market share of white and private labels.
9. In addition, there are also other challenges to this sector. Exporting companies, for instance, suffer from competition from international producers for which the requirements are often lower. The European Union (EU) and the Single Market impose national and community demands in terms of food safety, environmental requirements, animal care and licensing which often do not parallel the requirements posed to international producers

Thus, the assignment must be carried out in groups of 4-5 students and should have as "background" the consumer trends in the Agri-food business, specifically of milk and dairy products. Each group must develop a Marketing Plan for the introduction of an innovative product or service to the market.

To do so:

- a) Start by choosing a company, organization or a business area of an institution that market's dairy products or provide services in the dairy business.
- b) Your group may choose small or large livestock producers, producers of milk or milk derived products, wholesalers, large format distributors or retail chains, cooperatives or other type of organization that satisfy the mentioned requirements.
- c) Describe the business or organization chosen in greater detail. Make a first presentation of your idea for a new product or service to be marketed by that company.
- d) Analyze the market concerning the chosen sector / business (where the company operates).
- e) Perform a SWOT analysis.
- f) Explain the current market segmentation, detailing the main competitors for each segment.

**1st presentation / delivery, week of April 11, 2016**

- g) Characterize the current strategy of the chosen company including targeting and positioning.
- h) Present your new product or service, characterizing it and justifying its choice in order to assess to its attractiveness. The products or services should promote the consumption of dairy products and consider the adaptation to new consumer trends, market segments or niches.
- i) Propose a new segment for the new product, presenting and justifying the most appropriate marketing strategy.

**Final delivery, week of May 9, 2016**

The **final delivery / presentation dates** shall be **specified by each professor**.

There will be oral presentation of the group assignments to be conducted in MS PowerPoint. A copy of the slides must also be provided in class in the day of the presentation.