

## **Background of the research (research description)**

There has been prevalence of a new component consumption of Hot Sauce on the dining tables and across the US, this component has seen growth over the last 5 years. While the U.S market has expanded rapidly, the Canadian market possesses unique culinary preferences, influenced by regional variations and local food trends. A differentiation in crowded market is required for LocalMe to enter this space that has focus on locally sourced ingredients, small-batch production and online distribution model.

## **Purpose and Objective(s) of the research**

To assess the market potential, viability and consumer receptivity of the unique hot sauce product by LocalMe in Canada. The research will focus on analyzing and understanding regional flavor preferences, market segments and marketing that resonates the best with Canadian consumers

## **Key objectives**

- To understand the Canadian consumers' preferences and identifying the best hot sauce formula for the Canadian market.
- Recognizing and analyzing market gaps and developing a strategy for LocalMe's entry into the Canadian market
- Exploring and examining the taste profiles across provinces and how they differ from each other. Segment the market to identify key consumer groups
- Evaluate visual elements and potential brand names to gauge the market reaction while ensuring distinctiveness.

## **Methodology**

### ***Phase 1: concept testing through qualitative analysis***

To gather deep insights into what the Canadian consumers want in hot sauce, this phase will determine whether preferences differ by region and what kind of branding and marketing would resonate the best with them.

*Rationale:* Through in-depth conversations, we would be able to discover not only what they prefer, but also why they prefer the product. This information will guide the further research.

### *Interviews and Focus groups to discover preferences and branding ideas*

- 30 to 40 individual interviews with consumers can be conducted to dive deeper into their thoughts about what makes a good hot sauce
- 8 focus groups can be organized across different regions in Canada (eg: Ontario, Manitoba, British Columbia, Alberta, Nova scotia, Saskatchewan and New Brunswick) with 8-10 people in each group – who already purchase and consume hot sauces.

### *Topics to address*

- Flavor preferences
- Branding ideas
- Name and labeling Testing

### *Outcomes*

- We will have a sense of what the perfect hot sauce formula might be for LocalMe.
- We will know if there exist regional differences (eg: Alberta v/s Ontario) and if there is a need for LocalMe to introduce variations in the product for different provinces.

### *Analysis*

- Using Thematic analysis, all common themes can be pulled, and differences can be highlighted.
- Maps or HD quality pictures with suggestive names can be displayed to the participants to gather their firsthand reactions.

### *Ethical considerations*

- All participants will give informed consent and their data will be protected under Canada's Personal Information Protection and Electronic Documents Act (PIPEDA)

### ***Phase 2: Quantitative validation and Market Segmentation***

After gathering the data from phase 1, those findings need to be validated with a larger group of people. This phase will help LocalMe confirm the preferences and make a decision in regard to the best hot sauce formula in accordance to the market segments.

*Rationale:* Statistical data would help turn insights from phase 1 to solid numeric information and confirm if they hold true for broader audience. The survey will reach a representative sample of Canadian consumers, ensuring we get reliable data on market preferences.

*Large scale online survey*

- The survey will be designed from the key insights from phase 1 (potential hot sauce names, favourite flavors, etc.)
- Online survey with around 1,500-2000 Canadians from different regions

*Topics to address*

- Market segmentation
- Regional differences
- Name and label testing

*Outcomes*

- We will identify which groups of consumers (foodies, millennials, nutrition conscious individuals) are most likely to buy LocalMe's hot sauce while also addressing the market size.
- We will know which flavor is the most popular across Canada and if there are any unique preferences across the regions.

*Analysis*

- Statistic analysis will confirm preferences, patterns and regional difference and regression analysis will predict purchase behaviors.
- Cluster analysis will help us group people into different segments of the market based on their individual preferences which would further give us clear view of who LocalMe's key customers are.

*Ethical considerations*

- The survey methodology should comply with privacy and confidentiality factors and follow regional and national laws and codes issued by ICC/ESOMAR

**Phase 3: Market implementation and Ongoing monitoring**

After phase 1 and 2, product performance can be tested in selected regions through soft launch and to gather real-time consumer feedback. Effectiveness of marketing strategies can be evaluated and adjusted based on pilot data.

*Rationale:* This phase is crucial for implementing the findings from previous phases in real-world context which would allow LocalMe to launch its product in a controlled environment. The focus will be on small-scale pilot study, with ongoing market monitoring to fine-tune formulas, pricing based on actual consumer reactions.

#### *Online surveys and pilot launch*

- Controlled product launch in selected provinces with digital marketing campaigns to track consumer responses.
- Online feedback surveys, retail sales data and social media sentiment analysis.
- Consumer groups will be from phase 2 key segments and pilot regions will be selected based on market size and project interest in the product.

#### *Outcomes:*

- We will be able to address how well does the hot sauce perform in real time sales and which marketing messages resonate best with consumers.
- We will track which hot sauce name and label design generates the most attention and positive feedback from consumers.

#### *Analysis*

- Sales data analysis can be used from pilot regions to track sales performance and identify areas of improvement
- Sentiment analysis will help analyzing social media and online reviews to gauge public opinion of the product post launch.

#### *Ethical considerations*

- Transparency and confidentiality of personal information shared should be as per the CRIC codes of ethics. Purpose and background of the study should be clearly explained to the participants. Right of data subjects to not participate should be respected at all times.

## **Research outcomes:**

LocalMe prepares to enter the Canadian hot sauce market and therefore understanding the distinctive preferences of Canadian consumers is crucial. While there is a robust trend in growth of hot sauce in the U.S., the Canadian market presents unique opportunities and challenges. LocalMe is well positioned to carve out a niche in this evolving sector. By leveraging its strengths and conducting thorough market research to tailor its approach, LocalMe can effectively differentiate itself and capitalize on the growing interest in speciality condiments in Canada. The key to success will be not only to align with emerging trends but also resonate with Canadian taste preferences and values, ensuring a strategic and impactful entry into the market.

## **Timelines:**

*Background* – 1.5-2 weeks (collecting and reviewing existing information to understand the current market and internal context)

*Marketing problem/opportunity* - 1 to 2 weeks (defining and refining the problem and or opportunity in detail)

*Purpose and objectives* – 1 week (establishing clear objectives and goals for research)

*Approach/ Methodology*

- Phase 1 – 4 to 6 weeks
- Phase 2 – 5 to 6 weeks
- Phase 3 – 3 to 4 weeks

*Outcomes* – 2 to 3 weeks (summarizing the findings and providing insights)

*Overall project duration* : 6 to 8 months (including all phases)

## **Costs:**

*Background* - \$4k to \$6k

*Marketing problem/opportunity* - \$2k to \$ 4k

*Purpose and objectives* - \$3k

*Approach/ Methodology*

- Phase 1 – \$10k to \$12k
- Phase 2 – \$5k to \$8k
- Phase 3 – \$12k to \$ 15k

*Outcomes* - \$3k to \$ 5k

*Total estimated cost* - \$35k to \$50k