Marketing Plan

--- VendGreen: Fresh Salad

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Marketing Plan   **VendGreen: Fresh Salad**

1.0 Executive Summary

VendGreen is a small Dallas-based company that is taking a "fresh" approach as a new participant of the vending machine business. Rather than offering typical vending items such as sugar-filled soft drinks, or bags of greasy potato chips, VendGreen is offering a variety of healthy and very tasty salads. The company feels strongly that it shouldn't have to be expensive to maintain a healthy lifestyle, and this is definitely reflected in the very competitive prices of its products (most of which are much lower than purchasing a single-serve salad from a restaurant, grocery or convenient store). The one factor that sets VendGreen apart from its competitors is the high importance the company places on making sure that every vending machine is replenished daily with a freshly-made assortment of salads. Consumers will always be excited about and drawn to the fresh list of options they have to choose from. There are two things that make VendGreen a strong candidate for success: 1) there's a big wave of consumers shifting to a Vegan diet which VendGreen intends to capitalize upon, and 2) extremely busy professionals with very little time will now have easy access to healthy eating via VendGreen vending machines.

2.0 Situation Analysis

2.1 Market Summary:

People are looking for healthy, hygienic foods mostly vegan nowadays. Success in the sale of healthy salad through vending machines will depend on the target market, positioning our product in the minds of customers by making them aware of the benefits of eating healthy food daily.

TABLE 2.1	Target Market Forecast						
Target Market Forecast							
Potential Customers	**Growth**	**2015**	**2016**	**2017**	**2018**	**2019**	**CAGR**
Student/Education	65%	$472,403	$763,531	$1.2 mil	$1,8 mil	$3.4 mil	65%
Professionals- Metro	116%	$202,458	$509,020	$0.96 mil	$2.3 mil	$4.3 mil	116%
High Traffic-Non Metro	89%			$239,958	$0.45 mil	$0.85 mil	89%
Total	89%	$674,861	$1.3 mil	$2.4 mil	$4.5 mil	$8.5 mil	89%

Target Markets:

Decided to target consumers who are willing to adapt to Vegan styles. University students and employees of IT sector who are most likely to make use of vending machines and are also looking for healthy food options.

2.1.1 Market Demographics

Profile of the targeted customers consists of the below following geographic, demographic and behavioral factors.

Geographics

VendGreen tends to focus on highly populous down town regions in Northern Texas. VendGreen collected statistics on the various companies located in downtown areas, also the list of universities in North Texas and aware of the total number of people in these places. Out of these most of them already adapted to Vegan style and are looking for the same options at their work places.

Demographics

VendGreen will focus on people at universities, employees in IT sector. It will target building an awareness of eating healthy among students and staff in universities. Individuals who fall under 15-45 years range are most likely to use these vending machines.

Behavior Factors

Those who are aware of the benefits of eating healthy food at their daily routine places and are willing to adapt to Vegan style.

Individuals who want to consume healthy, hygienic food at reasonable rates will be targeted for by VendGreen.

2.1.2 Market Needs

The following are needs of the major customers segments- students and employees- that VendGreen is trying to fulfill:

- Students: Health conscious with a commitment to eat healthy food.
- Employees: Professionals who don't tend to have much time to follow a proper diet .Have easy access to vending machines placed in the break out areas.

2.2 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses of GREENVENDER (Or VENDGREEN) and identifies the opportunities and threats facing it.

2.2.1 Strengths
- Low capital requirements
- Repeatable business
- Team can grow fast during the processes and even from the errors
- Quality and freshness of the products

2.2.2 Weaknesses
- Small raw material procurement amount brings cost disadvantage at the beginning
- No distribution channels to rely on yet
- The way to renew and recycle salads will eat a big part of the profit
- Keep updating recipes to maintain customers freshness is a challenge

2.2.3 Opportunities
- Huge blue market
- Pop healthy living and eating trend
- No strong competitors yet
- Low R&D cost, high turnover rate and asset light company

2.2.4 Threats
- Low threshold, big capital can easily invest another similar company to do the same thing
- Low cost product competition
- Competition in the existing market

2.3 Competition

Although no vending machines that sell fresh salads have been introduced to the north Texas area yet, traditional vendors of salads, such as convenience stores, cafeterias and restaurants, pose as big competition or challenge.

2.4 Product/Service Offering

- Get fresh produce twice a week
- Start early and make everything from scratch
- Make everything in our local, fully licensed, shared kitchen
- Replenish vending machines early AM and remove the unsold salads (which could be donated to a local food pantry)
- Discount any unsold salads after 6 p.m. (or a later time)

The salads are made from basic (lettuce, tomato), medium (more vegetable options) and high-end organic ingredients like blueberries, kale, fennel, and pineapple. Each one comes out in a recycled plastic bowl with lid.

2.5 Key Success Factors

The key points of the vending machines are: fresh, healthy, convenient and environmental friendly. So the most important success factors of our products are the quality and competitive prices.

2.6 Critical Issues

The critical issues include how to make fresh and tasty salads (the good recipe, reliable sources of raw materials: fresh & organic); the convenient packaging in recycling containers; efficient, punctual and reliable delivery; pick the right locations for the vending machines (food courts, private office buildings, campus buildings, convenience stores); recycle and donation of the left-overs

The goal is to offer workers/university students fast, healthy lunch/dinner options in high populous areas that do not have many restaurants or choices.

3.0 Marketing Strategy

The key to a successful marketing strategy is to focus on VendGreen's top two selling points: daily replenishment of all products in every single vending machine, and extremely competitive pricing on all products. This will be done using a variety of marketing methods including company website, inbound marketing, and posters. Additionally, identifying optimal locations for vending machine placement using analytics will contribute to the success of VendGreen's marketing campaign.

3.1 Mission

VendGreen's mission is to provide affordable, healthy eating options to every single consumer. The company advocates that striving for health will lead to satisfying wealth. A healthy lifestyle allows for more energy, increased productivity, and a better attitude on life.

3.2 Marketing objectives

- Target the busy student/professional 15-50 years of age looking for easily accessible, healthier eating options
- Take full marketing advantage of the current shift towards vegan style among young consumers (ride the wave)

- Continue to identify high traffic areas using sophisticated analytics for vending machine placement
- Increase the number of vending machines in high traffic areas.

3.3 Financial Objectives

- Deliver solid and growing returns to all business partners
- Expand to new geographical markets and continue to increase the number of active vending machines (VendGreen starts with seven vending machines in Year 1 and is expected to grow placement to 69 machines by the end of Year 5)
- Bring down COGS as a percentage of revenue; net income will be negative for Year 1-2, but is expected to turn favorable for Years 3-5 (cumulative net income over the 5 year period is $4.3MM)

3.4 Target markets

Positioning will be in highly populous areas.

3.5 Positioning

Positioning will be in highly populous areas; still looking for that unique, marketing factor (made fresh DAILY)

3.6 Strategies

A profit-sharing strategy will be used to persuade property/business owners to allow our vending machines on their property.

3.7 Marketing Program

Pricing will vary based on which customer category the machines are located in (lower price for education category, higher price for business category).

Truck leasing is how VendGreen will distribute product to all vending machines. Additionally,

the trucks will pick up inventory from suppliers as a means of eliminating deadweight costs.
Promotion will be achieved via business website, inbound marketing, word of mouth, and health/fitness and business magazines, flyers/mailers

3.8 Marketing Research

VendGreen will continuously perform deep-dive analytics to identify:

- emerging high growth/populous areas
- brands that are top-sellers and favorites among consumers; eliminate waste
- appropriate pricing for different consumer segments

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4.0 Financials

This section provides insight into VendGreen's breakeven analysis and sales forecast.

4.1 Break-Even Analysis

The break-even analysis indicates that $174,727 will be required in monthly sales revenue to reach the break-even point.

Table 4.1	Break-Even Analysis
Break-Even Analysis:	
Monthly Units Break-Even	20,879
Monthly Sales Break-Even	$138,211
Assumptions:	
Average Per-Unit Revenue:	$9,371
Average Per-Unit Variable Cost:	$3,099
Estimated Monthly Fixed Cost:	$78,259

4.2 Sales Forecast

Table 4.2	SALES FORECAST				
Sales Forecast					
SALES	2015	2016	2017	2018	2019
No. of Machines	7	12	21	38	69
Gross Sales	$674k	$1.2 mil	$2.4 mil	$4.5 mil	$8.5 mil
Sales/machine	$102k	$107k	$112k	$117k	$ 123k
DIRECT COST	2015	2016	2017	2018	2019
Production costs	$279k	$481k	$763k	$1.15 mil	$1.8 mil
Fuel for distribution	$14k	$27k	$45k	$81k	$205k
Subtotal cost of sales	$292k	$508k	$809k	$1.2 mil	$2.0 mil

4.3 Expense Forecast

Table 4.3	Marketing Expense Budget		
MARKETING EXPENSE TABLE			
	2015	2016	2017

Website	$31k	$26k	$22k
Posters	$10k	$10k	$11k
Fliers	$10k	$12k	$12k
Seasonal Ads	$8.4k	$12k	$11k
Total expense	$60k	$60k	$57k
% of Sales	8.4%	4.4%	2.2%
CM*	68%	72%	81%
CM*/sales	$199k	$366k	$656K

CM*: contribution margin

5.0 Controls

The purpose of the Vendgreen marketing plan is to promote the product and establish a company brand to provide a strong base to the organization in developing the product. The following areas will be monitored to estimate the performance:

- Sales number in specific region or organization
- Type and size of salad preferred by the People.
- Revenue and budget usage.

TABLE 4.4	Milestones			
Milestones	**Start date**	**End date**	**BUDGET**	**MANAGER**
Marketing plan	5/1/2015	5/3/2015	$0	Brian
Web-site creation	5/5/2015	9/5/2015	$30,000	Gowthaman
Posters and banner ads	5/10/2015	7/15/2015	$20,000	Brian
Seasonal marketing	5/10/2015	10/31/2015	$10,000	Brian

- Impact of marketing on product sales.
- Expenses
- Customer feedback.

5.1 Implementing

These milestones are set for the marketing promotion and as a market plan. Achieving each milestone on time with the proposed budget is important. Every deliverable from the milestone will act as a key source in the promotion of the product. (Brian said he will come up with few milestones)

5.2 Marketing Organization

Brian Cervantes is responsible for the marketing activities and controls.

5.3 Contingency Planning

Difficulties and Risks

- Being a new product in the vending market, the product movement and selling cannot be predicted.
- If there is a decline in sales of the product.
- If large number salads stay unsold by the end of the day.
- People judging that vending machines doesn't provide fresh foods and disregarding the salads considering them not fresh.
- The product movement can be very slow initially.

Worst-case Risks

- Not extracting enough revenue with the product to continue the business further.
- Legal contract problems causing a pause or change in the current strategy.
- Organizations denying joining and promoting the product because of the competition it builds with the other food providers inside an organization.