

Marketing Proposal

Orland Farmstead Creamery



Elk Grove FFA, CA0069
California
2012

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Dairy Gold Marketing

Orland Farmstead Creamery was founded in 2009. The owner and operator, Paul Schmidt, purchased a lush sixty-acre dairy farm in northern California in 1977 and began milking a small herd of grass-fed Holstein cows. Paul spent four years building his life-long dream, an on-site creamery, and finally in 2009 began creating a delicious Fromage Blanc cheese. Orland Farmstead Creamery contacted Dairy Gold Marketing to develop a marketing plan for his Fromage Blanc as well as investigate possibilities of bringing other value-added dairy products to market. As a result, Dairy Gold Marketing has generated an aggressive marketing plan for both Fromage Blanc and Fresh Mozzarella cheese.

I. ANALYSIS OF MARKET

A. Industry Trends.

The cheese industry has evolved significantly in North America over the last three decades. In the late '70s and early '80s, large food corporations producing factory-made, process-controlled cheese dominated the industry, as the United States modern artisanal cheese movement began its slow climb to popularity. Many aspiring cheesemakers traveled to Europe to receive more training in the historical art of handcrafted cheesemaking, advancing their skills and broadening the types and styles of cheeses they were creating. Artisanal cheeses have been growing steadily. In the 52 weeks ending September 2011, specialty cheese accounted for 64% of in-store deli purchases, a 7.4% jump from 2010 (IDDBA, 2012). In addition to relishing the taste of unique cheeses which add robust flavor to food, consumers have an increasing desire for cheeses with a sense of handcrafted tradition and history. Consumers are developing a more sophisticated palate and turning towards products exclusive to a particular region or even a single farmstead over industrial made alternatives. This trend includes natural, artisan, and local cheeses (Putman Media, 2008).

Fromage Blanc is a soft cheese gaining popularity with the newest trends in specialty cheeses. Eaten as a fresh dip or added to recipes for cheesecake, brownies, pasta dishes, and quiche, Fromage Blanc is quickly developing a following amongst a growing segment of sophisticated gourmet food lovers. In 2002, Cowgirl Creamery introduced Fromage Blanc in California. Now, a decade later, four California creameries are producing this delicious cheese (Darling, 2012). Although Fromage Blanc is not commonly recognized by consumers, its popularity and recognition by name has grown tremendously. Driven by the growing popularity of Italian food in the United States, mozzarella is the most consumed cheese (IDFA, 2012). Total mozzarella production was 306 million pounds in 2011, up 7.4% from the previous year (Monterrey Provision Company, 2011). And fresh mozzarella is quickly gaining esteem because of its creamy-on-the-palate taste. This moist, artisanal product is preferred over commercially produced mozzarella which consumers identify as drier, salty, and rubbery (The Nibble, 2006).

B. Buyer Profile and Behavior

United States per capita cheese consumption reached a new record high at 33.29 pounds in 2010 (IDFA, 2012). The highest rates of cheese consumption occur among Suburban families and couples as well as larger, well-to-do families with incomes greater than \$100,000. People who frequently visit supermarket delis, specialty grocers or full-service restaurants are more likely to purchase specialty cheese. Cheese is identified and consumed in households of all ethnic and racial groups nearly equally, with the Asian American demographic segment as the only group with penetration below the average, although maintaining 83% recognition. Cheese consumption drops among the Senior Citizen segment, defined as people 65 years and older (Putman Media, 2008).

C. Orland Farmstead Creamery's Strengths and Weaknesses

The greatest strengths of Orland Farmstead Creamery's Fromage Blanc and Fresh Mozzarella cheeses are the quality and consumer connection to a healthy, naturally produced product. The cheese not only

offers a positively recognized taste from consumers, but is also recognized for the attributes of being all-natural, rBST-free, and derived from grass-fed cows. The proposed Orland Farmstead Creamery website, orlandfarmstead.com, provides consumers a connection to food that is locally grown, prominently featuring the producer's background, dairy operation pictures and highlights, and registration for cheese making seminars and dairy tours which are suggested for promotion. Additionally, recipes ranging from breakfast to dessert will be presented on the webpage, helping to broaden the appeal and year round usage of the cheese.

The greatest challenges for Orland Farmstead Creamery are establishing and building brand equity with a sustainable consumer base and driving increased popularity of the Fromage Blanc category. Orland Farmstead Creamery is aware of these challenges and their need to engage them with an aggressive marketing campaign, rooted in the most popular characteristics as recognized by consumers.

D. Competitor's Strengths and Weaknesses

Besides Orland Farmstead Creamery, Dairy Goddess, Bellwether Farms, and Cow Girl Creamery all produce Fromage Blanc, which is primarily offered at farmer's markets and specialty stores in California. These creameries are all relatively small scale, producing a high quality, fresh product with prices that are comparable to Orland Farmstead Creamery. Fortunately, none of the aforementioned creameries have established a strong and consumer recognizable market presence in the Northern California target market.

The key fresh mozzarella competitors are Galbani and Precious. However, the two companies, owned by Lactalis American Group, Inc., are merging and will sell under the Galbani brand. Galbani was founded in 1882 and offers inexpensive, industrial manufactured fresh mozzarella in four varieties, however it is only offered in mass markets and does not directly compete with Orland Farmstead Creamery products (Precious, 2012).

Table 1. Fromage Blanc Retail Price Comparison

Fromage Blanc	Size	Price
Dairy Goddess	6.0 oz	\$6.00
Bellwether Farms	7.5 oz	\$5.99
Cow Girl Creamery	8.0 oz	\$4.75

Table 2. Fresh Mozzarella Retail Price Comparison

Fresh Mozzarella	Size	Price
Galbani Bocconcini	8.0 oz	\$4.99
Precious Bocconcini	8.0 oz	\$4.49

E. Original Research Results

Through 263 surveys collected at three farmer's markets and a taste test conducted by Orland Farmstead Creamery, Dairy Gold Marketing was able to identify the target market, product taste opinions, and selling venues. See appendix A.

II. BUSINESS PROPOSAL

A. Key Planning Assumptions

Farmer's market customers purchase local foods for their quality and freshness. People who prioritize health and financial support of a local business as well as emphasize fresh rather than processed food are more likely to shop at direct markets (Keeling-Bond et al, 2009). More specifically, consumers who purchase specialty cheese at farmer's markets and specialty cheese stores emphasize quality, freshness, and expert advice (Dairy Gold Marketing Survey, 2012).

B. Measurable and Attainable Goals

1. Earn net profit of \$150,000+ for year one.
2. Increase sales by 25%+ for year two.

3. Earn 20%+ ROI in year one and 25%+ ROI in year two.

C. Target Market

Primary Target Market

1. Northern California Resident
2. Ages 25 - 65 years old
3. Upwards of \$100,000 annual household income or \$75,000 annual income with no children
4. Dines at restaurants and/or shop at specialty food stores, farmer's markets, or online.

Secondary Target Market

1. Northern California Restaurants and Specialty Food Stores, including wineries and cheesecake-of-the-month clubs.

III. STRATEGIES AND ACTION PLAN

A. Product Attributes

Research indicates that Fromage Blanc should be offered in three and six ounce polypropylene containers for retail sales, as well as 3.5 gallon tubs for wholesale distribution. The attractive three and six ounce containers should be sold in specialty stores and farmer's markets; 3.5 gallon tubs should be offered to restaurants, as they offer improved storage footprint and stackability. Fromage Blanc should be made available as a plain and torte product. Torte flavors should include Jalapeno Jelly, Cranberry Walnut, Garlic & Herbs, Pesto & Sun Dried Tomatoes, and Artichoke Lemon. Fresh Mozzarella should be made available to consumers in six ounce and eight ounce containers. The eight ounce containers will boast non-marinated, fresh bocconcini mozzarella balls and six ounce containers will be comprised of fresh ciliegine mozzarella balls marinated with garlic and herbs. Shelf life for Fromage Blanc is 25 days and Fresh Mozzarella cheese is 30 days after pasteurization.

B. Distribution and Sales

Research shows that Orland Farmstead Creamery should retail cheeses at farmer's markets and wholesale to specialty stores and restaurants. Farmer's markets, which will bring improved visibility to this new product specific to the target consumer demographic and recommended sites include: Chico Farmer's Market (Thursday and alternate Saturdays), Davis Farmer's Market (alternate Saturdays), Jack London Square (every Sunday), and Bloxome Street Meet Market (last Saturday of each month). Also, thirteen specialty stores and eight restaurants are suggested as targets for retail distribution outlets. The venues were determined based upon strength of two market recognized attributes location and demographic fit to the target customer segment. Each venue is located in one of three geographic segments within the Northern California target market (Chico region, Sacramento region, Bay Area region). Each region proved a strong fit to the specified target market. Delivery to specialty stores and restaurants will occur weekly via an Orland Farmstead vehicle. Orland Farmstead Creamery tour and cheese making seminar participants can purchase cheeses on-site during those events. Also, customers can purchase cheese at the Orland Farmstead Creamery website, but would need to pay shipping and handling or choose to pick up pre-ordered item at specified farmer's market location, promoting the possibility of follow-up orders and the possibility of attracting additional new customers .

C. Price Structure

Dairy Gold Marketing suggests that Orland Farmstead Creamery retail their product at farmer's markets and sell wholesale to specialty cheese stores and restaurants. The mark up from producer to retail should be approximately 60%, reaching the suggested retail prices below.

Table 3. Orland Farmstead Creamery Fromage Blanc Price Structure

Fromage Blanc	3 Oz.		6 Oz.		3.5 Gal/24.5 Lbs.
	Whl	Ret	Whl	Ret	Whl
Plain	\$2.05	\$3.25	\$4.10	\$6.50	\$98.00
Torte	\$2.50	\$4.00	\$5.00	\$8.00	\$114.00

Table 4. Orland Farmstead Creamery Fresh Mozzarella Price Structure

Fresh Mozzarella	6 Oz.		8 Oz.		1 Gal./8 Lbs.
	Whl	Ret	Whl	Ret	Whl
Marinated Ciliegine Balls	\$3.10	\$5.00	---	--	\$50
Bocconcini Balls	----	---	\$3.45	\$5.50	\$35

D. Annual Promotion

Using progressive technology as well as traditional marketing methods, Orland Farmstead Creamery should capitalize on both advertisement as well as publicity. Orland Farmstead Creamery annual promotion should include:

Advertisement ~

- Internet Use: webpage, Facebook, You Tube, Pinterest & Twitter (use hootsuite link) - include monthly recipe suggestions, dates and registration for cheese making seminars and dairy tours, & farmstead pictures
- Farmer's Market Display and branding- banner, recipes, employee shirts and hats, & taste tests
- In-Store Display Box – include Orland Farmstead Creamery literature and recipes
- Publications: Edible Shasta Butte, Edible Sacramento, Edible East Bay

Publicity ~

- Attend Fancy Food Show and other regional gourmet food exhibitions of Northern California.
- Provide cheese to locally recognized gourmet chefs and opinion leaders – Biba Caggiano, Ann Leon, Donato Scotty
- Web-based Fromage Blanc and Fresh Mozzarella Cheese Recipe Contest - \$100 Creamery Credit
- Cooking Show Segment: Good Day Sacramento, KCRA Lunch segment and others
- Tours of Orland Farmstead Creamery and Dairy Operation
- Cheese Making Seminars hosted by Orland Farmstead Creamery

The roll out of advertisement should be year round with elevated activity in the mid to late summer months because there is a proven correlation between early fall and a higher turnout at farmer's markets (McBride, 2012). In addition, specialty cheeses experience heightened sales in summer months through the holidays (Dairy Gold Marketing, 2012).

E. Positioning

Since the target market for these products includes consumers seeking high quality, fresh, minimally processed foods; Orland Farmstead Creamery products will be positioned as natural, rBST free, high-quality cheeses generated from humanely- treated, locally raised, grass-fed cows. The product will be distributed to clientele across northern California who value pure, high quality premium products created with minimal carbon footprint or negative environmental impact. Orland Farmstead Creamery's slogan "With the Name Farmstead, it Must be Fresh" will be displayed on the package container and creamery literature.

F. Mission Statement

Orland Farmstead Creamery strives to provide the freshest, highest quality cheese from grass-fed, rBST-free, happy cows. Benefits to people, environment, and cows are a priority for Orland Farmstead Creamery and it shows in what we deliver to our deserving customers.

IV. EVALUATIONS

A. Monitoring and Measuring

The monitoring of sales and quality of product should be done through a web based survey as well as continued communication with Orland Farmstead Creamery. The use of internal software will be an important component to keep accurate receipts and expenses. Promotional changes may be made after the results of sales are compiled and the most effective method of advertisement will be emphasized.

B. Future Action Plan

1. Consider private labeling for businesses that opt to purchase your milk and pay for creation of dairy product and packaging.
2. After success is reached with Fromage Blanc and Fresh Mozzarella, consider additional varieties of cheese.
3. Consider compound butter and/or gelato creation and sales.

V. BUDGET

Table 5. Orland Farmstead Creamery Projected Budget for Year 1 and 2.

Orland Farmstead Creamery Budget	First Year					Second Year				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year 1 SUM	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year 2 SUM
Revenue										
Projected Farmer Mkt/On-site Sales										
Fromage Blanc	9,461	18,270	18,705	15,138	61,574	11,354	22,838	22,838	18,923	75,951
Mozzarella	10,658	18,963	18,963	11,723	60,307	11,190	19,838	19,838	12,309	63,175
Farmers Market Totals	10,658	18,963	18,963	11,723	60,307	22,544	42,675	42,675	31,232	139,126
Projected Specialty Grocer Sales										
Fromage Blanc	34,709	46,279	46,279	55,535	182,802	41,651	57,849	57,849	69,418	226,767
Mozzarella	62,299	74,758	74,758	68,528	280,344	65,414	78,496	78,496	71,955	294,361
Specialty Grocer Total	97,008	121,037	121,037	124,063	463,146	107,065	136,345	136,345	141,373	521,128
Projected Restaurants Sales										
Fromage Blanc	15,741	18,084	21,017	17,487	72,328	17,107	19,236	22,112	18,346	76,801
Mozzarella	30,600	30,600	30,600	30,600	122,400	30,600	30,600	30,600	30,600	122,400
Restaurants Total	46,341	48,684	51,617	48,087	194,728	47,707	49,836	52,712	48,946	199,201
Gross Income	154,006	188,684	191,617	183,874	718,181	177,316	228,856	231,732	221,551	859,455
Expenses										
Packaging	11,033	14,470	14,587	14,410	54,500	12,291	16,603	16,685	16,738	62,317
Product	31,732	38,952	40,953	37,657	149,294	33,885	41,962	43,907	40,742	160,496
Promotion	15,000	15,000	15,000	15,000	60,000	16,250	16,250	16,250	16,250	65,000
Slotting Fee	975	975	975	975	3,900	975	975	975	975	3,900

Transportation	4,311	4,402	4,447	4,447	17,607	4,311	4,402	4,447	4,447	17,607
Salary	35,750	39,350	39,350	35,750	150,200	48,250	51,850	51,850	48,250	200,200
G & A	24,657	29,692	30,417	28,660	113,425	26,042	31,882	32,558	30,914	121,396
Marketing Consultant Fee	5,466	6,454	6,599	6,156	24,674	5,713	6,832	6,970	6,553	26,068
Gross Expense	128,923	149,295	152,327	143,056	573,601	147,717	170,757	173,642	164,868	656,984
Annual Revenue	154,006	188,684	191,617	183,874	718,181	177,316	228,856	231,732	221,551	859,455
Annual Expense	128,923	149,295	152,327	143,056	573,601	147,717	170,757	173,642	164,868	656,984
Annual Net Profit	25,083	39,389	39,290	40,818	144,579	29,599	58,099	58,090	56,683	202,472

VI. BIBLIOGRAPHY

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VII. APPENDIX A: ORIGINAL RESEARCH RESULTS

Table 1: Rationale for Specialty Cheese Purchases

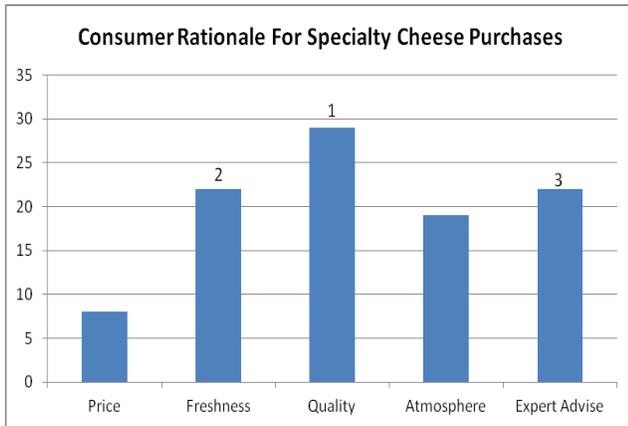


Table 2: Favorite Consumer Fromage Blanc Flavors

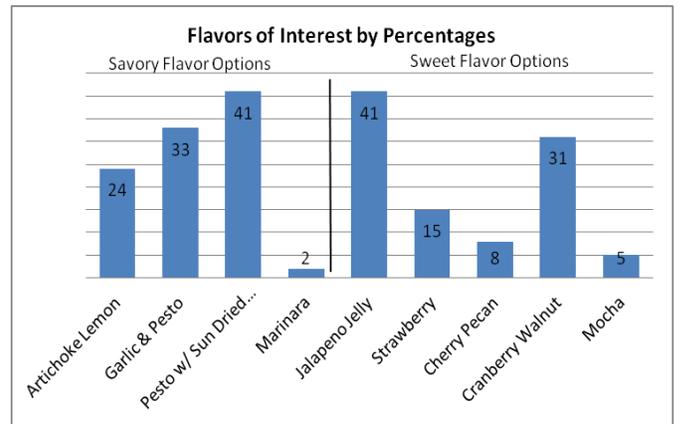


Table 3: Times per Week Cheese is Used

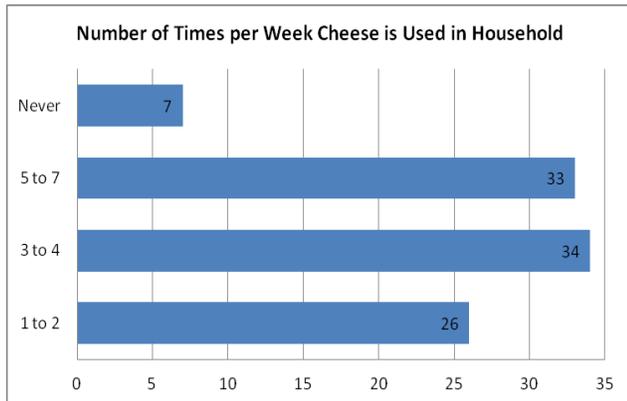
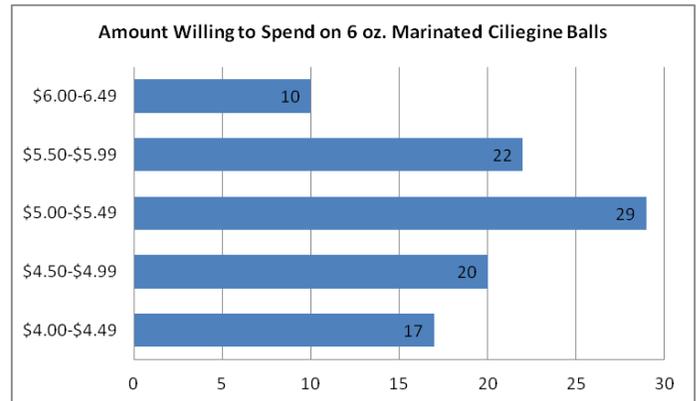


Table 4: Price for 6 oz Marinated Ciliegine Balls



VIII. APPENDIX B: ORLAND FARMSTEAD CREAMERY

Fromage Blanc Preparation



Paul Schmidt Preparing Cheese



Happy Orland Farmstead Cow

