

ADVERTISING SIMULATION

Savory Foods, Inc.

Corpus Christi, Texas Market

Prepared By:

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Advertising Campaign for Savory Foods, inc.

History and Background

Savory foods is a regional manufacturer of two distinct food product lines which it distributes through the cakes division and the dairy division. The cakes division markets baked cakes and cookies while the dairy division distributes such products as processed cheeses, prepackaged cheeses, and cottage cheese (see Table I for complete product list).

Savory's home office and processing plant is in San Antonio, Texas with existing distribution in the San Antonio, Austin, and Houston markets, and a recent penetration of the Corpus Christi market. Savory has marketed its product line in San Antonio since 1907, in Austin since 1915, in Houston since 1947, and entered the Corpus Christi market last year. Savory's primary competition for its cakes product line is Nabisco, Dolly Madison, and Keebler. Its basic competition in the Dairy division is from Borden, Hygia, and local distributors (Table II shows market share in the markets).

Savory manufactures its baked goods in San Antonio and delivers the fresh product daily to a central warehouse in Corpus Christi. The dairy products also are produced and packaged in San Antonio and delivered to a central distribution point Corpus Christi. From the central warehouse, Savory delivery vehicles distribute the product to the local retail outlets. No plans are contemplated to decentralize production or to proliferate the product line.

The Simulation

Figure one depicts the Savory organization chart. Each person participating in the simulation is assigned a specific position in the organization. This position must be occupied by a person who actively plays the role demanded by the position. Savory desires to be progressive and active in the market and eventually achieve a strong position in each market. Your duty is to determine how best to use advertising to achieve their objectives. Specifically, you are charged with evolving an advertising campaign for the Corpus Market.

Procedure

Each participant will work with a group to achieve the goals of the simulation. The final presentation to the class for each group will be a detailed advertising campaign. Specific media choices such as time of day and billboard locations must be specified. Reasons why choices are made must be logical and relevant in achieving the goals of the organization and the advertising objectives.

Specific objectives are outlined for each session of the simulation. These objectives must be satisfied in detail before the next simulation session. Plan carefully and develop a working campaign. Exact and precise details must be developed giving length of time, cost for each medium, slogan used, copy must be evolved, and a theme must guide the development of commercials.

Table II
Market Share-Last Year

| Market - Product | Competitor - Percentage Market (Change) | | | | | | | | TOTAL | |
|-------------------|---|---------------|---------|--------|-------|-------|--------|--|-------|-----|
| | NABISCO | DOLLY MADISON | KEEBLER | BORDEN | KRAFT | LOCAL | SAVORY | | | |
| San Antonio | | | | | | | | | | |
| Product | | | | | | | | | | |
| Cake Division | | | | | | | | | | |
| Cookies | | | | | | | | | | |
| Market Share | 40 | 20 | 25 | | | | | | 15 | 100 |
| Market Change | -2 | +1 | -1 | | | | | | +2 | |
| Cakes | | | | | | | | | | |
| Market Share | 20 | 50 | 15 | | | | | | 15 | 100 |
| Market Change | -3 | +1 | -1 | | | | | | +3 | |
| Dairy Division | | | | | | | | | | |
| Cheeses - Cottage | | | | | | | | | | |
| Market Share | | | | 60 | | | | | 10 | 100 |
| Market Change | | | | +1 | | | | | +1 | |
| Other Cheeses | | | | | | | | | | |
| Market Share | | | | 20 | 60 | | | | 20 | 100 |
| Market Change | | | | -2 | -3 | | | | +5 | |
| Yogurt | | | | | | | | | | |
| Market Share | | | | 40 | | | 30 | | 30 | 100 |
| Market Change | | | | -2 | | | -5 | | +7 | |

Operations

Savory uses the normal food distribution system to reach the retail outlets. Food brokers are utilized in the physical distribution network but Savory's own sales force calls on the larger retail accounts to maintain intimate contact. Savory's management emphasizes personal service to be more effective in their personal selling effort to channel members. Advertising planning, implementation, and control are directed by the company. All advertising during the first year was simply where we are, our name is Savory". Planning must be accomplished for the next year, the specific goals and objectives must be established, the strategy developed, and the program activated.

Table II - continued

| | NABISCO | DOLLY MADISON | KEEBLER | BORDEN | KRAFT | LOCAL | SAVORY | TOTAL |
|--|----------|---------------|----------|----------|----------|----------|----------|-------|
| Yogurt Market Share Market Change | | | | 35 -5 | | 40 -2 | 25 +3 | |
| Corpus Christi Cake Division | | | | | | | 2* | 100 |
| Cookies Market Share Market Change | 38 -5 | 38 +2 | 22 +1 | | | | | |
| Cakes Market Share Market Change | 32 -1 | 60 -3 | 5 +1 | | | | 3* | |
| Dairy Division Cheeses-Cottage Market Share Market Change | | | | 70 -4 | | 25 -1 | 5* | 100 |
| Other Cheeses Market Share Market Change | | | | 31 | 65 -4 | | 4* | 100 |
| Yogurt Market Share Market Change | | | | 82 -8 | | 10 | 8* | |

*First year in Market Area

Table II - continued

| | NABISCO | DOLLY MADISON | KEEBLER | BORDEN | KRAFT | LOCAL | SAVORY | TOTAL |
|-----------------|---------|---------------|---------|--------|-------|-------|--------|-------|
| Austin | | | | | | | | |
| Cake Division | | | | | | | | |
| Cookies | | | | | | | | |
| Market Share | 48 | 20 | 20 | | | | 12 | 100 |
| Market Change | -1 | -2 | -2 | | | | +5 | |
| Cakes | | | | | | | | |
| Market Share | 25 | 40 | 15 | | | | 20 | 100 |
| Market Change | -4 | +1 | -3 | | | | +7 | |
| Dairy Division | | | | | | | | |
| Cheeses-Cottage | | | | | | | | |
| Market Share | | | | 60 | | 32 | 8 | |
| Market Change | | | | -3 | | -2 | +5 | |
| Other Cheeses | | | | | | | | |
| Market Share | | | | 15 | 70 | | 15 | |
| Market Change | | | | | -3 | | +3 | |
| Yogurt | | | | | | | | |
| Market Share | | | | 45 | | 30 | 25 | |
| Market Change | | | | -1 | | -1 | +2 | |
| Houston | | | | | | | | |
| Cake Division | | | | | | | | |
| Cookies | | | | | | | | |
| Market Share | 30 | 30 | 30 | | | | 10 | |
| Market Change | -1 | +1 | -3 | | | | +3 | |
| Cakes | | | | | | | | |
| Market Share | 25 | 32 | 25 | | | | 18 | |
| Market Change | -4 | +1 | -1 | | | | +4 | |
| Dairy Division | | | | | | | | |
| Cheeses-Cottage | | | | | | | | |
| Market Share | | | | 50 | | 44 | 6 | |
| Market Change | | | | -3 | | +1 | +2 | |
| Other Cheeses | | | | | | | | |
| Market Share | | | | 12 | | 80 | 8 | |
| Market Change | | | | -1 | | -1 | +2 | |

Figure I - Organizational Chart Savory Foods, Inc.
Corpus Christi

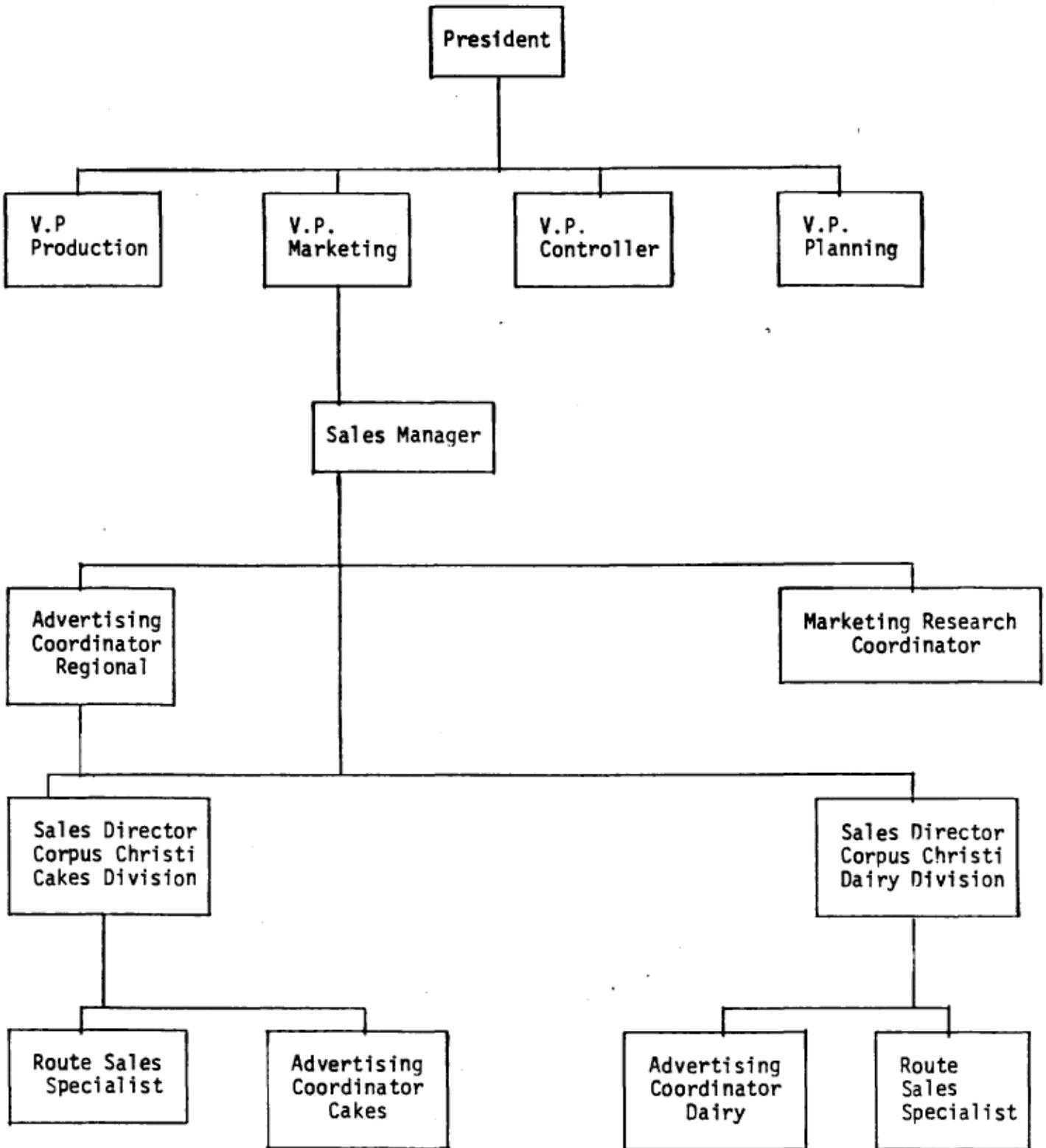


Table I. Products List Savory Foods, Inc.

A. Cakes Division

1. Savory Chocolate Chip Cookie
2. Savory Pecan Delights Cookie
3. Savory Fig Bar Cookie
4. Savory Chocolate Creme Cookie
5. Savory Coconut Vanilla cake - 1 lb.
6. Savory Jelly Roll

B. Dairy Division Savory brand of:

1. Cottage cheese
2. Packaged grated pizza cheese
3. Packaged grated mozzarella cheese
4. 8 oz. sliced American Cheese
5. 16 oz. sliced American Cheese
6. 8 oz. and 16 oz. American sliced individually wrapped cheese
7. Various Flavors pint size yogurt

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Simulation Sessions

When a simulation session is designated “marketing” all persons in the group will attend the session as one committee. The marketing V.P. is responsible for each “marketing” session. A session designated “divisional” requires the group to concentrate on the individual divisional strategies. Each “divisional” committee is chaired by the respective divisional sales director. The members of the dairy division committee are: sales director-dairy, advertising coordinator-dairy, route sales specialist-dairy, V.P. marketing, and marketing research coordinator. Members of the cake division committee are: Sales director-cake, advertising coordinator-cake, route specialist-cake, sales manager, and advertising coordinator.

A form is provided which must be turned in to the instructor for each session. All forms designated as “A” are to be turned in by each individual prior to the committee session. All forms designated as “B” or without an “A” or a “B” designation are to be turned in following a group meeting by the person chairing the meeting.

ROLES

Marketing Vice-President

You are 44 years old, married, with three children and a native of South Texas and you have a MBA from Texas. At Savory you report directly to the President and are directly responsible for all marketing operations.

You have developed a good working rapport with your subordinates. You allow and demand all ideas to be presented. You are especially concerned about the use of company funds and demand control of these funds. You have a keen interest in advertising allocation and effectiveness.

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Sales Manager

You are 54 years old and have been involved with sales your entire professional career. You feel that personal selling is the key to sales success and your experience in food selling is well known and respected. You are willing to try new ideas but are not impressed with gimmickry. You sometimes question the advertising dollar productivity. Marketing Research Coordinator

You are 29 years old, married, and a recent MBA graduate from Texas Tech where you majored in marketing. You have little practical experience but bring with you an analytical mind and tall the new ideas". You are anxious to try new concepts and push for progressive ideas. However you tend to be intimidated by the sales manager and are somewhat fearful of "rocking the boat."

Sales Director-Cakes

You are 39 years old, married, and have two children in elementary school. You have risen to your position through the ranks and have a BBA from Stephen F. Austin. You have some experience with an advertising agency but most of your effort has been in personal selling activities.

Sales Director - Dairy

You are 41 years old and not married. You tend to drive your division hard. You like to see each task quickly done and enjoy the challenge of new opportunities. Most of your career is in detergents as a product manager and only two years ago you became dairy sales director for Savory. You feel the most market growth potential is in dairy products and would like to add ice cream to the line.

Advertising Coordinator-Regional

You are 30 years old, married with two pre-school children. You have

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MBA from LSU with a specialty in advertising. You coordinate all advertising projects in the company and want to see controlled growth in the ‘proper’ targets.

Advertising Coordinator - Dairy

You are 45 years old, have two children in high school, you have a BBA from Southwest Texas in marketing. You have little formal advertising training but have become qualified in the field by assisting in projects and have studied advertising methodology on your own. You also coordinate your activities through the regional advertising coordinator.

Advertising Coordinator-Cakes

You have just graduated from Texas A&I-Corpus Christi with a BBA degree. Your concentration was in marketing but you have no practical experience but are excited by the concepts and ideas you learned in the classroom. You find it difficult to restrain your enthusiasm and do not want to berate the “old world” ideas of some of the management.

Route Sales Specialist Cake

You are 55 years old, an old time company man. You are a coordinator and troubleshooter specifically responsible for coordinating all sales activities keeping a close “tab” on all advertising campaigns. You tend to be toughminded and conservative and insist that all projects be demonstrably workable. Even though your hierarchy position appears to be low, you have the “ear” of the sales manager and can usually accomplish what you feel must be done.

Route Sales Specialist-Dairy

You are 32 years old, a bachelor, and you have a degree in physical distribution from the University of Arkansas. You have several years of selling experience as a sales representative for American Beauty products.

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Your company responsibility is to direct the personal selling force for the company's dairy products. You coordinate your efforts with the cakes division route specialist.

SESSIONS

Session One Marketing

Attended by all persons, conducted by marketing vice-president. The marketing and advertising objectives are to be established, and submitted to the president. These must be congruent with company objectives for fast growth and acceptable profits and must be specific for each division and line. Announcement is made that the Corpus Christi market will be given \$50,000 in advertising funds for the cake division and \$40,000 in advertising funds for the dairy division. These limits may be increased only by justifiable petitioning. At the conclusion of this session, the specific objectives for each division and the general advertising objectives will be transmitted to the president.

Session Two-Divisional

Evolve divisional strategies and tactics. Clearly identify target markets and the type of advertising needed to reach targets, and evaluate consistency of divisional strategy and tactics. Target market evaluation should also have been considered in session one. Strategy and tactics must be approved for both divisions and submitted to marketing V.P. who will submit these to the president. Target markets must be described in detail. Session Three Marketing

Develop the specific campaign theme that will be used to obtain objectives and implement strategy. Evaluated the general costs of various media, and effectiveness of each medium. Develop a plan utilizing an ideal media mix and assign individuals to research the specific media outlets. Must have information on effectiveness and cost of media for next session.

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Session Four Divisional

Evaluate media costs, determine which media can be used, evaluate effectiveness of specific medium, specific time spots, etc. Decide which specific medium type and organ to use, justify choice on basis of effectiveness and efficiency. By end of session you must have determined specific media mix, cost of each medium, total cost, time spots planned to be used, and print media selection.

Session Five Marketing

Compare media choice for both divisions, evaluate overlap and possible dual use, recommend media choices for each division. Approve each division campaign theme and coordinate possible tie-in between divisional themes. Approve final campaign and specific themes for division. Approve final media choices. These decisions must be specific including symbols to be used, time periods for broadcast media, cost analysis. By the end of this session you must have a clear and complete campaign. This must be a detailed campaign in finished form.

Meeting Six-Presentations

Each group will present their final campaign to the president (instructor and the other group.) Make use of any visual aids you need, present all symbols, slogans, and copy you have developed. The campaign must be ready to go in to production. One television or one radio commercial should be presented with the group members playing the part of the actors in the commercial (television is preferred).

Comments

During the simulation you will be on your own to apply the concepts you have learned in the classroom. However, the instructor is a possible consultant whose services can be purchased for a fee. The fee must be paid for out of your advertising budget.

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Form IA

Instructions

Each person will prepare his recommendations before the group meetings. A copy will be prepared to be turned in and a second copy should be prepared to be used in the first meeting.

A. Name _____

B. Functional Committee _____

C. Position _____

D. Marketing Strategy and Tactics: _____

1. Recommendations

2. Reasons for Recommendations

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Form 1b.

List persons attending meeting on back. Each player should prepare a copy of the recommendations which the committee made during session one. One copy to be turned in prepared by vice-president of marketing. Be specific in all of your recommendations. Give reasons for objectives.

I. Marketing Objectives

A. General

B. Specific

II. Advertising Objectives

A. General

B. Cake Division

C. Dairy Division

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Session 3A

Each person is to turn in his/her Ideas and suggestions about the campaign theme, how the theme will meet the objectives, discuss which medium (media) to use.

1. Advertising Theme

2. How Objectives are satisfied by this theme

3. Media Suggestions & Reasons for

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Session 3B

Prepare a form showing the approved objectives, theme, media selections, etc. from Session 3. List names of persons attending session on back. Assign tasks as outlined.

A. Specific Campaign Theme

B. General Media Evaluation (List each medium and the group evaluation of the medium)

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Session 4

List names of persons attending session on back. Prepare form showing media costs, media selections, reasons for selection (qualitative & quantitative). Submit finished report to marketing V.P.

A. Media Costs - Specific medium costs

B. Media Mix Selection

1. List specific choices

2. Reasons for media selection

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Session 5

List persons attending meeting on back. Approve all copy, slogans, illustrations, and finished advertising campaign. Must be detailed. List each medium and show time spots, location, and publications. Must have individual medium and total budgeted costs. Demonstrate how advertising goal is met and reasons for each decision.

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Session 6

Presentation. The campaign planning, costs, goals, and methodology will be presented in detail. AU symbols, slogans, theme must be explained. A television commercial demonstrating the campaign must be presented.