

# NATUREVIEW FARM



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# Agenda

- Natureview background
- The yogurt industry and Organics
- C's & P's
- The options & Dilemma
- Option analysis
- what Would you dO??
- Recommendation

# Background

- Manufacturer and marketer of refrigerated cup yogurt
- Success factors –
  - Strong brand
  - Low cost
  - National distribution within natural foods channel
  - Strong relationships with distributors
- Differentiators –
  - Natural ingredients
  - Long shelf life
  - Reputation for high quality and good taste



# Background

(cont.)



Founded with two yogurt flavors with ~ \$100K Revenue

1989



1996



1997



2000



2001

Wagner arranged for infusion of VC Capital to fund investments

1999 Revenue Reached 13 MM

Growth of \$20M needed by end of year

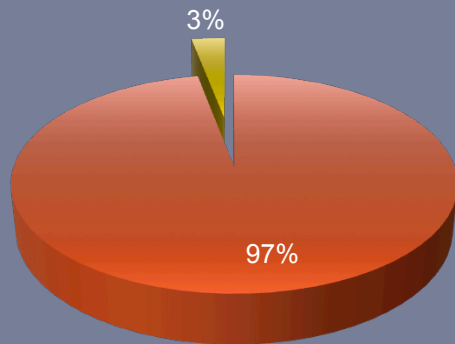
Jim Wagner joined company as CFO

VC firm wants out

# yOgurt iNdustry & ORGANICS

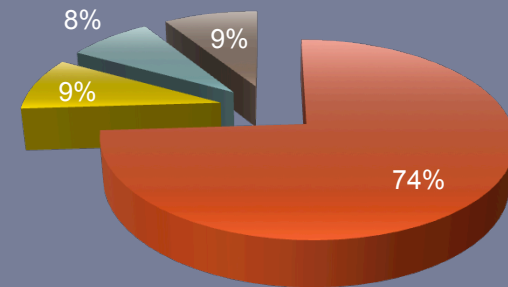
## Yogurt Sales

■ Supermarkets ■ Natural Food Stores

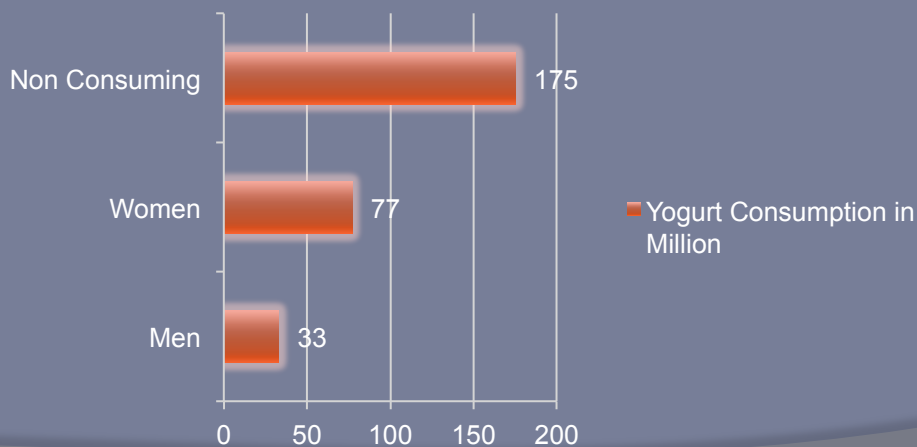


## Yogurt Sales by Size

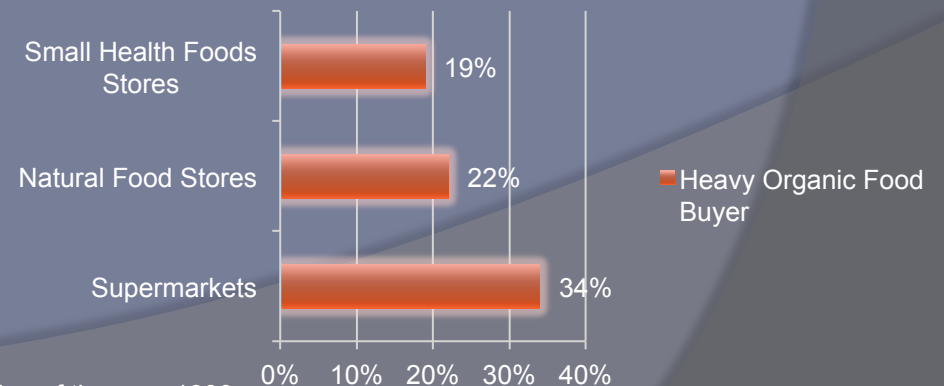
■ 6 & 8 Oz ■ Multi Pack ■ 32 Oz ■ Others



## Yogurt Consumption in Million\*



## Heavy Organic Food Buyer (organic Dairy)



\* This Data is from US population of the year 1999 based on US Census

# Do you remember your C's ?



## Customers

- Natural Food Customers
- Women (single and with kids)
- High Income and more educated
- Live in Northeast & West Coast



## Company

- 12 Flavors in 8 Oz cups and 4 in 32 Oz
- Longer shelf life
- Not treated with rGBH
- Strong relationships with leading natural food retailers



## Competitors

- Horizon – Organic (Cash heavy and national brand) Shorter shelf life compared to Natureview
- Brown Cow – Natural not Organic (Presence in West Coast)



## Collaborators

- Brokers
- Distributors
- Wholesalers
- Retailers



## Context

- 58% of yogurt consumer would buy Organic if price was less expensive
- Long term growth requires \$30mm Capital spend
- Organic food socially on the rise

# What about the p'SSS not



## Product

- Size
- Flavors
- Natural
- Organic



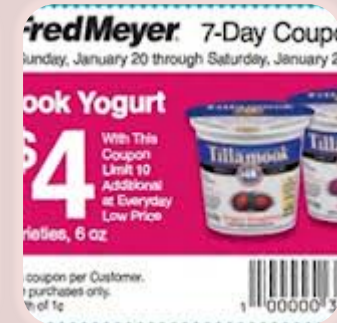
## Price

- Supermarket Channel
- Natural Foods Channel



## Place

- Natural Food Channel
- National Retailer Channel
- Wholesale/ Clubs i.e. Costco, Sam's
- Convenience Store
- Drug Stores



## Promotion

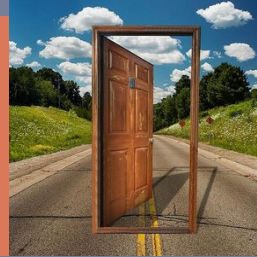
- Retail level
- Wholesale level
- Distributor level

Are we having fun YET!!





# Options &



# Dilemma

## Option 1

Expand in 2  
supermarket  
Regions  
(Northeast &  
west)

Introduce 6  
SKU's of 8oz  
products

## Option 2

Expand  
Nationally

Introduce 4  
SKU's of 32oz  
products

## Option 3

Stay in Natural  
Food Chains

Introduce 2  
SKU's of  
children's  
Multipack

# Go-To Strategy

**SUPERMARKET**

**NATURAL FOOD**

CHANNEL	
8 oz cup	• \$.74
4 oz multipak	• \$2.70
32-oz cup	• \$2.85

Natureview Farm

Sales Brokers

Retailers

Consumer

CHANNEL	
8 oz cup	• \$.88
4 oz multipak	• \$3.19
32-oz cup	• \$3.35

Natureview Farm

Natural Foods Wholesalers

Natural Foods Distributors

Retailers

Consumer

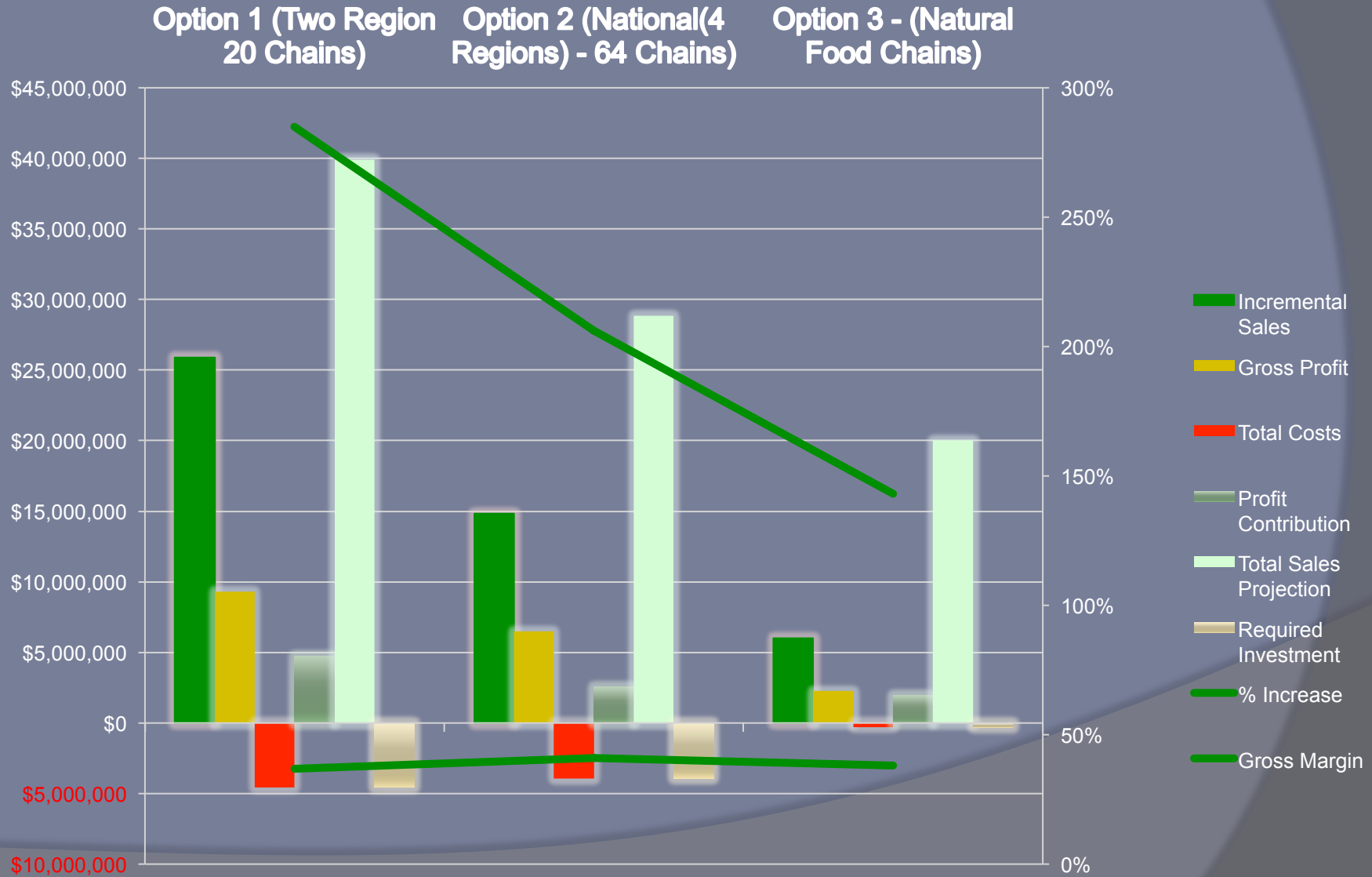
# Analysis



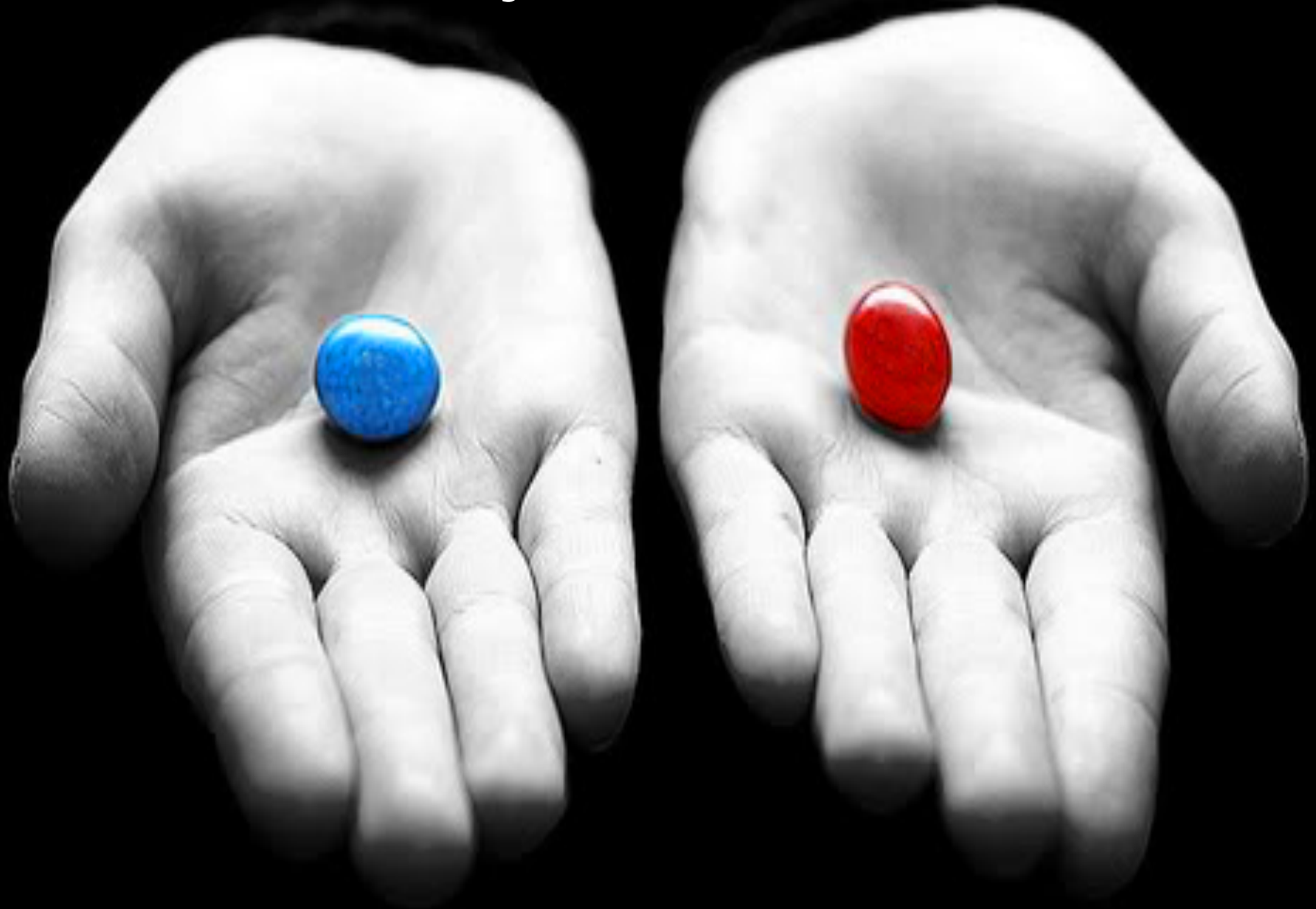
Ad Plan	Option 1 Two Regions 20 Chains	Option 2 National 4 Regions - 64 Chains	Option 3 Stay in Natural Foods	No Change
Sales	\$25,900,000	\$14,850,000	\$6,030,000	\$2,800,000
Slotting Fees	\$1,200,000	\$2,560,000	\$0	\$0
Gross Profit	\$9,324,000	\$6,474,600	\$2,267,280	\$1,036,000
<b>Marketing Costs</b>				
Less Ad Costs	\$2,400,000	\$480,000	\$301,750	N/A
Less Incremental SGA	\$320,000	\$160,000	\$0	N/A
Less Slotting Fees	\$1,200,000	\$2,560,000	\$0	N/A
Trade Promotion Expense	\$217,500	\$512,000	\$0	N/A
Less Broker's Commissions	\$434,000	\$217,800	\$0	N/A
Total Costs	\$4,571,500	\$3,929,800	\$301,750	N/A
<b>Profit Contribution</b>	<b>\$4,752,500</b>	<b>\$2,544,800</b>	<b>\$1,965,530</b>	N/A
Total Current	\$14,000,000	\$14,000,000	\$14,000,000	\$14,000,000
Sales Growth	\$25,900,000	\$14,850,000	\$6,030,000	N/A
<b>Total Sales Projection</b>	<b>\$39,900,000</b>	<b>\$28,850,000</b>	<b>\$20,030,000</b>	<b>\$16,800,000</b>
% Increase	285%	206%	143%	N/A
Yearly Revenue	\$39,900,000	\$28,850,000	\$20,030,000	N/A
Gross Profit	\$14,705,600	\$11,856,200	\$7,648,880	N/A
Gross Margin	37%	41%	38%	N/A
Required Investment	\$4,571,500	\$3,929,800	\$301,750	N/A
Profit Potential				
<b>Investment to</b>	<b>96%</b>	<b>154%</b>	<b>15%</b>	N/A



# analysis explained



What would you do?



# Recommendation

- Go with Option 3
  - Less risky
  - Gets us to our target
  - Does not cannibalize our existing customers and partners
  - Gives us a boost to get into the retail space at a later date
  - Revisit the retail options after we meet our 20M target and Investment is secured