**Workshops – Introductions to the Three Modules**

1. **Module One**

**Market Background and Understanding the Consumer**

**Presentations**

1. Understanding Consumers
2. Market Background
3. Research and Data
4. Marketing Strategy & Segmentation

**Objective**

Objective of the Module is to ensure that companies put the consumer at the centre of all activities, and that they then work with the most relevant retailer/foodservice operator to bring their product to market. Without understanding who they are targeting it won’t be possible for them to get their marketing mix right ie product features/quality, price, packaging type/branding, place (which retailer/foodservice operator they should target).

**1.1 Understanding Consumers**

The consumer needs to be put at the heart of everything companies do. In order to do this it is important for companies to understand consumers and in particular their target consumer. This presentation outlines how Irish consumers are currently feeling and how they are behaving in relation to food and drink consumption.

**1.2 Market Background**

This presentation is likely to contain market data which is new to most companies attending, however, it is important that they start to understand the environment their trade customers operate in, who the key players are and who is currently driving growth in the market. Obviously how consumers are behaving dictates the trends in the market, therefore important that the fragility of consumer confidence is got across.

It is important to draw attention to the fact that the market is dominated by the large players and therefore any company with volume growth aspirations will need to supply at least one of the big 3 therefore they need to start to understand the dynamics between the retailers so that they can understand how they can work with their target retailer to grow sales. They need to demonstrate that they understand or at the very least, have an appreciation of some of the pressures their buyers may be facing. Given the concentration of the market, retailers will only grow through stealing market share from each other. Growth of the discounters will be on the mind of the buyers from mainstream retailers. Also the data around how consumers are shopping has been included for companies to think about such areas as pack sizes (smaller basket sizes but shopping more often – not wanting to spend money until they have to, keen to avoid waste) and quality – standard and super premium brands both growing (some movement away from budget brands, possibly due to concerns around quality driven by horsemeat).

Companies need to appreciate that it is a challenging market particularly as consumers continue to feel under financial pressure. Retailers are keenly aware of consumer sentiment and will work hard to keep prices down and use promotions to drive volumes.

**Foodservice**

This section provides a background into how the foodservice sector is structured. Obviously very different to retail sector, and has been under more pressure in terms of consumers cutting back expenditure but appears to have reached the bottom and indication of some growth coming through. Need companies to understand that there are two different sectors – profit and cost sectors and the focus in each of these will be different. Also really important that they understand the need to work with distributors if they are hoping to supply more than their local foodservice operators. This has implications for costings – need to build in two marginsie the distributors and the foodservice operators alongside their own profit. Signpost them to BordBia Foodservice Distributor Directory which gives profiles of the main distributors as well as good insight into how the sector operates and latest trends.

**1.3 Introduction to Research and Data**

The objective of this presentation is to make sure that companies start to collect and analysis market data (no point collecting if they don’t draw insights from it and then act on this insight). The key is to ensure that they appreciate that whilst there is a whole industry around market insights and data, they are not expected to be spending huge sums of money. However, they must start to collect data which they can access for free or relatively cheaply (publications, websites etc). As they grow and look to develop sales outside of their immediate location, they will need to have an understanding of trends, competitors etc so that they can understand where they fit it. It won’t be possible to undertake the steps outlined in the final presentation in this module around marketing strategy and segmentation without doing research – need to understand that store audits are a form of research and they are free (if you exclude the cost of time taken to do them). The presentation gives a quick overview of various types of research and/or data that they are unlikely to get involved in (eg EPOS data, Panel Data, quantitative studiesetc) so that they can appreciate what the bigger companies access and use to persuade buyers. Important that they start to understand the language/terminology used by the industry and that they appreciate that the buyer does work with suppliers who will provide data led arguments to win listings or have competitors delisted. Buyers are risk adverse and the more that companies can do to reassure buyers about their products and the likely rate of sale the better their chances of a listing.

* 1. **Marketing Strategy & Segmentation**

There are a number of important issues covered in this presentation. The first is to get across to companies the need to develop a strategy for the business to ensure that there is a focus and purpose to activities undertaken. Smaller companies tend to jump from one opportunity to the next without considering the long term implications and the impact on resources. By developing a marketing strategy companies should be better placed to respond to both opportunities and threats. In order to develop a strategy companies need to look both internal and external factors – suggested approach is to undertake a SWOT analysis. However they will need to have undertaken some research into their target category in order to identify opportunities – therefore the link needs to be made to previous presentation on market research.

Smaller companies tend to be very protective of their product – ugly baby syndrome and it is important to encourage them to start to benchmark their products and packaging against their competitors. Alongside benchmarking companies should be undertaking regular store audits (or menu/distributor catalogue audits). They then need to segment the market – possible ways of segmenting markets are outlined in the presentation. What they are trying to do is identify possible gaps in the market which they can then consider targeting (they will then need to develop the appropriate marketing mix to meet the gap).

**2. Module 2 – Technical Issues**

**Presentations**

1. Introduction to Finance
2. Pricing
3. New Product Development
4. Food Safety and Food Labelling
5. Packaging
6. Managing Human Resources

**Objectives**

The objectives of this module is to ensure that companies are running their businesses correctly and legally (not about their product offer to consumers), this is the internal look at the best way to manage and grow their businesses.

**2.1 Finance and Pricing**

These two areas are covered in two separate presentations but should be delivered back to back. The finance presentation is a quick overview of the things companies should be aware of eg you don’t go bust through lack of sales, you go bust through lack of cash. Knowing this should drive companies to ensure that they have good systems in place around invoicing correctly and on time and a strong credit controller to chase up payments. It is important that companies ensure they can run management accounts on a regular basis, weekly, monthly, quarterly to ensure they are tracking performance against forecast (need to make sure they have set financial targets to monitor performance against), as well as the end of year Profit and Loss reports. Companies should be able to report on the profit of each product – therefore essential that they have costings for each product and rates of sales by line and cost to service each customer (largest volume customer is not necessarily the most profitable). Companies should be tasked with going back and developing a robust product costing system if they don’t have one in place.

Other areas covered are ensuring that they aren’t tying up cash unnecessarily eg buying equipment that could be leased, using overdrafts instead of longer term loans to fund certain activities. Ordering too much stock, giving too generous payment terms, not allowing for wastage or raw material price fluctuations are also areas that need to be considered.

**2.2 Pricing**

Pricing has been covered separately as it is a crucial area for companies and one that they struggle with. It is important that they understand whilst they need to cover their costs in their pricing they should not base the final price on costs. It is important that the price relates back to the consumer who is purchasing the product and what they are likely to be willing to pay. Consumers increasingly judge products around their value for money – iequality+price equation. This then links back to segmentation and understanding the dynamics of their market (audits will highlight the prices of competitors products). Also important that they build in other possible costs that retailers/foodservice operators might take off invoices (eg point of sale material, complaints etc).

**2.3 Food Production and Legislation**

This covers two main areas – the regulations around setting up and running a food production unit. Outlines what is required around food safety and the steps involved in implementing a HACCP system. Will be important that local contacts are added to the presentation eg HSE for the region the presentation is being delivered in. The food labelling section sets out what is the minimum requirement on pack. Whilst the presentation doesn’t go into detail around Nutrition and Health claims it is important that attention is drawn to the fact that no claims can be made about a product without approved scientific evidence to support the claim. Companies should be signposted to the Food Safety Authority website as there a number of good guideline reports available for companies to download relating to both food safety and labelling areas.

**2.4 Packaging**

This is just a brief overview of some of the different types of packaging currently on the market and some of the issues companies need to think about from a practical perspective eg role of packaging in protection of product, as a cooking implement etc Packaging design is covered in Module 3.

**2.5 New Product Development**

There are two angles to this presentation – one is from a more marketing background and the other is the technical process. The marketing side is around the need for innovation and things to consider when deciding on new lines/range extensions eg will consumers understand the proposition, and is there sufficient benefit to the buyer for them to agree to list. The technical side covers the stages involved from producing a kitchen sample through to factory trials and the areas to consider under each step. Details given of Teagasc and other Institutes that food companies can work with when developing new products.

**2.6Human Resources**

One of the areas that owner managers tend to find time consuming and at times frustrating is managing employees. This presentation outlines some of the ways to manage workforce through activities such as performance appraisals, ensuring they share the company vision, targets etc with all employees to gain buy in. In addition they should consider looking to promote from within if possible or can they reassign tasks around existing team before taking on additional resources. Also highlights the need to ensure that owner managers do delegate when they take on additional staff to ensure that (a) their time is freed up to concentrate on the areas they are good at (production or sales etc) and (b) new employee doesn’t feel demotivated if they are not allowed to get on with the job they were recruited to do.

The presentation also covers some of the things to consider when recruiting and how to undertake the process. Can be signposted to sites such as www.BASIS.ie for support with employment matters.

1. **Module 3 – Growing Sales**

**Presentations**

1. Branding and Pack Design
2. Routes to Market
3. Buyer Meetings
4. Marketing Plans
5. Promoting with Confidence
6. Public Relations

**Objectives**

This is the final module and at the end of the workshop companies should be confident that they have a good understanding of the different elements of the marketing mix and how they can use them to drive profitable sales. The first three presentations relate to preparation needed prior to listings ie packaging design, deciding on the most appropriate route to market and preparing to meet buyers, while the final three focus on growing sales once listings have been achieved.

**3.1 Branding and Pack Design**

The key take out from this presentation should be the need to invest time and money in getting this element of the marketing mix right. Good brand design is as essential for smaller producers as it is to big multi- nationals as it is used by consumers as a short cut to decision making (eg they make judgements around product quality and the company behind the product based on what they see on shelf). Arguably packaging needs to work harder for smaller producers than it does for companies with larger promotional and advertising budgets as it is the main tool to raise consumer awareness of the product.

Companies also need to ensure that they have consistent branding across all media eg vans, stationery, new product extensions etc. In addition, the company should ensure that all employees communicate with consumers and wider stakeholders in a way which is consistent with the brand eg telephone manner etc.

**3.2 Routes to Market**

Distribution can be an issue for companies, sometimes this relates to the physical logistics of getting from A to B and other times it can be around logistics and sales. This presentation outlines the possible options that companies should investigate when deciding how best to get their product to market. One of the options is to work with a distributor and if this route is pursued companies need to appreciate that they need to actively manage the relationship they have with their distributor and not take a back seat and expect sales to grow. Again reference made to BordBia guide to routes to market. This guide has comprehensive costing models for companies to refer to.

**3.3 Buyer Presentations**

The key take out from this presentation is that companies need to prepare in advance for buyer meetings. Whilst it is not always necessary to turn up with a PowerPoint presentation, they should go to meetings have a clear understanding of what exists in the buyer’s current range and where their product will fit. They need to appreciate that buyers are under pressure and are tasked with achieving certain key performance indicators, so suppliers should look to help their buyer in this regard. Need to be clear what the meeting objective is (eg new supplier first meeting is very different from an existing supplier meeting to discuss six month account plan) and prepare accordingly.

**3.4 Marketing Plans**

Irrespective of the size of budget companies set aside for promotional activities, it is important that companies plan for these activities rather than undertaking activities on an ad hoc basis. Planning will allow companies develop a programme of events which should build on each other to have a synergistic effect. It is important that companies are clear what they are trying to achieve with each activity and then measure the results so that they start to build up a clear picture of what activities work best and have a greatest return on investment.

**3.5 Promoting with Confidence**

Although smaller producers are unlikely to undertake deep cut price promotions, it is important that they do give consideration to some basic price reductions particularly to launch new products. It is also important that they understand what their competitors are undertaking in this regard. Once they start to supply the larger multiple retailers they could find that they are in a promotional driven category and they could lose their listings if they do not achieve sufficient sales, which could be as a result of competitor promotions. This presentation outlines the various mechanics they can use and why they would use them. It also shows some examples of how the costings work for margin maintained promotions and why they can be worth considering in order to bring cash into the business.

**3.6 Public Relations**

Public Relations can be a very cost effective way for smaller producers to raise awareness of their company/products. However, it is again important that they develop a public relations plan rather than engaging in activities without consideration as to the content of the message and the suitability of the media used.