

Naturally Enhanced,  
**ImmunoGo**  
Conveniently Immune.



## 2021 National Agri-Marketing Association (NAMA) Student Marketing Competition Executive Summary

Presented by the University of Guelph CAMA Student Chapter

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## Introduction

Health and immunity have become an extremely important part of everyday living for many consumers. This has created a community of consumers searching for functional foods that provide a variety of health benefits. For the first time, there is a product available that can aid consumers in their quest to achieve higher immunity without changing their preferred consumption habits. ImmunoGo, by Stoneroad Dairy, is a yogurt that is naturally enhanced and conveniently immune. ImmunoGo utilizes dairy cows with new genetics that produce milk with higher levels of immunoglobulins, which are antibodies that provide enhanced immunity. This new line of functional yogurt is offered in a variety of flavors that appeal to all consumers.

## Market Analysis

### Key Trends, Market Potential and Market Size

- **47%** of children ages 2-5 eat yogurt daily.<sup>1</sup>
- **20%** of Canadian adults eat yogurt daily.<sup>1</sup>
- **60%** of people said they consume foods with health or medical claims.<sup>2</sup>
- **54%** of people would prefer yogurt instead of pill form of enhanced immunity.<sup>2</sup>

ImmunoGo is a new product line for Stoneroad Dairy. Stoneroad Dairy is a reputable company that has been in the marketplace for 50 years. Consumers recognize that this company produces high quality products and enjoy all their product offerings.

Canadian consumers are eating more yogurt each year. From 2007 to 2016 the yogurt market has grown 40% to a consumption of more than 10 liters of yogurt per capita.<sup>1</sup> The successful growth of the Canadian yogurt market shows that consumers place value in a fresh, healthy snack. Primary research has stated that yogurt consumers would be interested in purchasing an immune enhanced yogurt.

In 2019, the probiotic market was valued at \$659 million and is expected to grow approximately 8% annually to a market value of \$1.025 billion in 2025.<sup>3</sup> Canada is ranked third in yogurt consumption per capita among all countries.<sup>4</sup> Between 2014 and 2019, the yogurt market grew 5.82%, having a value of \$1.4 billion in 2020.<sup>5,6</sup> In Ontario, 18% of people consume yogurt daily.<sup>1</sup> Based on consumer characteristics, 31.84% of Canadians fall into the primary ImmunoGo target market<sup>2</sup>.



## Customer Profile and Market Segments

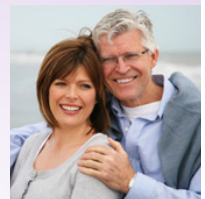
### Health-Conscious Consumers – Two Distinct Groups

Consumers are increasingly aware of product benefits and how their purchases impact their well-being. ImmunoGo aligns with consumers who are concerned with their immunity and health. The identified target market, Health-Conscious Consumers, are individuals who are parents as well as those who are over the age of 50, looking for functional foods. Health-Conscious Consumers are seeking products that do not change their daily consumption habits but aid in boosting their immunity.

There are two distinct groups among the Health-Conscious Consumers: Wellness Warriors and Proactive Parents.

#### Wellness Warriors

- Percy and Hilda are a married couple in their late 50's living in the suburbs of Scarborough, Ontario.
- Percy has retired from his career as an elementary school teacher earning \$70,000 annually and Hilda has continued working part time as an Account Manager for a financial institution earning \$35,000 annually.
- Percy and Hilda now have more time on their hands and are always looking for ways to increase their health through functional foods.



#### Proactive Parents

- Elsa is a 32-year-old mother of two living a remarkably busy lifestyle in Oakville, Ontario. Her husband Brett, 35, works full time as a Senior Project Manager for a software company earning \$105,000 annually. Elsa works full time as a financial analyst earning \$60,000 annually.
- Elsa and Brett work hard to keep their children busy in extracurricular activities. They also want to ensure that they stay healthy which is why Elsa continues to look for ways to improve their family's health without the use of supplements.
- Elsa is the primary shopper and generally has her children with her which can influence her purchasing habits.



## Competitive Analysis

### SWOT Analysis

ImmunoGo is unique in that it is the first naturally immune enhanced yogurt in the market, that utilizes selected dairy genetics. This gives ImmunoGo a distinct advantage among its competitors that exist in the functional food and yogurt market. ImmunoGo is able to differentiate itself against others by being a premium product that also offers high health benefits. The primary competitive advantage for ImmunoGo lies in its utilization of selected immune enhanced dairy genetics, and the natural benefits it relays to consumers.

#### Strengths

- Enhances immune system.
- Highly scalable across regions.
- Convenient consumption of health product.
- Utilization of Canadian dairy.
- High value product for dairy farmers.

#### Weaknesses

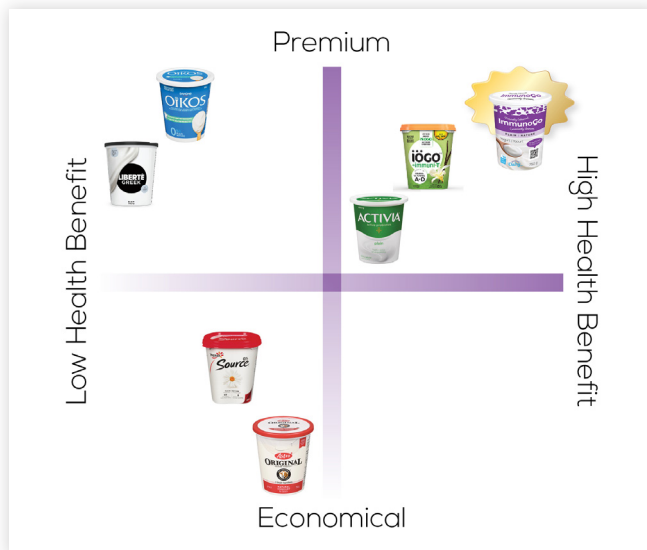
- Difficulty marketing enhanced immunity benefits.
- Initial consumer confusion on how this dairy product differentiates from others to provide further immunity.

#### Opportunities

- All in one alternative to supplement.
- Capitalizes on current global circumstances.
- Current recognition in the market with Stoneroad Dairy.

#### Threats

- Animal welfare concerns associated with dairy products.
- Crowded yogurt market with complex labeling.
- Close price competition with other yogurt brands that also boast functional food.



their opportunities for growth and increase profits with minimal inputs to their operation. The additional cost to producers of the immune enhanced milk used for ImmunoGo production includes a second bulk tank and separate milk lines, which can be paid off over a relatively short period of time dependent on herd size and genetic integration. These producers will receive a 15% premium on the price of milk. This equates to 12 cents per liter of milk, or \$12 per hectoliter in added revenue. Furthermore, value will be added to the yogurt market via increased consumer demand and improvement in Canadian dairy genetics.

## Primary Research

### Overview

In early 2021, Stoneroad Dairy conducted primary research surveying individuals predetermined to be included in the target market of the Health-Conscious Consumer. Respondents were asked a variety of questions regarding purchasing habits, yogurt flavor preferences, previous experience with functional foods, and their basic demographics.

- When evaluating immune enhanced yogurt, respondents placed value on added benefits and flavor.
- **83%** of respondents between 31-35 years of age with children are the primary household shopper and have an income greater than \$74,000 annually.<sup>2</sup>
- **78%** of respondents purchase yogurt regularly at the grocery store and 60% of respondents consume food related products with specific health or medical claims such as functional foods.<sup>2</sup>
- **73%** of respondents said they would be extremely or somewhat likely to try an immune enhanced yogurt product.<sup>2</sup>

### Other Key Factors Affecting the Market

ImmunoGo will be sold in Canada and must therefore abide by Canadian Food Inspection Agency labeling standards:<sup>7</sup>

- Best before date
- Serving size
- Nutritional label
- Bilingual packaging
- The Blue Cow Logo which certifies Canadian dairy products
- Ingredients

### Overall Benefit to Producer

ImmunoGo can provide Stoneroad Dairy with an alternative yogurt product for consumers who are looking to enhance their immunity in a convenient manner. With interest in products that improve natural defence increasing by 6.74%, this product meets the needs of consumers while supporting Canadian dairy farms.<sup>8</sup> Canadian milk producers can diversify



## Business Proposition

### Product

ImmunoGo will be offering four flavors of yogurt based on preferences from primary research and additional research: strawberry, peach, vanilla, and plain. To provide our consumers with options, ImmunoGo will be packaged in 750g tubs and 100g individual serving cups in packages of 12. All ImmunoGo yogurt containers are recyclable when properly rinsed.



### Key Planning Assumptions

- Stoneroad Dairy will obtain consistent and sufficient supply of immune enhanced dairy milk.
- Stoneroad Dairy will obtain permission from the Milk Board to utilize this enhanced milk. This will still contribute to the producer's quota.
- ImmunoGo will receive adequate shelf space from retailers

### Objectives/Goals

The primary objective of ImmunoGo is to provide consumers with access to a functional food item that aligns with their daily habits and is enjoyable to consume, all while improving their immunity. Stoneroad Dairy strives to be a market leader in their offering of functional yogurt.

### Strategy Statement

ImmunoGo will increase consumer health and resilience by using naturally enhanced dairy milk to add immunity benefits to yogurt. This product will not only aid in consumer health, but it is also a functional product that fits into our consumers lifestyle. The ImmunoGo product line will enable Stoneroad Dairy to stay fresh in the marketplace by being at the forefront of consumer trends and diversifying their product offering with innovative products to reach different target markets.

## Action Plan

### Product and Positioning

Stoneroad Dairy has been a leader in Canada's yogurt industry since 1971 and is a recognizable brand to Canadian consumers. The functionality of ImmunoGo, combined with Stoneroad Dairy's commitment to wholesome Canadian dairy, aligns with what is important to our Health-Conscious Consumers. ImmunoGo will be positioned in grocery stores' yogurt aisle.

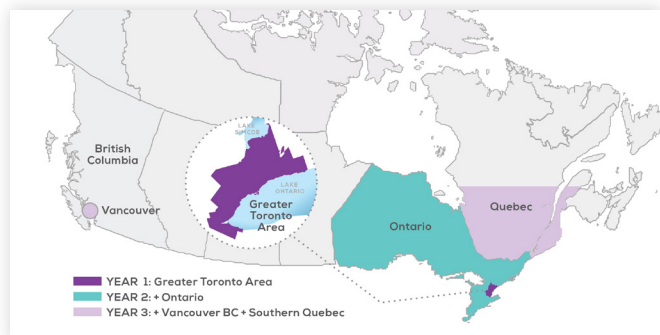
### Place

ImmunoGo will target large populations in urban centers and explore communities throughout various areas of Canada. ImmunoGo will be introduced in the Greater Toronto Area in Year One, expand throughout Ontario in Year Two, and grow into Vancouver and southern Quebec in Year Three. ImmunoGo will be sold in grocery stores that offer quality food and specialty products. Initially, in Year One our product can be found in Sobeys, Loblaws, and Metro, developing further relations across Ontario in these stores in Year Two, and reaching the Overwaitea and Empire Company chains in Year Three.

**Year One** – GTA, Ontario – Sobeys, Loblaws, Metro

**Year Two** – All of Ontario - Sobeys, Loblaws, Metro

**Year Three** – Vancouver, BC and southern Quebec – Overwaitea and Empire Company chains



### Price

ImmunoGo will be sold to retailers at a wholesale price of \$5.15 per 750g tub and \$8.65 per 12 pack of 100g yogurt cups. The average cost to produce 100g of ImmunoGo is \$0.46, resulting in a 33.6% margin for Stoneroad Dairy. The 750g tubs of yogurt will be sold to customers for a suggested retail price of \$6.89, generating a 25% gross margin for the retailer; while each 12 pack of the 100g cups will have a suggested retail price of \$10.89, and result in a 22% retailer gross margin.

### Promotions

#### 1 Milking the Media

- **Recipes** will be provided on ImmunoGo's social media every Monday. These can also be found by using the QR code on our packaging. While making one of our signature recipes, share a picture to social media using #ImmunoGoMeals to be entered to win a trip for a weekend getaway in the Pontiac region of Quebec, featuring a tour of the Little Red Wagon Winery and Dairy.
- ImmunoGo will be advertised on morning television through platforms such as **CTV News** and **GlobalNews** in segments that will aim to target our Wellness Warriors.

- **Social media** activities will use ImmunoGo's website, Facebook, Instagram, and Pinterest to advertise recipes and upcoming events. These platforms and others such as Snapchat and YouTube, will promote our product through sponsored advertisements.



## ② Our A-moo-zing Events

- **Callie the Cow** will promote the dairy industry and our product to our target market. Look for Callie in the classroom as well as events such as the Canadian National Exhibition (CNE), which sees approximately 1.5 million visitors each year, and many others. At the CNE, fill in a survey for an opportunity to receive a free sample.
- Each year Callie will have a calf that customers have the opportunity to name. Through the "Name Callie's Calf Contest", customers will submit and vote on names for Callie's calf. The consumer with the winning name will receive a prize pack.



- **Point of purchase materials**, including signs and shelf tags will be provided to build in-store brand awareness. In-store samples will also be provided.



- ImmunoGo will release **limited edition** yogurt flavors when kids go back to school in September and when they go back to the classroom after the winter break. These specialty flavors will be sold as combo packs with granola.



- **Breakfast on the Farm** will be an initiative aimed to bring our consumers to the farm gates offering a complimentary breakfast and tour of one of our supplier dairy farms.
- Parents can **promote healthy living** to their children by submitting a photo of their child consuming ImmunoGo and posting it to their social media using the hashtag #KidsofImmunoGo. This promotion will occur in July to keep families buying our product even when children are no longer in school. Children will be entered to win a prize pack with a plush toy Callie the Cow as well as a book.
  - **Year One:** 250 prize packs sent out.
  - **Year Two:** 500 prize packs sent out.
  - **Year Three:** 750 prize packs sent out.

## ③ Growing our Herd

- ImmunoGo will secure **partnership** with Cat & Nat. They are young mothers that are social media lifestyle influencers and bloggers from Toronto that reach a Canadian audience and beyond. We aim to have Cat & Nat promote our product to the Proactive Parents.



- ImmunoGo will partner with **Chopped Canada Junior** and **Junior Chef Showdown** to have our product featured on their shows.



- ImmunoGo will have **brand ambassadors** each year that will be responsible for traveling to schools and creating modules and video content for our social media channels.

## ④ Caring for our Calves

As a part of the "Caring for our Calves" initiative, one percent of annual profits will go back into school breakfast programs as well as one percent of profits donated in yogurt to food banks.



## Financial Evaluation

Stoneroad Dairy will produce each 750g tub of yogurt for an average production cost of \$3.41, and each 12 pack of yogurt for \$5.63. As a result of economies of scale, production costs are anticipated to decline in future years. ImmunoGo will be sold to retailers at a price of \$5.15 for each 750g tub and \$8.45 for each 12 pack of 100g cups, delivering a 33.6% gross margin for Stoneroad Dairy.

ImmunoGo expects a penetration of our target market in Year One of 2.5%, growing to 13.5% and 34% in Years Two and Three, respectively. In Year One approximately 2,804,810g of yogurt will be sold, generating a net loss of (\$240,808) after cost of goods sold and expenses are deducted. This loss will be a direct result of powerful, research supported marketing tactics which will account for 131% of sales in Year One, 24% in Year Two and 9% in Year Three. These tactics will create a strong foundation for ImmunoGo's future, allowing immersed growth, market penetration, sales, and company profit for Stoneroad Dairy.

ImmunoGo will generate sales revenue of \$1,310,310 in Year Two for a profit margin of 3%, increasing to \$4,458,091 in Year Three achieving a 14% profit margin.

### Financial Overview

INCOME STATEMENT*	Year 1	Year 2	Year 3
<b>100g Units Sold</b>	<b>280,481</b>	<b>1,847,325</b>	<b>6,161,950</b>
Wholesale Price/100g	\$0.70	\$0.71	\$0.72
<b>Sales Revenue</b>	<b>\$195,044</b>	<b>\$1,310,310</b>	<b>\$4,458,091</b>
Cost of Goods Sold (\$ per 100g)	\$0.46	\$0.47	\$0.48
Cost of Goods Sold	\$129,501	\$869,991	\$2,959,986
<b>Gross Margin (\$)</b>	<b>\$65,543</b>	<b>\$440,319</b>	<b>\$1,498,105</b>
Gross Margin (%)	33.6%	33.6%	33.6%
Returns (100g Units)	5,610	36,967	123,239
Returns (\$)	\$3,901	\$26,206	\$89,162
<b>Expenses</b>			
Operating Expenses	\$36,111	\$37,959	\$39,900
Shipping Expenses	\$1,234	\$8,129	\$75,190
Marketing Expenses	\$255,925	\$315,107	\$404,003
<b>Total Expenses</b>	<b>\$297,171</b>	<b>\$387,401</b>	<b>\$608,255</b>
<b>EBIT (\$)</b>	<b>\$(231,628)</b>	<b>\$52,918</b>	<b>\$889,850</b>
Interest Expense	\$9,180	\$7,332	\$5,391
<b>EBT</b>	<b>\$(240,808)</b>	<b>\$45,586</b>	<b>\$884,459</b>
Income Tax Expense	-	\$12,764	\$247,649
<b>Net Income (Profit)</b>	<b>\$(240,808)</b>	<b>\$32,822</b>	<b>\$636,810</b>
<b>Profit Margin (%)</b>	<b>-123%</b>	<b>3%</b>	<b>14%</b>
Marketing Expense as % of Sales	131%	24%	9%

MARKETING EXPENSES (with inflation)*	Year 1	Year 2	Year 3
Milking the Media	\$43,000	\$75,200	\$117,404
A-Moo-zing Events	\$23,925	\$32,047	\$41,872
Growing our Herd	\$8,000	\$9,060	\$10,121
Marketing Team	\$166,000	\$183,500	\$219,000
Monitoring and Measuring	\$15,000	\$15,300	\$15,606
<b>Total</b>	<b>\$255,925</b>	<b>\$315,107</b>	<b>\$404,003</b>

\*All values in Canadian dollars

## Monitoring & Measuring

To ensure ImmunoGo's success in the yogurt market, we have identified four key performance indicators which will be assessed quarterly. Information gained from measuring these indicators will inform and facilitate communication between Stoneroad Dairy, retailers, and consumers.

ImmunoGo's return on marketing investment (ROMI) will reach 106% by year three. This will be measured by comparing ImmunoGo's gross margins to the marketing investment. If the ROMI target is achieved, Stoneroad Dairy will pursue further penetration into Canada's yogurt market.

Measurement	If Goal is Exceeded	If Goal is Not Met	Stakeholder Communication
<b>GOAL: 14 Day Product Turnover</b>			
Retailer inventory turnover based on retailer feedback surveys, reorder statistics, and sales.	Boost production and increase the orders placed by current retailers.	Reassess the retailer's in-store displays and shelf space.	Retailers will be able to use the turnover data to ensure their orders are adequate for demand and make appropriate changes.
<b>GOAL: 30% Brand Recognition</b>			
Will be measured by hashtag usage, clickshare data and number of positive and negative mentions on social media; surveys conducted online and at grocery stores.	Expand into urban centers and grow nationally to secure a bigger market share of the yogurt market.	Respond to 100% of negative mentions and offer a free yogurt coupon for every 300th mention or hashtag used.	Stoneroad Dairy will use the content with the goal to ensure that marketing dollars are generating the most value possible.
<b>GOAL: 50% Increase in Promotional Events Participation by Consumers</b>			
Monitor attendance at the educational and sampling events and compare to in-booth participation; surveys being conducted from event sampling stations.	Increase public presence with additional events at secondary schools and food shows, and increased capacity at current events.	Re-evaluate the current events that are being attended and ensure they are aligning with the target audience.	Consumers will be able to communicate their feedback through these events and surveys. Stoneroad Dairy and retailers will utilize feedback to improve marketing efforts.
<b>GOAL: Regional Penetration Will Reach Goal of 2.5% in Year One, 13.5% in Year Two, and 34% in Year Three</b>			
Monitor sales at each retail location and compare the statistics between regions.	Expand on current marketing approaches; diversify into new marketing strategies and focus on market penetration.	Ensure we are receiving a return from each marketing dollar; evaluate the regional comparisons and decide how to better reach the target audience.	Stoneroad Dairy will be informed of regional performance. This will also provide retailers with the ability to compare ImmunoGo sales with competing brands.

## Conclusion

Stoneroad Dairy is well positioned to take advantage of the increasing consumer awareness around health and immunity. ImmunoGo will encourage Health-Conscious Consumers to add immune enhanced products to their daily consumption habits. We are confident that ImmunoGo will provide the added health and immunity benefits consumers are seeking, while being a profitable opportunity for Stoneroad Dairy's product line.

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