

# LEARNING ACTIVITY

## 'The tomato sauce company'

### Ent-teach Unit 3 Market Analysis



### Description learning activity

You are the owner of an SME in the food industry. You wish to produce a new tomato sauce. You have to do your own Market Analysis in order to find out the competition you are facing and whether your new business venture can ensure you a sufficient target group of consumers. Go to four (4) retailers—two large supermarkets and two specialty food stores. Take an inventory of the products you believe are similar to the product you want to analyze. Buy the products you believe will be your primary competitors, as well as the products whose packaging most appeals to you. You have to develop your own Market Analysis Sheet (see Appendix 1). Referring to this will be essential. This is the beginning of your market analysis.

The content of the activity in order to be student friendly and interesting could be organized as PowerPoint slide show or it could be organized in an interactive way in order to accomplish the greater engagement of the students.

The activities of this training exercise simulate real life situations concerning Market Analysis, such as: field work [visits to supermarkets and specialty food stores, interviewing executives about the product's market status (competitor's sales, major players of the market, marketing methods etc.)], market research, market segmentation, product positioning, internal and external environment analysis, identifying and targeting potential customers.

The students that conclude the activity will be able to comprehend the module and its parameters (market segmentation, product positioning, internal and external environment analysis) in order to be able to successfully identify the market's actual need of a new product.

### Problem

This particular learning activity aims to address the issue of Market Analysis for a new product as a whole. The problem at hand is to determine if there is a need in the market for the aforementioned product (new tomato sauce). Other problems that are being addressed are:

To establish the need for developing a marketing plan

To ascertain market information that will assist in the sale of the product

Concerning Market Analysis, theory is best for teaching but practice in Market Analysis training activities is better for learning and comprehending the true value of the module. Only dealing with real life simulating situations a student can understand and capitalise his theoretical knowledge in Market Analysis.

## Timeline

The activity should take place when the students have completed their curricula concerning Market Analysis, in order to put into practice their theoretical knowledge of the module.

This particular training activity needs approximately 3-4 days in order to be completed. It requires time-consuming visits to external sites (supermarkets, specialty food stores) and office work that increase the time framework.

## Target Audience

What is the profile of the target audience that you are trying to reach?

Potential learners of this learning activity could be students that attend management or marketing oriented VET students as well as any SME businessman that would like to master its abilities in Market Analysis. The needs of the potential learners vary. In general the activity satisfies the need for knowledge in market segmentation, product positioning, target group identification, market's environment (internal and external) analysis.

## Goal

Market Analysis collects and evaluates basic market data which provide strategic insight into how attractive a market may be for a future product or how it is expected to develop in the future. A successful Market Analysis is a success factor for product positioning and overall product marketing.

## Learning outcomes

What are the expected learning outcomes?

What skills, knowledge, or attitudes do you want the learners to take away with them?

With the completion of the learning activity the learner will be able to:

- Explain the purpose and importance of market analysis
- Identify specific problems that entrepreneurs face regarding market analysis
- Describe how to segment a market
- Use appropriate tools to analyse the external environment
- Use appropriate tools to analyse the internal environment
- Determine how to position a product.

## Evaluation

The evaluation of the Learning activity will be accomplished through a private interview with each learner and using a feedback questionnaire. Due to the timeline of the present learning activity that is not considered necessary. Product improvement will be conducted with the completion of the activity.

## Technology

MS Excel will be used in the analysis of the field work (visits in supermarkets, specialty food stores) of the learning activity. MS Excel will assist in segmenting, filtering and capitalising the field work's results.

## Methods

### For Market Segmentation

Behaviouralistic segmentation: divides consumers by their actual behaviour towards the product such as benefits sought, usage rate, brand loyalty and readiness to buy. The purpose of using behaviouralistic segmentation is to concentrate on the subset of potential customers that are 'most likely' to purchase your product or service depending on their eating habits, their brand loyalty trends and the product benefits that they sought .

### For External Environment Analysis

Porter's five forces model describes the competitive environment in which the company operates.

The state of competition in an industry depends on five forces:

- The risk of new and potential competitors: Effectively, this refers to the barriers to entry. These incorporate factors that make it harder or easier for another company to enter into the industry.
- Supplier power: This refers to the bargaining power of suppliers. The threat of substitute products: Products that could substitute another, fact that could result in loss of sales.
- Buyer power: This refers to the bargaining power of buyers.
- Industry rivalry: This refers to the degree of competition among established companies within an industry.
- Porter's five forces model is a very efficient way of reviewing the state of competition the targeted industry is in.

## Methods

### **For Internal Environment Analysis**

The SWOT matrix provides a framework to analyse the internal factors (strengths and weaknesses) and external factors (opportunities and threats) of a company. Using the SWOT analysis, an entrepreneur can have an overview of the strategic position of a company at a glance. It is one of the most efficient tools in Market Analysis.

## Team

A team of 3-4 people will be needed for the completion of the learning activity. The team members should be communicative, persistent, marketing oriented and to have team-spirit.

## Resources

In this learning activity the main resource are the competing companies of the market that produce tomato sauce. They will produce the results of the market research, while the only constraint could be the positioning of the product among competing products of companies of the same size (SMEs)

The range of the resources should be broadened. During the field work in the supermarkets or the specialty food stores, learners should include companies that produce marinades and barbeque sauce, for both can be used for the same purposes and should be viewed as competing for the same consumer.



<b>Company name</b>	This is the brand name of the company producing the product.
<b>Product Name</b>	the name of the specific product. If the brand has multiple products under the same category, note how many product extensions exist.
<b>Size</b>	The size of the product.
<b>Pkg Info</b>	Note as much about the packaging as you can and note what aspects appeal to you for your own product. Note: shape of packaging, packaging material (glass, plastic, etc.).
€	Price of product.
<b>Labeling</b>	What notations of significance are on the label? Examples could be: organic, all natural, made in _____ (state specific), percent of proceeds donated to charity, restaurant affiliation, restaurant association (product promoted as being restaurant "style").
<b>Graphics</b>	Is it one wrap-around label or are there separate front and back labels? Is the color single, two or multiple colors? Does the label jump out at you as you go down the store aisle? Score the label from 1-5, with 1 being the most attractive and 5 being the least attractive.
<b>Serving Ideas</b>	Do they offer serving ideas (use on chicken, seafood, etc.)?
<b>Recipes</b>	Are recipes printed on the product? Note its length and wording. Are recipes posted on the shelf (called tear sheets)? Take note and grab a few!
<b>Product Story</b>	Is there a story on the product explaining the origin of the product? Is the story fiction or nonfiction?
<b>Website</b>	Is there a website for more information? If so, write it down for future reference.
<b>Location</b>	Note the placement of the product on the shelf. Do you have to kneel or stand on your tip toes to see the product or is it at eye level? Is the product freestanding with its own display? Is the product at the end of the aisle (called the end cap)? Is the product strategically placed near the food it complements (e.g., marinade by the meat department)?
<b>Other</b>	Note any other distinguishing features about the product. Does the product need refrigeration or need to be kept frozen?