

# JERSEY *Meadows*



TRUEGOLD BUTTER

KANSAS STATE UNIVERSITY  
2017 EXECUTIVE SUMMARY

DAVID LEHMAN & KELLIE JACKSON, CO-ADVISORS

MOLLY BERTZ  
LAUREN BUDENSKI  
JACQUELINE CLAWSON  
CATY GALLIGAN  
ALANA MCLAIN  
KATIE O'BRIEN  
GEORGINA RUBIO  
JILL SEILER  
RACHEL ZIMMERMAN



## INTRODUCTION

The cover of TIME Magazine in June 2014 proclaims to all readers to "Eat Butter." As of 2014, butter has increased in popularity with 892,000 tons of butter consumed nationwide each year, an amount not seen since World War II.<sup>1</sup>

The negative health effects of trans-fats found in margarine are becoming more well-known. By 2018, the Federal Drug Administration will have banned partially hydrogenated oils, which are a major source of artificial trans fats.<sup>2</sup>

Jersey Meadows is excited to present TrueGold Butter, a healthy, spreadable alternative to margarine. Produced using a special, patented churning process, our butter is just as spreadable, without the additives. In addition, we pride ourselves on our Jersey cows that feed on green pastures, producing a natural, grass-fed butter.



### About our Milk Cooperative

Jersey Meadows, a milk cooperative based in Albany, Oregon, resides in the Willamette Valley. We have been serving the needs of Portland and the surrounding areas since 1920 with our premium fluid milk and specialty cheese lines. Started by the Dryer and Raine families in 1920, the cooperative has now grown to nine grass-fed, Jersey dairies. With the high volatility in the dairy industry in the recent years, along with depressed dairy prices<sup>3</sup>, we are positioning ourselves to capitalize on our already established niche market.

- ✓ No additives
- ✓ No trans fat
- ✓ High in Omega-3's
- ✓ High in Antioxidants
- ✓ High in Vitamins A, D, E, & K<sub>2</sub>

## MARKET ANALYSIS

### Trends



Americans are expected to eat the most butter per capita since 1967.<sup>4</sup>

**8% more**

Total butter consumption will reach 940,000 metric



Annual intake of butter has risen 25 percent since 1997 to 5.6 pounds per person.<sup>5</sup>



Baby boomers control 70 percent of the disposable income in the U.S.<sup>6</sup>



Baby boomers are more likely to cook at home than their children or grandchildren.<sup>7</sup>



Baby boomers are looking for healthy, local food products and tend to shop more conventionally at their local grocer.<sup>7</sup>

### Need for Product

After significant growth in the butter market, TrueGold will appeal to consumers who remember the delicious taste of butter and want a healthy substitute for margarine. In 2012, the grocery-unit sales of butter increased by 2.2 percent from the year before, generating \$1.5 billion in sales.<sup>8</sup>



### Primary Research

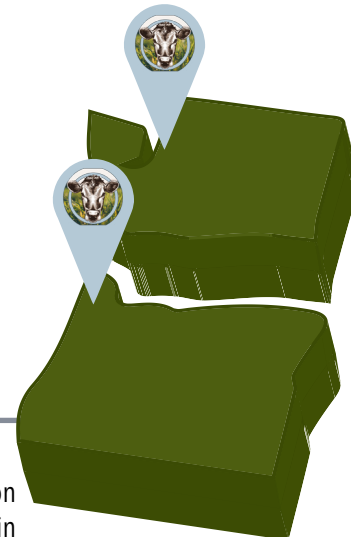
Jersey Meadows conducted a consumer panel with our target market of baby boomers, born between 1946 and 1964.



- 85% preferred the taste of butter to margarine
- 60% more likely to buy due to ease of spreadability
- 70% more likely to buy due to nutritional benefits

### Market Size and Potential

With the aging population, there are approximately 74.5 million baby boomers in the U.S.<sup>9</sup> Additionally, baby boomers control nearly three-fourths of all disposable income in the U.S. Therefore, the baby boomer population drives consumer spending.<sup>10</sup> Jersey Meadows looks to expand on this opportunity by targeting baby boomers in Oregon and Washington, with baby boomers representing 32.53 percent and 32.51 percent of the adult population in those states respectively.<sup>11</sup>



### Target Market

In the **first year**, Jersey Meadows will capture a 5 percent market share of baby boomers in Portland, Oregon with 115,080 half-pound packages of butter sold. In **year two**, we will expand to a 7 percent market share in Portland, Oregon with 161,112 half-pound packages of butter sold. For **year three**, we will position ourselves to capture a 10 percent market share in Portland, Oregon and expand into Seattle, Washington with a 5 percent market share, with a total of 335,113 half-pound packages of butter sold. All market shares will be acquired through already established grocery retailers.

## SWOT ANALYSIS



## COMPETITIVE PROFILE

Jersey Meadows is currently the only supplier offering a healthy substitute to margarine with the added benefits of being grass-fed, locally produced and spreadable. In TrueGold's selected target market, other oils and fats represent our biggest competition. Despite the negative consumer perception of the oil and fat industry, we believe TrueGold has a distinct advantage over the competition. With the advantages of our grass-fed Jersey dairy, our butter product increases the nutritional content of the butter with no alteration to taste consumers prefer. We believe TrueGold will create loyal, lasting relationships with our customers. Jersey Meadows seeks to capitalize on these benefits as they expand their presence in the marketplace as the only supplier offering a healthy substitute to margarine.

## COST COMPARISON



## Other Key Factors Impacting the Market

1. In 2015, the Food and Drug Administration finalized a ban on partially hydrogenated oils within three years. This will negatively impact the margarine consumption, as consumers will have to switch to other products that have no additives or trans fats.<sup>16</sup>
2. Baby boomers own 63 percent of all the United States' financial assets, making them a serious economic force in the years to come. They are also a highly coveted group for marketers looking to have a serious impact on consumer buying habits.<sup>17</sup>

### Consumer Profile Bert & Betty Butter



65 and 61 years old

Married, with 3 adult children and 4 grandchildren.

Bert is an optometrist, with an annual income of \$110,000.

Betty enjoys spending time with her family, especially around home-cooked meals.

Bert's doctor has encouraged him to incorporate more nutritious food in his diet, so he's been looking for healthier alternatives to some of his favorite foods in his local Safeway.

### Consumer Profile Carrie Dairy

54 Years Old

Single

Human Resources manager, with an annual income of \$75,000.

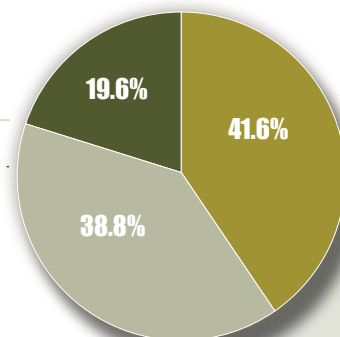


Carrie is an avid couponer, and she checks weekly store circulars to find the best deals on groceries.

Carrie values a healthy lifestyle and uses Facebook to keep up with friends and family.

Current Market Share of Oils & Fats<sup>15</sup>

- Butter
- Margarine Spread
- Olive Oil





## BUSINESS PROPOSITION

### Product Description

TrueGold is a healthy alternative to margarine crafted from milk produced by Jersey Meadows' grass-fed Jersey cows. It is free of trans fats and additives, and has more omega-3 essential fatty acids that aid in cognitive function<sup>18</sup> and good-for-you Vitamin K2 that decalcifies your arteries, than conventionally produced butter.<sup>19</sup> TrueGold is made by our master butter makers through our special, patented low and slow churn process. This allows the fat to develop its delicious flavor before being packaged to create a more spreadable, convenient butter that's better for cooking and eating.<sup>20</sup> TrueGold can go straight from the refrigerator to your piece of toast and has a shelf life of over 6 months.

### Key Planning Assumptions

- 
- TrueGold Butter is a new product line for Jersey Meadows, a grass-fed Jersey cooperative based in Albany, Oregon.
  - Jersey Meadows has established relationships with grocery retailers in Portland, Oregon and Seattle, Washington.
  - Average per-capita butter consumption is 5.6 pounds per year.<sup>21</sup>
  - Butter consumption will continue to increase, growing by a projected 8 percent next year.<sup>22</sup>
  - Baby boomers account for 70 percent of the nation's disposable income.<sup>23</sup>

### Strategy Statement

*"Jersey Meadows is proud to present TrueGold Butter for consumers ages 53-71 who are searching for a healthy substitute for margarine. With the added benefits of being grass-fed, locally produced and spreadable, TrueGold offers new opportunities and added value to producers."*

### Producer Value

Jersey Meadows will reward cooperative members for supplying a superior milk product in the form of a 25 percent premium. This is an added \$3.90 per hundred pounds of milk in year one back to the dairy producer.



### Marketing Goals

- Obtain a 5 percent market penetration in Portland in year one.
- Generate a net sales revenue of \$550,000 in the first year.
- Earn a net profit of \$415,000 by the end of year three.
- Achieve a 94 percent customer satisfaction.

## ACTION PLAN

### Product Positioning and Packaging

TrueGold will be positioned as a healthy butter made from milk produced by local grass-fed Jersey cows. It will also have the added benefit of being spreadable and convenient. This butter will be sold in half-pound, foil block packages.

Serving Size: 1 Tbsp. / 14 grams  
Servings per half-pound package: 16.2  
(1 ounce = 28 grams)

### Price

Our premium butter will be sold to wholesale grocery retailers for \$4.95 per half-pound package. The grocery retailers will then have a suggested retail price of \$5.79 per half-pound package.

### Place

In years one and two, TrueGold will be available in Portland, Oregon Safeways, Albertsons, and Fred Meyers with a total of 41.3 percent<sup>24</sup> of the grocery retail market. The product will be located in the dairy case. In year three, TrueGold will expand to Seattle, Washington and be located in Safeway, Albertsons, and Quality Foods Centers, which have a total of 53.1 percent<sup>25</sup> of the grocery retail market.



## Promotions

### *Butter is back, and better than ever!*

Our **"Butter is Back"** campaign will launch into the marketplace to educate consumers on the comeback of butter. This campaign focuses on dispelling the misconceptions that butter is linked to health problems and instead showing consumers why butter is a healthy choice. TrueGold butter will generate consumer interest and foster connections between the product and the well-known brand, Jersey Meadows through a push-pull strategy.

### Campaign Objectives:

1. Re-establish butter as a healthy substitute to margarine.
2. Establish TrueGold as a healthy, premium butter with no additives or trans-fats.
3. Generate a new market and added producer value for our cooperative milk producers.
4. Further increase brand loyalty between Jersey Meadows and our target market.

## PUSH

- Jersey Meadows has an existing sales representative in place in Portland, Oregon. We will position them to allocate a quarter of their time to TrueGold in the first year to promote our new product.
- Our sales representative will already have established relationships with the grocery retailers and will work directly to educate them on TrueGold and the key benefits through face-to-face conversations.
- Point-of-purchase material and informational brochures will be created to handout to store locations as supplemental educational materials.
- Sales promotions and allowances will be given to grocery retailers to promote selling TrueGold in their stores.
- Taste testings will be developed by the sales representative and employed by the grocery retailers.

Marketing Expenses	2017	2018	2019
Co-op Advertising	\$12,000	\$15,000	\$20,000
Sales Promotions	\$45,096	\$50,457	\$78,312
Personal Selling	\$30,000	\$33,000	\$72,000
Slotting Fees	\$17,089	\$23,925	\$52,734
Public Relations	\$65,000	\$75,000	\$125,000
<b>Total Marketing Expenses</b>	<b>\$169,185</b>	<b>\$197,382</b>	<b>\$348,046</b>

### *Website*

Jersey Meadows' website will host information about our company and products.

TrueGold's landing page will be centered on our **"Butter is Back"** campaign. The page will contain educational videos on the health benefits of our product. In addition, the website will house testimonials from current customers and tips to incorporate TrueGold into daily recipes and baking. Our website will also include a store locator for customers to find a grocery retailer near them.

### *Social Media*

Jersey Meadows has an existing social media presence on Facebook, Twitter and YouTube. These platforms will promote the **"Butter is Back"** campaign to educate consumers on TrueGold. Additionally, our posts will drive consumers to our website to learn more information. We will also use these platforms to promote customer surveys and receive feedback.

### *Sales Promotions*

Jersey Meadows will motivate our consumers to try our TrueGold product through digital and print coupons. Our print coupons will be available through circulars, existing product labels, and in-store receipts. Our digital coupons will be available through our website as promotional codes and mobile or printable coupons.

### *Demonstrations/Samples*

Jersey Meadows sales representative will target our selected grocery retailers in Portland and develop sampling demonstrations of TrueGold. This will allow customers to taste our smooth and creamy butter while shopping and prompt purchases of our product.

### *Loyalty Program*

With the launch of TrueGold, a loyalty program will be established with our grocery retailers and consumers. For every ten half-pound packages purchased, consumers will receive the eleventh one free. This program will be tracked through pre-existing loyalty cards with grocery retailers.

### *Public Relations*

Our **"Butter is Back"** campaign will tell the story of TrueGold while educating consumers and raising awareness. Strategically earned media initiatives, including cooking segments on local news channels, will broaden exposure to consumers in our campaign launch. Jersey Meadows will use educational tactics to inform consumers about the health benefits of grass-fed butter while having the taste and flavor consumers desire.

### *Farm Visits*

Jersey Meadows will host farm visits to educate consumers on TrueGold. This will create awareness about the dairy industry and how butter is made, while connecting consumers to the dairy cooperative. In addition, live demonstrations will be conducted on how to use butter in cooking and baking. These visits will create product awareness for consumers and encourage media to write and cover feature stories on our new product.



## FINANCIALS

Income Statement	2017	2018	2019
Packages of Butter Sold	115,080	161,112	355,113
Price (Wholesale)	\$4.95	\$4.95	\$4.95
Gross Sales	\$569,646.00	\$797,504.40	\$1,757,809.35
Less Discounts & Allowances	\$5,696.46	\$7,975.04	\$17,578.09
Net Sales Revenue	\$563,949.54	\$789,529.36	\$1,740,231.26
Cost of Goods Manufactured	\$295,306.79	\$413,429.50	\$911,255.47
Gross Profit	\$268,642.75	\$376,099.85	\$828,975.79
Total Marketing Expenses	\$169,184.89	\$197,382.34	\$348,046.25
General & Administrative Costs	\$16,918.49	\$23,685.88	\$52,206.94
Testing & Evaluation	\$2,819.75	\$3,947.65	\$8,701.16
Net Profit/Loss	\$79,719.63	\$151,083.98	\$420,021.44
Profit Margin	14%	19%	24%

Our premium TrueGold product will add an additional revenue stream for Jersey Meadows dairy producers. With a cost of goods sold of \$2.57 and a wholesale price of \$4.95, TrueGold butter is positioned to invest significantly in marketing while exceeding a net profit of \$75,000 in year one. By year three, TrueGold will grow to a 24 percent profit margin with a net profit of over \$410,000.

Producers will earn additional patronage dividends in years in which the milk premium does not exceed \$4.50 per hundred pounds of milk and net profit exceeds \$500,000.

In year one, Jersey Meadows will invest significantly in marketing TrueGold butter to establish a loyal and satisfied customer base. Significant investment in public relations and sales promotions will educate and attract consumers. Personal selling will maintain strong relationships with our established distribution network.

## MONITORING & MEASUREMENT

To ensure goals are met, Jersey Meadows will monitor the success of our premium TrueGold product through market penetration, sales, profits and customer satisfaction. These goals will help us succeed in our target market, as well as outline actions if we perform above or below expectations.

Objective	Measurement	Fails to Meet Expectations	Exceeds Expectations
5% Market Penetration in Portland by Year 1	Compare quarterly and annual reports of sales revenue to target market estimates and initial sales goals.	If market penetration is less than expected, we will increase samples and coupons. We will also re-evaluate our promotions.	If market penetration is greater than expected we will explore product extensions and grocery retailer expansion.
\$550,000 in Net Sales by Year 1	Evaluate sales reports daily, monthly and quarterly.	If sales are less than planned, we will increase personal selling efforts and other promotions.	If sales are greater than expected, we will increase production to meet demand.
\$415,00 in Profits by Year 3	Analyze monthly and quarterly financial statements. Review quarterly goals.	If profitability is less than planned, we will review costs to make sure they are within budget and reduce when possible.	If profitability is greater than expected, we will consider additional geographical expansion plans on the West Coast.
Achieve a 94% Customer Satisfaction	Conduct customer surveys and compile comments received via sales representatives. Analyze feedback from company website and social media.	If customer satisfaction is less than planned, we will reassess product quality and pinpoint areas of weakness.	If customer satisfaction is greater than expected, we will gather customer testimonials to be promoted on our website and social media.

## CONCLUSION

Jersey Meadows is proud to offer TrueGold. With this addition to our current, premium product line, we will increase our milk producers' price through the launch of this value-added product. Furthermore, TrueGold is positioned to exceed expectations of our consumer demand through our already established, trusted brand.

### Sources:

1. @bradrtuttle, B. T. (2014, January 09). We're in a Golden Age for Butter Consumption. Retrieved from <http://business.time.com/2014/01/09/were-in-a-golden-age-for-butter-consumption/> 2. Commissioner, O. O. (n.d.). Press Announcements - The FDA takes step to remove artificial trans fats in processed foods. Retrieved from <https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm451237.htm> 3. Pang, K. (2016, April 12). Milk Jumps Onto the Small-Batch Bandwagon. Retrieved from <https://www.nytimes.com/2016/04/13/dining/milk-dairy-localvore.html> 4. Butter: Americans Are Eating Record Amounts | Money. (n.d.). Retrieved from <http://time.com/money/4700872/american-butter-consumption-2017/> 5. Farnham, A. (2014, January 09). Slather It, Baby! Butter Consumption Hits 40-Year High. Retrieved from <http://abcnews.go.com/Business/us-butter-consumption-hits-40-year-record-high/story?id=21467629> 6. Lee, L. (2016, September 13). Where Baby Boomers Spend Their Money and How to Profit From It. Retrieved from <http://www.foxbusiness.com/features/2016/09/13/where-baby-boomers-spend-their-money-and-how-to-profit-from-it.html> 7. Trouble in Aisle 5 - Jefferies. (n.d.). Retrieved from [http://www.bing.com/cr?IG=E2AC5C1285E14BDDAFED938E4E589EA&CID=0F66ABC2BD97612E1CB8A18ABCA66015&rd=1&h=r70Pr6ias-SiOQ0i0KdQ458T0iG6L29Y2DXR7U02k&v=1&r=http%3a%2f%2fwww.jeffries.com%2fCMSFiles%2fJefferies.com%2fPressReleases%2f2012%2fTroubleinAisle5\\_062712.pdf&pg=DevEx,5045.1](http://www.bing.com/cr?IG=E2AC5C1285E14BDDAFED938E4E589EA&CID=0F66ABC2BD97612E1CB8A18ABCA66015&rd=1&h=r70Pr6ias-SiOQ0i0KdQ458T0iG6L29Y2DXR7U02k&v=1&r=http%3a%2f%2fwww.jeffries.com%2fCMSFiles%2fJefferies.com%2fPressReleases%2f2012%2fTroubleinAisle5_062712.pdf&pg=DevEx,5045.1) 8. Schultz, E. (2012, June 26). Butter's Back - Sales Rise as Consumers Seek Pure Ingredients. Retrieved from <http://www.aarp.org/politics-society/history/info-2014/map-where-boomers-live.html> 9. Bureau, U. C. (2015, June 25). Millennials Outnumber Baby Boomers and Are Far More Diverse. Retrieved from <https://www.census.gov/newsroom/press-releases/2015/06-25-113.html> 10. Lee, L. (2016, September 13). Where Baby Boomers Spend Their Money and How to Profit From It. Retrieved from <http://www.foxbusiness.com/features/2016/09/13/where-baby-boomers-spend-their-money-and-how-to-profit-from-it.html> 11. AARP, A. 3. (n.d.). Where Do Boomers Live? And Other Baby Boomer Facts. Retrieved from <http://www.aarp.org/politics-society/history/info-2014/map-where-boomers-live.html> 12. Land O'Lakes Whipped Butter Unsalted 8 OZ. (n.d.). Retrieved from <https://www.prestofreshgrocery.com/land-o-lakes-butter-whipped-unsalted-8-oz.html> 13. "Plugra European-Style Butter". igourmet. N.p., 2017. Retrieved from [http://www.igourmet.com/shopee/Plugra-European-Style-Butter.asp?src=froogle&gclid=CjwKEAjwq7GBRDun9u2JjyhmsJADH-CD\\_HDteramLkYFgx3SLFG-E6lB1q5i9WsyRwGXY3jxoC9blw\\_wc8](http://www.igourmet.com/shopee/Plugra-European-Style-Butter.asp?src=froogle&gclid=CjwKEAjwq7GBRDun9u2JjyhmsJADH-CD_HDteramLkYFgx3SLFG-E6lB1q5i9WsyRwGXY3jxoC9blw_wc8) 14. Robot Check. Amazon.com. (n.d.). Retrieved from <https://www.amazon.com/Kerrygold-Pure-Irish-Butter-Salted/dp/B000CC1FM8> 15. Schultz, E. (2012, June 26). Butter's Back - Sales Rise as Consumers Seek Pure Ingredients. Retrieved from <http://www.aarp.org/politics-society/history/info-2014/map-where-boomers-live.html> 16. Commissioner, O. O. (n.d.). Press Announcements - The FDA takes step to remove artificial trans fats in processed foods. Retrieved from <https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm451237.htm> 17. Bradbury, M. (2015, March 17). The 7 Incredible Facts About Boomers' Spending Power. Retrieved from [http://www.huffingtonpost.com/mark-bradbury/the-7-incredible-facts-about-boomers-spending\\_b\\_6815876.html](http://www.huffingtonpost.com/mark-bradbury/the-7-incredible-facts-about-boomers-spending_b_6815876.html) 18. Increased concentrations of omega-3 fatty acids in milk and platelet rich plasma of grass-fed cows. (n.d.). Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/7905466> 19. Maresz, K. (2015, February). Proper Calcium Use: Vitamin K2 as a Promoter of Bone and Cardiovascular Health. Retrieved January, from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4566462/> 20. Is European Butter Really Better for Baking? (2012, January 03). Retrieved from <http://www.thekitchn.com/is-european-butter-better-for-baking-163688> 21. Farnham, A. (2014, January 09). Slather It, Baby! Butter Consumption Hits 40-Year High. Retrieved March, from <http://abcnews.go.com/Business/us-butter-consumption-hits-40-year-record-high/story?id=21467629> 22. Butter: Americans Are Eating Record Amounts | Money. (n.d.). Retrieved from <http://time.com/money/4700872/american-butter-consumption-2017/> 23. Olenski, S. (2016, August 09). 7 Reasons Why Marketing To Baby Boomers Is Unique. Retrieved from <https://www.forbes.com/sites/steveolenski/2015/06/05/7-reasons-why-marketing-to-baby-boomers-is-unique/#f88ac0b81ad8> 24. Albertsons-Safeway Merger effect on Portland? - RetailWatchers. (n.d.). Retrieved from <http://www.retailwatchers.com/viewtopic.php?t=748> 25. D. (2011, July 07). Supermarket scene stable, competitive in Seattle. Retrieved from <http://www.thepacker.com/fruit-vegetable-news/know-your-market/Supermarket-scene-stable-competitive-in-Seattle-125150249.html>