

Marketing Proposal

Lazy Labs Bakery



Hamilton Southeastern FFA, IN0300

Indiana

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Description of Market/Client Analysis

Following retirement in 2017, Kim and Mark Thaxton turned a family and friend-adored hobby of baking fresh dog treats into a popular local business, establishing Lazy Labs Bakery. Kim and Mark are proud owners of their very own Labrador Retrievers and have raised and sold multiple litters of puppies to people in their community. Their own personal connection to these friendly canines is what inspired their creative name of Lazy Labs Bakery.

From the start, Kim Thaxton knew there would be competition within the dog treat industry, especially with well-known businesses such as Three Dog Bakery or large chain store Uncle Bill's Pet Store. However, her grain-free, fresh, organic ingredients have set her apart from her competitors. Lazy Labs Bakery specializes in canine friendly ingredients such as organic almond butter, carob, buckwheat, and more. Lazy Labs Bakery treats are specifically designed for dogs that may be older or have health issues. The fresh ingredients in her 15 different types of treats are simple yet provide antioxidants making them healthier for the digestive tract in dogs, as well as tasting more like "people food," appealing to owners with high maintenance dogs and picky eaters alike. Lazy Labs Bakery is ready to take their entrepreneurship dreams to the next level by improving all aspects of their marketing strategies. The goal of Lazy Labs Bakery is to become a well-known local bakery, reaching all types of dog-lover's homes across the state.



I. MARKET ANALYSIS

A. Client Status in Current Market

Lazy Labs Bakery is currently run from the Thaxton residence in urban Fishers, Indiana. The local agribusiness is solely operated by Kim and Mark Thaxton where they bake, package, and sell their homemade treats. Over the past 2 years, the Thaxton family is pleased with their ability to reach over 3,000 customers at the Fishers Farmers Market in the summer months and over 20 customers through online sales. While they don't have a store front location similar to Three Dogs Bakery, they do attend the Fishers Farmers Market where they gross between \$800-\$900 every Saturday. They continue to return to the Fishers Farmers Market because they know the community is full of health-conscious inhabitants and are more likely to buy more products from farmers markets not only for themselves, but their animals also. Even though the business is run out of their home, the Thaxtons' currently have three freezers and one commercial grade convection oven specifically for the production of dog treats. Current marketing efforts include word of mouth after farmers markets, business cards, and occasional social media/online use. However, these efforts are being overshadowed by their main competitors having storefronts, an active presence on social media, and offering other pet care supplies such as collars, leashes, toys, etc.



B. Industry Trends

Consumers with Pets

- There is a demand for pet supplies such as treats, seeing as two-thirds of all households in the United States have at least one pet in their home. ("A Growing Industry." *Three Dog Bakery*, threedog.com/own-a-bakery/a-growing-industry/.)
- Canine specifically, just in 2017 over 60 million United States households owned a dog. (2017-2018 APPA National Pet Owners Survey)

Pet Supplies Industry

- The annual growth rate of the pet supplies industry since 2002, is 5.4%, with no signs of slowing down. ("A Growing Industry." *Three Dog Bakery*, threedog.com/own-a-bakery/a-growing-industry/.)
- In 2017, it was said each dog owner spent an average of \$72 on dog treats over the course of 12 months. (2017-2018 APPA National Pet Owners Survey)

Farmers' Markets

- From 2000 to 2013, the number of farmers markets increased 184% (USDA-AMS, 2014).
- Total estimated sales at US farmers' markets is \$1 billion (Farmers Markets and Local Food Marketing, Agricultural Marketing Service (AMS, USDA.)



- 64% of farmers market managers reported increased customer traffic; 64% reported increases in the number of repeat customers and increases in year-on-year sales. (2017, Agricultural Marketing Service, National Farmers Market Manager Survey Shows Farmers Markets Continue to Grow)

C. Buyer Profile and Behavior

The demographics of the current sales for Lazy Labs Bakery, according to owner and founder Kim Thaxton, include women in the 30-50 year old age group. However, after conducting research, it was evident that young, single female dog owners who go to Farmers' Markets looking for fresh produce to keep a healthy lifestyle make up a majority of the Farmers' Market income. Upon looking for fresh foods, they see Lazy Labs Bakery and decide to buy healthy treats for their pet too.

D. Competitors and Client Strengths and Weaknesses

Company	Strengths	Weaknesses	Opportunities	Threats
 A Dog Bakery Carmel, IN	• Treat quality: All treats made in house with no wheat, corn, or soy • Variety of treats, having 19 different options • Locally owned store makes more than just treats, offering food, "Beno Bones", and "Bully Sticks"	• Website: Hard to navigate, bland. Presents no prices and zero pictures • Icing on top of specialty treats crack and fall apart • Minimal social media presence	• Farmers markets: There are currently no dog treat vendors at the Carmel Farmers Market, a popular market around Hamilton County • Improve their existence on Facebook and Instagram, depending on their targeted consumers	• Decrease in online sales due to a disengaging website • Competing corporate businesses, Kroger and Target, that sell similar treats
 Three Dog Bakery, Noblesville, IN	• Storefront location at Hamilton Town Center, a popular mall in the area • Strong Fishers community support	• Cost: "Bakery Case Treats" pricey, costing upwards of \$2.75 each • Only sell dry, hard treats	• Additional store fronts, only one is currently located in Hamilton Town Center mall • Expand the treat variety to include moist options	• An increase in customers who prefer fresh, moist treats
 Uncle Bill's Fishers, IN	• Chain store location that is well-known • Large existing customer base	• Treat quality grade: all treats sold are commercially processed	• Expand treat variety to sell treats that have not been dried	• Fishers community has been leaning towards promoting smaller business and locally made items
Client SWOT Analysis				
 Lazy Labs Bakery (original logo) Fishers, IN	• Treat quality: all treats are organic and certified through Purdue. All made with fresh ingredients that provide for moist treats • Treats are beneficial for older dogs or dogs with health issues • Inexpensive cost for "home grown" quality. Treats are charged by weight, costing \$6 for half a pound and \$10 for a pound • Family owned and operated	• Shelf life: All products must be refrigerated and only stay fresh for 3 weeks • Business currently ran out of home resulting in limited space and supplies • No staff to assist in daily tasks	• Partner with other local businesses to increase foot traffic and increase demand for treats • Farmers markets: expansion to various markets in Central Indiana aside from Fishers. Lay out water and artificial turf for dogs to rest on hot summer days • Create a stronger presence on social media websites like Twitter to attract a wider range of customers	• Larger companies who have better marketing tactics and are well known around the Fishers and Hamilton County community

E. Primary Research Results

Primary research results were compiled with 162 total individuals older than 20 years of age across the central Indiana area. These surveys were completed mainly at the Fishers Farmers Market and Carmel Farmers Market; however, 29 consumers took the online survey that was presented through the Lazy Labs Bakery Facebook page. A focus group of 10 female dog owners who are employees of the Hamilton Southeastern School District were also questioned because they fit the profile for the recommended target market. The focus group interviews aided in determining selling venues, price, and marketing platform.

Comments from focus group of 10 female dog owners:

- “I’d rather pay more for quality than less for something that may not be as healthy for my dog.” Elizabeth, 29
- “Buying online is important to me because I have a fulltime job and kids at home.” Jenny, 36
- “I think it’s important to buy local and support your community.” Danielle, 43

After surveying individuals who purchase dog treats, 83% of people are in favor of purchasing healthy dog treats from a local agribusiness, as opposed to a retail chain. Also, 45% of people stated that when buying dog treats, the most important quality are treats made with fresh ingredients. Additionally, the survey found that online advertising is the most effective form of marketing to the members of our target market. *See Appendix A*

An additional survey was taken within the same sample group of 162 individuals at the Fishers and Carmel Farmers Markets to find where consumers in the target market are most likely to buy treats from. *See Appendix A*

Comments from the 162 surveyed individuals:

- “I go to the farmers market every Saturday and always bring my dog, he loves the treats I buy there more than any other.” Grace, 28
- “Restaurants that are pet-friendly make me feel welcomed with my dog, so I like to support their business by buying treats from them the most.” Cassidy 31
- “My dog has a lot of health issues, so our frequent visits to the vet lets me buy health-conscious treats for my pup.” Amanda 39.

Once the group was surveyed, the data concluded that farmers markets are the leading location for the target market to buy treats from, reaching 35%. These results provide the necessary information needed to determine the best possible placement for your products.

II. BUSINESS PROPOSAL

A. Mission statement

Lazy Labs Bakery aspires to provide residents of Fishers and Central Indiana with naturally healthy organic dog treats. Originating from a small hobby and expanding to a full-fledged agribusiness, Lazy Labs Bakery promises high quality treats, a positive environment, and fair prices for the consumer.

B. Key planning assumptions

The following assumptions were made to help develop the marketing plan.

- The public attends farmers markets to purchase fresh, local, and high-quality products.
- People who attend farmers markets are health conscious and would like to provide healthy treats for their canine companions.
- Buyers wish to support local agribusinesses.
- The current primary buyers are middle aged women who are suburban residents and own a dog.

C. Measurable and Attainable Goals

Short Term Goals: Place and Profit

	Farmers Market Sales	Online Sales	Wholesale Sales	Gross Sales
Year One (2020)	\$ 24,960.00	\$ 8,000.00	\$6,592.00	\$39,552.00
Year Two (2021)	\$ 49,920.00	\$ 11,250.00	\$12,234.00	\$73,404.00
Year Three (2022)	\$ 74,880.00	\$ 14,500.00	\$17,876.00	\$107,256.00



Long term goals: Within 5 years

- Improve online marketing and sales by utilizing social media and website with easy-to-use commerce.
- Increase brand awareness in the Fishers community by attending community events and increasing social media usage.
- Travel to and sell Lazy Labs Bakery products at new farmers markets including: Broad Ripple and Carmel.
- Continue partnering with 2-3 additional like-minded, local businesses by placing Lazy Labs Bakery's products in pet-friendly stores to generate a larger customer base and pick up more foot traffic.

D. Target Market

Primary Target Market

- Central Indiana Residents who own a canine pet
- Women ages 30-50 years old
- Attend local farmers markets in search of healthier food choices for family and pets.

Additional Primary Target Market

- Single women ages 20-30
- Health-conscious dog-owners
- Frequent use of online shopping.

III. STRATEGIES AND ACTION PLAN

A. Product Attributes

Lazy Labs Bakery specializes in local and all organically made fresh and never dried dog treats. The treats come in 15 different flavors that are permanent treat trademarks of Lazy Labs Bakery. We are recommending the additional sale of "specialty dog treats" that are seasonal to the time of year to increase the variety offered. To accomplish this, we advise adding the following dog treats that revolve around these themes: Indiana colleges, Indiana sports teams, holidays, cinematic and televised trends, and dog breeds. Lazy Labs Bakery carefully packages the treats into high quality, biodegradable and grease proof bags. Lazy Labs Bakery dog treat ingredients and the address of production are available to the consumer at every purchase opportunity and the treats have been through the formal regulation process with the Office of Indiana State Chemist at Purdue University to prove the quality of the treats.



B. Price Structure

Lazy Labs Bakery prices their treats at a more affordable rate than those of other local dog bakeries in the area. Lazy Labs Bakery primarily focuses on customer service. This is marketed by supplying dog treats that are on average \$2-3 cheaper than other bakeries for a half-pound of various dog treats. Lazy Labs Bakery currently charges \$6.00 for half a pound and \$10.00 per pound for their homemade treats. A half-pound of treats is on average eight treats, and each pound of treats costs between \$1.50-\$2.50 to produce. With new expenses coming into play to better market and sell these dog treats, we are recommending raising prices to help offset these costs. Along with the sales price increase, special promotional discounts and higher priced "specialty dog treats" will be produced as well. *Suggested retail prices for Lazy Labs Bakery are outlined on the right.*

Item	Price
Half Pound Dog Treats	\$ 6.00
One Pound Dog Treats	\$ 11.00
Half Pound Specialty Dog Treats	\$ 7.00
One Pound Specialty Dog Treats	\$ 13.00

C. Place Distribution and Sales

- **Direct Internet Sales:** Lazy Labs Bakery treats are available for purchase online at the Lazy Labs Bakery website (lazylabsbakery.com) which is available on all desktop computers and smartphone devices. Purchasing methods will include credit cards and PayPal options. Treats are available for delivery in Fishers and will be delivered in high quality biodegradable packaging to obtain freshness. Additionally, customers have the option to purchase treats that will be shipped to their homes. For orders under \$22.00, a \$7.50 shipping price will be added to the purchase.
- **Direct Retail Sales - Farmers Markets:** Lazy Labs Bakery will be found at several farmers markets throughout Central Indiana such as Fishers, Carmel, and Broad Ripple.
- **Wholesale Sales - Pet friendly establishments in central Indiana:** Lazy Labs Bakery will also have dog treats for sale in Bier Brewery & Tap Room and VIP Animal Care Clinic.

D. Promotion of Product

Digital Marketing

Facebook

- Farmers market attendance dates





- Health and nutrition fun facts about treats produced by Lazy Labs Bakery
- Quarterly “Like it, Share it, Win it” contests to win treats

Instagram



- Paid “boosted” advertisements to reach more people in the area
- Photo challenge where customers post pictures of their dogs eating treats with the #TasteofLLB to win free treats
- Farmers market attendance dates
- Post Instagram stories during Farmers Markets



Website

- Online store with product information
- Company story and mission statement
- Access to Ellie’s Club (Rewards incentive program from repeat customers)

Print Media

Fishers Topic Magazine

- Purchase advertisement space to feature the brand and farmers market attendance dates, as well as to promote the store front location in the local Fishers magazine. Other elements will include the logo, brief product description, and website URL.

Outdoor Media

Light Post Banners

- Develop brand familiarity
- Prompt a purchase

Farmers Market Display

Booth Design and Branding

- Booths will be set up in multiple local Indiana Farmers Markets
- Banners with new logo
- Organic vs Commercially produced dog treats infographic poster
- Business cards
- Mailing list (email) sign up



Fishers Dog Park Pet Waste Station

Fishers Area Pet Friendly Parks and Recreational Areas

- Purchase a pet waste station at local dog park.
- Supply pet waste station with disposable and biodegradable waste baggies.
- Station and baggies have Lazy Labs Bakery logo on them for advertisement.
- Helps familiarize local consumers with pets with brand and logo before purchasing.

E. Position

For health-conscious dog owners who seek locally made and organic dog treats, Lazy Labs Bakery provides unique products for customers to treat their dogs while benefiting their health. Unlike competitors' products, Lazy Labs Bakery encourages healthy dog treats that contain all natural, fresh ingredients and are produced locally. Kim Thaxton, the founder of Lazy Labs Bakery, is eager to meet her customers and interact with them to provide them with a personalized experience in deciding what dog treat will be best suited for their friendly companion.

IV. PROJECTED BUDGET

Lazy Labs Bakery projected budget for years 1, 2, and 3.

Marketing Budget			
	Year One	Year Two	Year Three
Marketing Expenses			
Banners/Posters for Farmers Markets	\$200.00	\$200.00	\$200.00
Logo Rebranding Fee	\$300.00	\$0.00	\$0.00
Business Cards	\$40.00	\$60.00	\$80.00
Flyers	\$108.00	\$162.00	\$220.00



Pet Waste Station	\$700.00	\$150.00	\$150.00
Light Post Banners	\$0.00	\$0.00	\$760.00
Fishers Topic Advertising Space (Two Times a Year)	\$120.00	\$120.00	\$120.00
Facebook Sponsored Posts	\$52.00	\$52.00	\$52.00
Product Packaging and Labeling	\$180.00	\$335.00	\$490.00
Total Marketing Expenses	\$1,700.00	\$1,079.00	\$2,072.00

Pro Forma Income Statement			
<i>Lazy Labs Bakery Pro Forma Income Statement</i>			
Revenue	Year One	Year Two	Year Three
Gross Sales	\$39,552.00	\$73,404.00	\$107,256.00
Promotional	-\$320.00	-\$400.00	-\$480.00
Community Donations	-\$110.00	-\$154.00	-\$187.00
Net Sales	\$39,122.00	\$72,850.00	\$106,589.00
Operating Expenses			
Ingredients	\$7,113.00	\$13,245.00	\$19,379.00
Equipment	\$340.00	\$400.00	\$460.00
Website Service Fees	\$100.00	\$100.00	\$100.00
Farmers Market Booth Entry Fee	\$200.00	\$415.00	\$615.00
Labor Costs	\$3,120.00	\$4,680.00	\$6,240.00
Total Operating Expenses	\$10,873.00	\$18,840.00	\$26,794.00
Marketing Expenses	\$1,700.00	\$1,079.00	\$2,072.00
Total Expenses	\$12,573.00	\$19,919.00	\$28,866.00
Net Income Before Taxes	\$26,549.00	\$52,931.00	\$77,723.00
Return on Investment	111%	165%	169%

V. EVALUATION

Benchmark

Social Media Reach:

- By the end of 2020: 200 followers and 50 interactions on each post
- By the end of 2021: 500 followers and 200 interactions on each post
- By the end of 2022: 750 followers and 325 interactions on each post

Product Variety:

- By the end of 2020: 18 permanent and 6 seasonal specialty treat options
- By the end of 2021: 20 permanent and 10 seasonal specialty treat options
- By the end of 2022: 20 permanent and 14 seasonal specialty treat options

Measurable Tools

Facebook Reach: Facebook reach tracks the number of unique people who see Lazy Labs Bakery's posts. It also includes other metrics you can track including engagement, likes, comments, clicks and negative feedback. It will help to determine what type of posts are most popular.

Square Payments: Lazy Labs Bakery will begin to use a Square card reader at farmers market to keep precise records of expenses, sales, inventory, and customer database. This software will be updated after farmers market events so the number of physical sales can be accurately measured. This software is not only easily transported between farmers markets but also offers key features such as printing daily reports of sales and custom reports.

Customer Surveys: Ellie's Club is a rewards incentive program for repeat Lazy Labs Bakery customers. This program sends promotional coupons to members through an email list serve. Loyalty members will also receive surveys via email where they can provide feedback about their favorite dog treats. Surveys will provide honest feedback from our loyal customers about their Lazy labs Bakery experience.

VII. CONCLUSION



Mudsock Marketing Firm is eager to transform the success of Lazy Labs Bakery by helping advertise the brand, while expanding online sales, and placing the brand's products in two other local stores, and strategically utilizing social media to increase sales. Lazy Labs Bakery will be the leading dog treat producer in central Indiana and will soon be the talk of the dog park.



VIII. BIBLIOGRAPHY

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IX. APPENDIX A: Original Research Results

