

Marketing Proposal

Champion Chocolate Milk

Sparkman's Dairy and Cream Valley



Georgia
Colquitt County FFA
GA 0141
2015

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INTRODUCTION

According to Sports Dieticians, “Recovery nutrition is very important for athletes training hard daily. Taking in fluids, carbohydrates, and protein post-workout and post-competition are essential recovery components for replenishing your body. Focusing on energy-containing fluids can be a good first step toward replenishing your muscles” (Rockwell, M., Kundrat, S., 2008). The current market for recovery drinks include athletes of all types from people participating in organized sports to runners and other workout enthusiasts (Ling, N. Runners World). Chocolate milk is considered to be the ultimate workout recovery drink and has undergone extensive research in the medical and athletic fields (Brown, 2012, Karp, et.al., 2006, Yang, 2014).

The owners of Sparkman’s Dairy and Cream Valley asked the Colquitt County FFA Marketing Team to develop a marketing plan for the introduction of chocolate milk sold as a recovery drink for athletes. Sparkman’s Dairy and Cream Valley was founded in 1967 in Funston, Georgia, by Ross Sparkman. Committed to quality, Ross believed in treating his all-Jersey cows with care, not using artificial hormones and producing the finest dairy products possible. They are the only dairy in the state of Georgia to run a full jersey dairy cow operation that also processes their own milk in their newly constructed processing facility right on the farm. Sparkman’s Dairy and Cream Valley are a “Georgia Grown” Company and their milk is artificial hormone-free, utilizing all-jersey cows so the initial dairy product is superior tasting milk due to Jersey cow milk having higher protein and butterfat content (Corporation, 2015). Because all milk is processed at Sparkman’s Dairy and Cream Valley, the farm-fresh, humane practices, locally grown, and artificial hormone-free concept have been used to market this product aiming at focusing the sale of chocolate milk to student-athletes in the South Georgia area. The 1% chocolate milk product has been named, “Champion Chocolate Milk” fittingly named because the Georgia Class 6A State Football Champions from Colquitt County High School drank the chocolate milk as their primary recovery drinks. The goal is to widen the availability of Sparkman’s Dairy and Cream Valley’s chocolate milk around Southwest Georgia in public schools and served to student-athletes, as well as in grocery stores around the South Georgia area, eventually expanding to all of the Southeastern United States and beyond.

MARKET ANALYSIS

Clients Status in the Current Market

Champion Chocolate Milk is currently consumed by both male and female student athletes in the Colquitt County School System including football, basketball, baseball, track and field, cross country, soccer, wrestling, gymnastics, swimming, cheerleaders, and tennis teams. There are approximately 440 Colquitt County athletes consuming this product at this time and are consuming about 2,200 12oz. bottles of chocolate milk a week (Giddens, 2015). Chocolate Milk is an approved substance to be purchased through School Nutrition programs and Athletic Directors have allotted funds in their budgets to purchase recovery drinks for their student athletes and these funds are often reimbursed from Booster clubs such as the Packer Touchdown Club (Giddens, Griner, Hayes, 2015).

Industry trends

- Many universities are using chocolate milk as their primary recovery drink and chocolate milk is used as the official recovery drink of U.S. Olympic athletes (University of Texas at Austin Study | News. (2011, June 22)
- Research has shown that athletes that do extensive running can benefit greatly from drinking chocolate milk post workout because it rebuilds muscles more quickly than any other drink (University of Texas at Austin Study | News. (2011, June 22).
- Milk production per cow has increased in the last two decades allowing for the opportunity for the fluid milk division of dairy production to expand (USDA ERS).
- Per capita milk consumption has decreased by 37% in the United States since 1970 (USDA ERS) and Americans are drinking milk less frequently (USDA ERS) and retail dairy products have increased in price by 5.3% since 2013 (USDA ERS)
- Locally owned business sales have increased as much as 16% nationwide each year since 2009 and people want to support small businesses rather than national chain stores (Austin, 2011).

Buyer Profile and Behavior – Initial marketing will be selling to school districts through their Athletic Departments to distribute to student athletes. Athletic programs distribute recovery drinks to their athletes after practice and competition. Sparkman’s also has a storefront where milk can be sold but primary emphasis is on school systems. Information regarding specific buyer profile was obtained from industry trends research and original research from our surveys:

- “In the first half of 2013, the number of adults who said they drank chocolate milk in the past day picked up from 10 to 12 percent among 18- to 24-year-olds, and from 6 to 8 percent among those 25 to 49” (Yang, 2014).
- “The Refuel with Chocolate Milk” campaign reframed the dialogue around chocolate milk and created a new usage occasion, making positive conversations around chocolate milk increase 15.3% and moving sales from an average monthly decline of -6% to an increase of +10%” (Martinez, 2010).

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Champion Chocolate's & Competitors' Strengths & Weaknesses

Brand	Research Driven best recovery drink	Brand Awareness	Source of milk known to consumer	Where to buy (Place)	Retail Price	Product Size	Artificial Hormone Free	Locally Sourced	National Promotion	Milk from All-Jersey Herd
Sparkman's Champion Chocolate Milk	Yes	Limited	Yes	Sparkman's Dairy Retail Store	\$2.75	12 oz.	Yes	Yes	No	Yes
Nesquick Chocolate Milk	Yes	Yes	No	All major chain groceries	\$1.30	14 oz.	No	No	Yes	No
TruMoo Chocolate Milk	Yes	Yes	No	All major chain groceries	\$1.75	12 oz.	Yes	No	Yes	No
Gatorade/ Propel/ Powerade	No	Yes	N/A	All major chain groceries	\$0.55	12 oz.	N/A	No	Yes	No
Premixed Athletic Protein Shake	No	Yes	N/A	Specialty health shops/large retailer	\$2.85	12 oz.	No	No	Yes	No

Blue = milk products drinks

Green = classic recovery

Sparkman's Champion Chocolate Milk's Opportunities & Threats

Opportunities:

- Expansion of current processing facility
- New research that points to chocolate milk as the premier recovery drink from a workout
- Expansion into additional public school systems for the purpose of athletic consumption
- Expansion into chain grocery stores in the Southeast
- Capitalize on Georgia Grown and the KYF (Know Your Farmer, Know your Food) and F2S (Farm to School) Programs

Threats:

- Additional local dairies with capabilities for a similar product
- Disease outbreak in Jersey herd; other food safety issues
- Possibility of public schools banning chocolate milk

Competitors' Opportunities & Threats

Opportunities:

- New research that points to chocolate milk as the premier recovery drink from a workout
- Utilize brand name recognition to obtain Professional Athletic endorsements
- Utilize capital as a large business with national advertising

Threats:

- Possibility of public schools banning chocolate milk
- Shortage of milk
- New research contradicting chocolate milk's efficacy
- Emphasis and demand for locally sourced food products

Primary Research (from our survey – see page 8)

385 surveys collected using Survey Monkey and Paper Surveys given to student athletes, coaches, and workout enthusiasts with a 65% Response Rate - Demographics: 25.1% women, 74.9% men, 95% fall in age range between 14-59 (75% between 15-25)

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- 81.6% would be more inclined to purchase locally produced chocolate milk instead of national brand chocolate milk
- 82.2% prefer milk produced from artificial hormone-free cows
- 94.5% drink a recovery or sports drink after working out or running
- 76.5% were not aware of the benefits of drinking chocolate milk after a workout
- 27% prefer an 8 oz. size, 41.5% prefer a 12 oz. size, 31.5% prefer a 16 oz. size as a post workout quantity
- The average retail price that the sample would pay for a recovery drink was \$3.00/12.oz
- 92% said if they were informed about the benefits of drinking chocolate milk they would purchase it or consume it after a workout.

Primary Research - Interviews with Food Nutrition Directors (2 counties), Athletic Directors (16 counties), & Booster Club Representatives (5 Presidents)

- Schools systems have money in their Athletic Association budgets to purchase recovery drinks for their student athletes.
- Chocolate milk is an acceptable beverage to be served both during the school day and at athletic events and is an approved food item under the Healthy, Hunger Free Foods Act championed by Michelle Obama.
- School systems are encouraged to participate in the Farm to School Program, utilizing local foods.
- Athletic Directors are aware of the benefits of drinking chocolate milk as a recovery drink and are willing to pay an average of \$1.50 per 12 ounce bottle.

BUSINESS PROPOSITION

Mission Statement for Champion Chocolate Milk

Champion Chocolate Milk is designed to be the scientifically proven best recovery drink and help bring out the champion in all athletes.

Sparkman's Mission Statement

"Sparkman's Cream Valley's purpose is to produce the best products made from All Natural Jersey milk for consumer purchase."
(www.sparkmanscreamvalley.com)

Key Planning assumptions

The following key planning assumptions were made from an interview with the owner and employees of Sparkman's Dairy, results of a survey conducted in the local Colquitt County community, interviews with athletic directors and market research.

The Student Athlete/School Systems:

- Desire quality milk from local farms and will continue to participate in the "Farm To School" Program.
- Will continue to prefer artificial hormone-free and all natural milk.
- Wish to continue to support small businesses versus large chain stores.
- Have a need to be continually educated on the benefits of recovery chocolate milk for a workout recovery drink.
- Will continue to seek products that fit the current trend of locally grown foods and support the "Farm to Plate" movement.
- Desire to provide the best for the health of their students and student athletes.

Sparkman's Dairy:

- Will continue to be a registered Georgia Grown company.
- Will produce all natural and artificial hormone-free milk products that are appealing to customers who are health conscious.
- Is and will be a small, family owned Dairy that uses only milk from dairy cows raised on their farm.
- Will educate and supply recovery chocolate milk to consumers who work out.



GOALS

Measurable & attainable goals – We have 3 goals for each year. Goals are number of school systems, percentage of student athletes consuming the recovery drink, and customer satisfaction.

- **Year 1:** Champion Chocolate Milk will be distributed in the 6 county school systems that touch Colquitt County with 60% of student athletes consuming the recovery drink each day of practice and competition with 80% customer satisfaction.
- **Year 2:** Champion Chocolate Milk will be distributed to and expanded to 20 of the 35 South West Georgia county school systems with 60% of student athletes consuming the recovery drink each day of practice and competition with 80% customer satisfaction.
- **Year 3:** Champion Chocolate Milk will be distributed in 25 of the 35 South West Georgia county school systems, 10 North Florida school systems, and 10 Southern Alabama School systems with 60% of student athletes consuming the recovery drink each day of practice and competition with 80% customer satisfaction.

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- **Year 3 – additional goal:** Champion Chocolate Milk will be sold to the 10 grocery stores in the 6 county area surrounding Colquitt County to begin to saturate the market of athletes who have graduated and still seeking the recovery drink to meet their athletic needs.

Target Market

Public school systems who have student athletes who consume recovery beverages. The student athletes fall into the age range of 14-18 years old and attend public schools in the South Georgia area.

STRATEGIES AND ACTION PLAN

Product Attributes

- Sparkman's Cream Valley produces artificial hormone-free milk.
- Champion Chocolate Milk is made locally, which appeals to the "local food movement" conscious customer.
- Sparkman's milks an all-Jersey herd, making for superior milk quality due to higher protein and butterfat of jersey cows.
- Recovery chocolate milk is the proven best workout recovery drink due to its combination of carbohydrates, fats, and proteins.
- Available in 12 oz. individual plastic bottles
- Produced at an on-site processing plant

Place - Distribution

Distribution Methods

- Wholesale orders delivered by Sparkman's truck to school systems
- Sales Representatives will visit school system Athletic Directors and Coaches

Price Structure

Table 1. Wholesale Price Structure

Wholesale Price Structure		
Size	#/Case	Price
12.oz	12	\$13.00

Position

Since the target market for Champion Chocolate Milk includes school systems who have student athletes who want the scientifically proven, best workout recovery drink, and people seeking locally grown products, this product will be positioned as artificial hormone-free milk and to appeal to consumers who desire a "Farm to Plate" type product as well as capitalizing on the new research that indicates that chocolate milk is the ultimate workout recovery drink.

Product Promotion

The Colquitt Marketing Firm has identified the following methods of advertisement as the most effective means to raise awareness of Champion Chocolate milk and gain more market access:

- **Brochures/Posters**– A 3 sided full color brochure will be mailed to the Athletic Directors and Coaches in each county of focus for the school systems. Brochures will also be available at Consumer Taste Tests with information regarding the nutrition of chocolate milk. Posters will be distributed to coaches at the Coaching Clinics to be hung in their athletic locker rooms.
- **Tradeshows/Coaching Clinics** – Champion Chocolate milk will be advertised to school systems around Georgia by attendance at specialty food tradeshows such as the Georgia Grown Depot in Atlanta, the Georgia School Nutrition Association Annual Conference, Glazier Coaching Clinic, Georgia Athletic Director's Association Conference, and Nike Coach of the Year Clinic.
- **Consumer Taste Tests at School Athletic Events** – Samples will be distributed to athletes at local sporting events such as 7on7 football tournaments, swim and dive events, baseball and softball tournaments, basketball tournaments, track and field as well as cross country events, gymnastics events, and other athletic events held at the region level in the South Georgia area. The initial counties of focus will be attended more heavily and then attendance at athletic events will be expanded to the areas of focus each year. "Sparky" the Mascot for Champion Chocolate Milk will help distribute out Chocolate milk at major athletic events.

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- Social Media & T-Shirts** - Special promotions and information about chocolate milk will be advertised via Social Media sites such as Facebook and Twitter to educate athletes about chocolate milk being the ultimate workout drink. T-shirts will be given to athletes who sample the milk at certain sporting events providing another avenue for word-of-mouth advertising.
- Website** – Special promotions and the live “cow cam” will be available to keep curious customers informed on how their cows are being treated and watch live-time milking. More information can be found linking the scientific studies for interested customers and parents.
- National Chocolate Milk Day** – Each September 27th on National Chocolate Milk Day, Radio Ads and Newspaper Ads will saturate the local market with the benefits of drinking Champion Chocolate Milk as a recovery drink and samples will be taken to a local school with a news team invited to attend to record the athletes drinking Champion Chocolate Milk on National Chocolate Milk Day.
- Champion Chocolate Milk 5k/10k Race** – A 5k/10k race will be put on annually on the closest Saturday to National Chocolate Milk Day in Moultrie, Georgia in order to raise awareness of the benefits of athletes drinking chocolate milk and samples will be distributed at the finish line for contestants.

PROJECTED BUDGET

Income on Chocolate Milk Sales	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year One Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Year Two Total	Year Three Totals
Athletic Sales	94,640	102,960	102,960	86,320	386,880	199,333	234,000	234,000	164,166	831,499	1,872,000
COGS											
Product & Packaging	30,772	37,143	37,143	24,533	129,591	70,152	84,632	84,632	54,728	294,144	614,698
Freight	3,000	3,750	3,750	3,375	13,875	4,250	4,500	4,500	4,250	17,500	31,825
Utilities	3,900	3,250	3,250	3,575	13,975	4,000	3,750	3,750	4,000	15,500	20,000
Labor	20,000	20,000	20,000	20,000	80,000	40,000	40,000	40,000	40,000	160,000	240,000
G&A	1,000	1,000	1,000	1,000	4,000	1,000	1,000	1,000	1,000	4,000	6,000
Taxes	17,986	22,004	22,004	17,436	79,430	49,638	61,078	61,078	39,142	210,936	698,357
Total COGS	76,658	83,397	83,397	69,919	313,371	169,040	194,960	194,960	143,120	702,080	1,610,880
Advertising											
Tradeshows	0	500	6,000	3,000	9,500	0	500	6,000	3,000	9,500	9,500
Brochures	400	0	0	0	400	800	0	0	0	800	3,200
T-shirts	2,000	0	2,000	0	4,000	4,000	0	4,000	0	8,000	12,000
Taste tests	972	486	486	972	2,916	972	486	486	972	2,916	5,000
Nat. Choc. Day	1,500	0	0	0	1,500	1,500	0	0	0	1,500	1,500
5k Race	1,250	0	0	0	1,250	1,250	0	0	0	1,250	1,250
Advertising Expenses	6,122	986	8,486	3,972	19,566	8,522	986	10,486	3,972	23,966	32,450
Total Expenses	82,780	84,383	91,883	73,891	332,937	177,562	195,946	205,446	147,092	726,046	1,643,330
Net Profit	15,860	18,577	11,077	12,429	53,943	21,771	38,054	28,554	17,074	105,453	228,670
ROI					16%					14.5%	13.9%

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Evaluation & Contingency Plan

Goals	Quantitative Questions	How to Evaluate	Contingency Plan
Number of School Systems	Are we distributing to: 6 schools at end of year 1? 30 schools by end of year 2? 70 school systems around the Southeastern United States by end of year 3?	Annually calculated using school Purchase Orders and QuickBooks records	If exceeds or meets goal, continue with current plan. If less, reevaluate advertising plan
Number of Students	Does # of students consuming chocolate milk exceed: 1,000 at end of year 1? 8,000 at end of year 2? 15,000 students at end of year 3?	Annually calculated using School Purchase orders and QuickBooks Records	If exceeds or meets goal, continue with current plan. If less, reevaluate advertising plan
Customer Satisfaction	Is customer satisfaction higher does meet or exceeds 80%?	Use Consumer Satisfaction Index to measure	If exceeds goal, continue with current plan. If less, reevaluate production practices.

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Marketing Survey

1. Do you work out?

Yes No

2. What is your age range?

13 or younger 14-18 19-23 24-29 30-39 40-49 50-59 60 or older

3. What is your gender?

Male Female

4. Do you drink a recovery/sports drink after working out or running?

Yes No

5. Are you aware of the benefits of drinking chocolate milk as a recovery drink after a workout?

Yes No

6. What size workout recovery drink would you prefer?

- a. 8 oz.
- b. 12 oz.
- c. 16 oz.

7. How much are you willing to pay for a 12 oz. bottle for a workout recovery drink?

8. If I were to tell you that Chocolate Milk has been scientifically proven to be the best workout recovery drink, as well as being the official recovery drink of US Olympic Athletes, would you purchase and drink it after a workout?

Yes No

9. Would you be more inclined to purchase locally produced chocolate milk instead of national brand chocolate milk?

Yes No

10. Would you prefer to purchase chocolate milk from cows that are not treated with any artificial hormones?

Yes No