

**MARKETING PLAN FOR DHAKA DOUGH,  
AN ORGANIC FOOD RETAIL BUSINESS**



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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENTS FOR THE GRADUATE SCHOOL  
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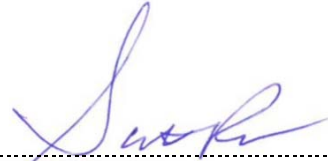
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### **Abstract**

The objectives of this study were (1) to learn how to write a marketing plan (2) assess the market for organic food products and formulate a marketing plan for Dhaka Dough.

**Research Methodology:** The sample consisted of 25 organic food consumers residing in Dhaka, capital of Bangladesh. A survey with both open-ended and multiple choice questions were used to carry out twenty-five in-depth interviews and online surveys among the consumers of organic food products. The in-depth interview respondents were selected through personal contacts. The online surveys were conducted through Google Survey.

Research findings were as follows: (1) Consumers do not have the necessary knowledge about organic food and farming. (2) Brand awareness of organic food retail outlets is limited within the geographic area of operation.

**Keywords:** Organic food, marketing plan, Dhaka Dough, Dhaka

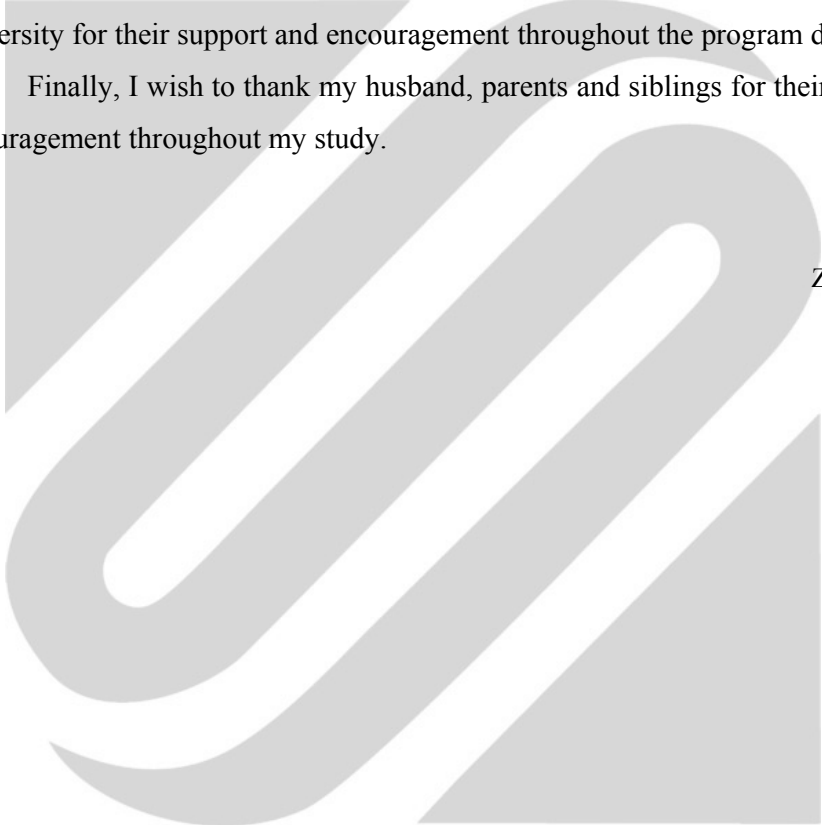
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Zertab Quaderi



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# CHAPTER 1

## INTRODUCTION

Can one retail outlet encourage organic food consumption in an over-populated South Asian city?

Bangladesh is ranked the 9<sup>th</sup> most populous country in the world with a population of more than 168 million and a population density of 1,152.6 people per square kilometer, which is ranked 10<sup>th</sup> in the world. The capital city, Dhaka, has a 14.4 million population and a density of 19,447 people per square kilometer with a metro population of approximately 7 million (World Population Review, 2016).

The relation between high population and organic farming is that this method of farming requires larger land plots, more human labor for weeding and tilling, and organic agricultural inputs that are priced higher than normal pesticides and other chemical fertilizers (Porterfield, 2016). Therefore, when a country and its main city are so densely populated, they hardly meet the basic condition of land requirement. However, as campaigns against adulterated and pesticide laden food have created public awareness, it has resulted in the increasing demand of organic foods. This has increased the trend of making organic produce available in Dhaka, the capital city as opposed to only in rural markets in the past. An increase in health-conscious consumers has driven the demand for organic food products in Dhaka. Such demand is catered to by NGOs like Proshika and Prabartana as well as by a superstore in Dhaka (Parveen, 2008).

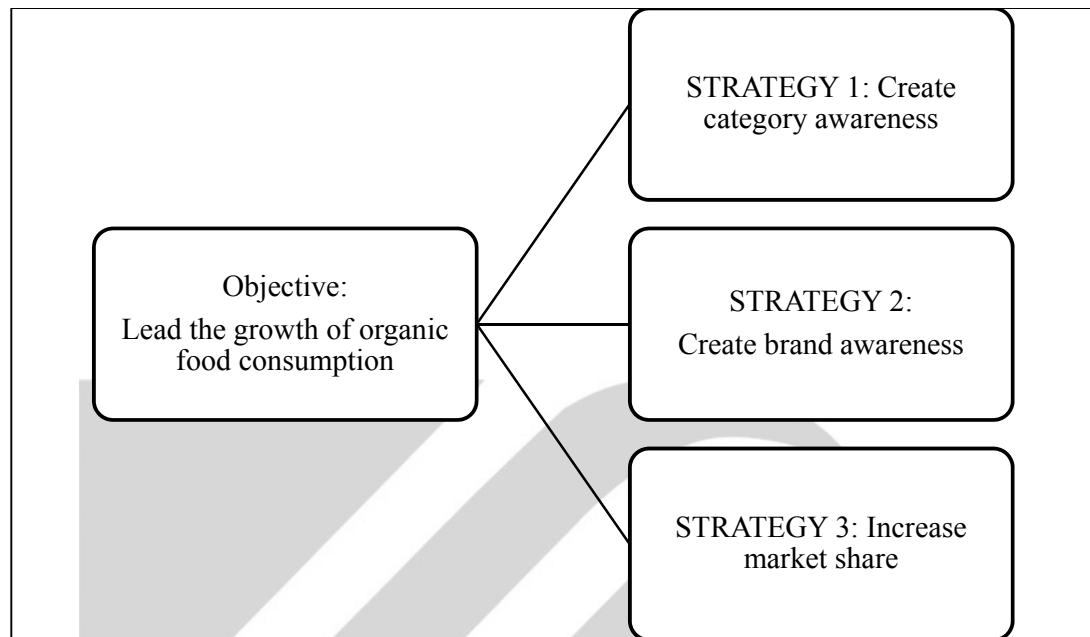
To make the market for organic food more competitive, Dhaka Dough made its entrance in the November of 2015. Dhaka Dough was formed by a group of friends on a small scale but quickly grew to a bigger scale when word-of-mouth launched them on a bigger pad. The philosophy of Dhaka Dough is based on promoting only native farmers and native organic produce. Honey is sourced from the Sunderbans during the honey collecting season of April to June. This honey is then directly filtered into glass containers. Their glass containers are environment friendly. Native fruits like starfruits,

guava and other formalin-free fruits are used to make jam and jellies. Dhaka Dough is reviving the habit of eating unrefined, manually-processed and fiber-rich millet. Their line of cooking oil includes coconut, linseed, mustard, flaxseed and others. Spices like turmeric, chili, coriander and cumin are sourced from outside Dhaka and processed at Dhaka Dough. The only imported good Dhaka Dough gets is Ethiopian coffee, which is not available for sale but one can buy a cup of coffee from freshly roasted and ground beans. Dhaka Dough sees their future in rearing organic livestock, getting organic milk and eggs, vegetable farming on rooftops and delivering organic meals to corporate executives and households. They encourage everyone to grow their own vegetables on their rooftop and are even willing to train anyone who is interested in it. Through such initiatives, Dhaka Dough wants to spread the habit of growing and consuming organic food (Dhaka Dough, 2016).

The competitive environment for Dhaka Dough consists of Shashya Prabartana and Proshika that are stand-alone retailers or sellers with only organic produce in their list and these are obtained from their own sources. One superstore in Dhaka sells a limited variety of organic food products among other non-organic ones (Azher, 2003). The premium pricing of organic food products prevents these from being consumed by the middle and lower income households (Sarker, 2008; Nupur, 2011).

The main objective of the marketing plan for Dhaka Dough is to create a road map for the brand to play a major role in increasing consumption of organic food products. The marketing strategies for achieving this objective are:

- i. Increase category awareness and thereby increase the market size of organic food.
- ii. Create brand awareness of Dhaka Dough.
- iii. Increase the market share of Dhaka Dough.



**Figure 1.1 Key Objective and Strategies for Dhaka Dough**

Source: Mamun, 2016

The issues to be discussed and analyzed for the marketing plan for Dhaka Dough can be segmented into several parts with sub-points under each.

### 1.1 Executive Summary

The executive summary of the marketing plan for Dhaka Dough will be a topline view of the factors leading to the growth of organic food industry, the target group, business and marketing objectives, marketing strategies, 7P strategies, sales revenues, projected profits, marketing programs and their metrics.

### 1.2 Situation Analysis

- Market analysis will include forecasted market growth and size, target segmentation, details about customers, their needs and preferences.
- SWOT analysis will look at Dhaka Dough's internal strengths and weaknesses and match them against the macro-environmental factors that offer both opportunities and threats. It will discuss the strengths in terms of their USPs, areas of profitability, and their core capabilities that give them a competitive edge; Dhaka Dough's weaknesses will address issues like areas for

improvement, lack of resources, experience and areas that are not very profitable; opportunities like tapping into new market segments, making more use of technology, possible related products and services that can be offered, and what more can be offered to the customers will be explored; threats from existing and new entrants, and from the economy and the industry outlook will be identified.

- Competitive analysis will show an analysis of the major competitors, their marketing strategies, their success and their areas for improvement.
- Segmentation, Targeting and Positioning will be based on the market and SWOT analyses. The market segments will be identified and the specific targets among these will be selected. An appropriate brand positioning will be crafted for the target segments.

### 1.3 Marketing Strategy

The marketing strategy will include a mission statement for Dhaka Dough which does not exist now, the marketing objectives, the market segment in focus and the brand positioning.

### 1.4 Sales Forecast

The sales forecast will be done per average gross monthly sales as it has not been possible to obtain sales of different product lines.

### 1.5 7Ps Strategy

This section will cover Product, Pricing, Placement, Promotion, Processes, People and Physical Evidence strategies for Dhaka Dough.

Product strategy will refer to the quality, image, branding, features, variants, mix, support, customer service, usage occasions, availability and warranties aspects.

Promotional strategy will look at the marketing communications, sales promotions, personal promotion, PR, branding, and direct marketing programs of Dhaka Dough.

Pricing strategy will discuss the pricing objectives, positioning, credit terms, payment methods, discounts, and value-added elements.

Placement strategy will discuss the channels of sourcing and distribution.

People strategy will look at the type of people behind and in front of the counters facing the customers at Dhaka Dough, their training programs, and their culture and image.

Processes strategy will discuss how Dhaka Dough has put in place activities for customer service, research and development, and IT that impact the customer buying process.

Physical evidence strategy will focus on aspects of Dhaka Dough like sales or staff contact experience, product packaging and online experience (Hanlon, How to use the 7Ps Marketing Mix?, 2014).

#### 1.6 Promotional Plan

The promotional plan will guide the way Dhaka Dough will let the target consumers know about its USPs. This part of the plan will include advertising, packaging, public relations, direct sales, internet marketing, sales promotions, marketing materials, and other publicity efforts that are applicable for the business.

#### 1.7 Action Plans and Budget

The specific marketing programs to be undertaken and the budget for each of these programs will be featured in this section. Dhaka Dough's main objective is to increase the consumption of organic food and the main marketing strategies meant to achieve this will be further broken down into smaller parts. Each part will point out how each of the strategy will be achieved along with the cost implications.

#### 1.8 Metrics

The marketing plan for Dhaka Dough will lay out how each of the marketing program contributing to the ultimate objective will be measured in terms of efficiency and effectiveness. This part will mostly discuss online measurement tools as Dhaka Dough does not go for mass media advertising.

## 1.9 Analytical tools

For the marketing plan for Dhaka Dough, the analytical tools to be used are:

### PESTEL Analysis

This part will answer questions pertaining to the macro-environmental factors and their implications on the business success of Dhaka Dough.

### Porter's Five Forces Model

Dhaka Dough's strength of suppliers and buyers, entry and exit barriers in the field of organic food selling and marketing, existence of substitute products and the degree of competitive rivalry in the organic food market in Dhaka will be covered by this model and their implications on the business.

### SWOT Analysis

To assess the internal strengths and weakness and the external opportunities and threats, the SWOT analysis tool will be used to see where Dhaka Dough stands in the bigger scheme of things and the related impact on its business.

### TOWS Analysis

Post SWOT Analysis, the TOWS analysis tool will be applied to set off each strength and weakness against each opportunity and threat to identify ways of maximizing the positive impacts and minimizing the negatives ones.

### BCG Matrix

The product lines of Dhaka Dough will be plotted on the BCG Matrix to identify the ones that are profitable, those for which more investment is needed, those that might not last for long and those that are the most profitable for the business and should be maintained. The organic farms owned by Dhaka Dough will also be added in the BCG Matrix.

### Ansoff's Matrix

To map the future potential market strategies for Dhaka Dough, Ansoff's Matrix will be used as a tool to see if Dhaka Dough should keep penetrating the market or go for product development or tap into new markets or go for a diversification market strategy.

### Idea Adoption Model and Product Life Cycle

These models will be used to forecast the market growth for organic food and the current and future stages of Dhaka Dough.



## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

The objective of this independent study is to master the science and art of writing marketing plans. Therefore, numerous sources have been consulted to identify the best methods of forming marketing plans that are appropriate for any product, service or idea.

#### 2.2 Body of the Literature Review

The literature review for marketing plans consists of three parts:

- I. The purpose and functions of a marketing plan.
- II. How to write marketing plans.
- III. Analytical tools used in a marketing plan.

Sources of information consists of newspaper articles, journals, reports, books and websites.

##### I. The Description and Purpose of a Marketing Plan

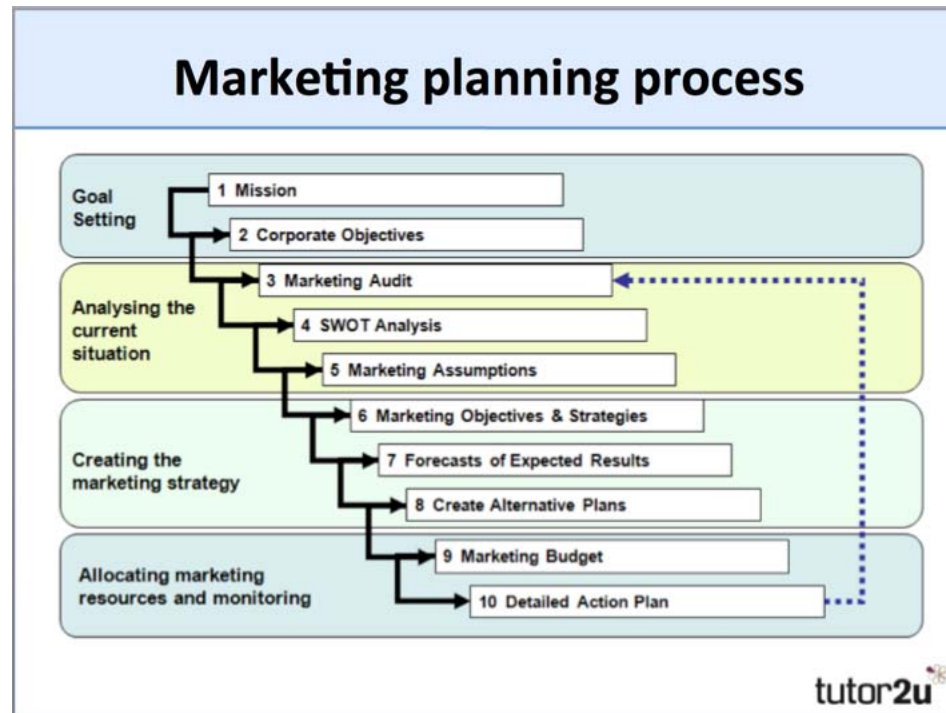
A marketing plan is a written document that sets down the strategy for implementing all the components of marketing – creating, communicating, delivering and exchanging value (saylor.org Academy, n.d.). It serves as a guide for a business toward achieving its goals over a specified time by giving a detailed account of its marketing strategy and associated programs, timelines and costs. It is a dynamic and changing document that needs to be reworked on and revised as and when the business environment changes and the business grows. A business plan often has a marketing plan as part of it but for better focus and control, a marketing plan is recommended to be a stand-alone document (Duermyer, What is a Marketing Plan?, 2016). A marketing plan describes the current market position and the marketing strategy of a company and usually covers a one- to five-year period (Study.com). It sets down a company's market situation, its target market description, its advertising and marketing efforts for the coming year, its positioning, and a description of its marketing mix that will help reach its goals (Entrepreneur, n.d.). It provides specific action plans to meet its marketing

objectives and includes the market situation or the customers' needs and how these can be fulfilled by the organization while generating profits. Market trends, opportunities, action programs, budgets, sales forecasts, strategies and financial statements constitute the marketing plan (Business Dictionary, n.d.).

The benefits of a marketing plan include giving a clear picture of the target customers, crafting the marketing messages to reach the target customers and, providing focus by setting down each marketing program per the promotional mix to get the desired effects (Duermyer, What is a Marketing Plan?, 2016).

It is used to show exactly what actions will be implemented to achieve the goals. For example, a marketing strategy might be increasing the company's market share. In that case, the goals to reach the objective are clearly explained. A marketing plan is future-oriented as it plots the way by which the company will be taken from where it is now currently to where it should be (Study.com). By setting down clear, specific and measurable objectives that are aimed at reaching long-term goals, a marketing plan ensures that everyone in the organization is aware of what the marketing plan is meant to achieve and their individual roles in achieving those objectives. Timelines and required budgets in a marketing plan help to prioritize activities (Marketing Donut, n.d.). Figure 2.1 below shows the steps and components of a marketing plan.

A marketing plan is written as part of the annual planning process for the marketing department in an organization. It can also be written when a new product or service is introduced, when entering new markets, or when trying a new strategy or solving a current problem (KnowThis.com, n.d.).



**Figure 2.1** Marketing Planning Process

**Source:** tutor2u, n.d.: Online

Marketing plans can be of different types depending on the long- or short-term objectives the plan wants to fulfil and the time available to spend behind drawing the marketing plan. Its contents depend on the nature of the business, the marketing strategy, and the use of the marketing plan. Some parts may not be required depending on the nature of the business – selling goods or services, being a for-profit or non-profit organization, and whether the target customers are businesses or end-consumers. Palo Alto Software in collaboration with John Jantsch, creator of Duct Tape Marketing System, developed the software Marketing Plan Pro v11 that consists of three variations of marketing plan outline: the 30-minute marketing plan, the basic marketing plan, and the standard marketing plan. Each one varies in their degree of the information lengths and depth. The 30-Minute Marketing Plan consists of a simple, basic marketing plan outline that can be done quickly. This is meant to get the basic ideas documented and be a springboard for the beginning of a marketing plan as it summarizes the main sections of a marketing plan. The basic marketing plan is for those who do not have the time or the need for a detailed marketing plan and the main contents are touched upon

but not in great details. Sufficient information is furnished to enable decision making. The standard marketing plan goes through all the steps, looking at minute details and breaking each step into smaller ones so that the business knows exactly what is to be done at each stage. Different marketing plan structures serve different purposes. Starting from the minimum basics to a detailed one, a marketing plan is a tool to plan, execute and measure activities according to the needs of the business and the type of the business. An organization can start from the 30-minute marketing plan outline and gradually add to it to convert into a standard marketing plan. Therefore, the marketing plan is a living tool that grows along with the scope of the business (Mplans, 2016).

The marketing plan for Dhaka Dough will consist of its business objectives and mission statement as the basic premises because without these, the foundation of a marketing plan will not be firm. There is currently no mission statement that exists for Dhaka Dough and the marketing plan will be a good opportunity to create one. The market situation for organic food products will be analyzed, the target market segmentation will be described, product positioning will be set, short- and long-term marketing objectives, marketing strategies, specific marketing action programs with detailed promotional mix plans and marketing messages will be crafted, metrics to measure the effectiveness of marketing efforts will be identified, and promotion budgets, sales forecast, and profitability over the next three years will be projected. The reason for choosing three years is because of its medium-term nature that is more practical and is closer to the current timeline (Westwood, 2004). The document will be referred to every quarter to track its progress toward reaching its goals and appropriate changes should be made in the goals, objectives and strategies in respect of changing market conditions and consumer preferences.

## II. How to Write a Marketing Plan

Before starting to write down a marketing plan, it helps to have some information at hand so that the thought processes during the writing do not get interrupted. The company's financial statements like profit and loss, operating budgets; latest sales figures by products and region for the last three years; current line of products and service along with target markets; organogram; an understanding of the market conditions that include competition, geographical boundaries, target customers,

channel members, latest demographic data and any product or demographic related trend information; and the most crucial information that should be included in the marketing plan according to the sales or customer service personnel in the organization (Entrepreneur, n.d.). In the case of Dhaka Dough, the monthly and yearly average gross sales data from 2015-2016 will be collected as that is how long the business has been in existence. The demographic and consumer shifts in trends for the organic food industry will be sourced from newspaper articles and journals.

### *Executive Summary*

An executive summary of a marketing plan gives just enough information to base top management decisions on (Saylor.org Academy, n.d.). It is meant to give a company introduction and all the aspects of a business in a short form (McCarron, n.d.). It should first introduce the company and then present highlights of the market environment, target audience, product or service review, competitive analysis, distribution channel review, SWOT analysis, marketing goals and objectives, marketing strategy, action plans, budget and controls. It shows the understanding of the business and how to make sales and profits (Karinch, 2014). An executive summary must mention the main goals and suggestions of the marketing plan, provide the topline figures regarding profit targets, sales revenue target, sales growth, how these can be achieved through the marketing mix, the marketing budget required to achieve the goals and an indication of the increase or decrease in the desired budget amount (Kotler, Hoon, Meng, & Tiong, 1996).

An executive summary should sell and not simply describe. It is a tool with which to face a potential investor. Instead of explaining the entire plan, an executive summary should convey the essence in a clear and compelling manner to hook the investor's attention. The opening sentence should attract the attention of the reader. Then the problem statement should be stated followed by how the company can solve this problem, the target market, the opportunities provided by the market, the company's competitive advantage, revenue generation model, the human resources' capabilities, the revenues, expenses and loss/profits over five years, and the budget required to generate the profits. The executive summary should not be more than three pages (Kawasaki, n.d.). While some recommend an executive summary to be between

one and three pages, another rule of thumb regarding its length is 10% of the original document, with an upper limit of ten pages. The reason is that an executive summary should be short enough for busy professionals to go through while long enough to be a stand-alone document (CustomPapers.com, n.d.). It should be written after writing the marketing plan (Banks, 2011).

The tone and structure of an executive summary depends on the audience to whom it is directed. One structure is to present the summary of each section in the same way as it is presented in the main document. If the reader is a lender or investor, the executive summary should have the focus areas on the company description, the problem, the solution and why the problem should be addressed immediately. The last part should emphasize on the importance of urgent decisions. These should be followed by a brief financial summary that provides the value, risks and returns of the venture. The tone should be set in accordance to the reader's background and hence, variations of an executive summary might be needed for different types of readers. The key thing is to keep it short, professional and error-free. Using personal pronouns like "we" and "our" can make a personal connection with the reader (Markowitz, n.d.). However, others believe such personal pronouns should not be used and the tone and language kept strictly formal (Ashford University, n.d.).

The goal of an executive summary is to get the reader interested to go through the main business or marketing plan. Therefore, superlative words like "the best" and "ground-breaking" that cannot be supported with facts and figures should be avoided (Markowitz, n.d.). Copying entire paragraphs from the main document and putting these in the executive summary should be avoided. The key information should be summarized and put in a short, crisp form to convey the main message. Having the executive summary read aloud by a disinterested party can identify key information that might have been missed, use of any sentence that is not clear and the logical sequence of the topics (CustomPapers.com, n.d.).

The executive summary for the marketing plan of Dhaka Dough will be written after the completion of the marketing plan. It will include the macro issue regarding organic food consumption or the lack of it, how Dhaka Dough can encourage the consumption of organic food products, the company's strengths and weaknesses in

terms of resources and profitability, its opportunities and threats with regards to other competitors and changing market trends, its competitive advantages, its target market, its topline marketing objective and strategies to reach its marketing goals, its key marketing mix and promotional strategies, and the budgets and projected sales and profits over the next three years. Depending on the length of the marketing plan, the length of the executive summary will be decided but would most likely fit within two pages. The marketing plan for Dhaka Dough is for academic purposes and will therefore, use a formal tone and language.

### *Purpose and Mission*

The purpose of the marketing plan should be mentioned at the outset. Specifically, why the marketing plan is generated, for example, to introduce a new product or to enter a new market, and what it can be used for (KnowThis.com, n.d.). The purpose is a snapshot of what exactly will be achieved through the implementation of the marketing plan like launching a new product or relaunching one (Keetch, n.d.).

The purpose of Dhaka Dough's marketing plan is to grow the existing business and market shares and to set down the marketing objectives, strategies, programs and budgets.

The organization mission statement consists of short sentences that refer to issues like why is the company in a particular business, what problem does the company's product or service solve, which market segments are served and why, what are the main benefits offered that competitors cannot offer, how the competitive advantage is achieved, what is the company's business philosophy, standards and behavior of how the business operates on a daily basis, and the values and culture of the organization that guide the company's internal beliefs and behavior, and its USPs (Keetch, n.d.; tutor2u, n.d.). The mission statement should be a paragraph that identifies a stable long-run vision of the company (KnowThis.com, n.d.). Simply put, the mission defines why a company is in the business and what it is doing currently (Masterful Marketing, 2010). The mission statement must be based on analyses of the present and potential customer benefits and current and projected changes in the environment (Lamb, Hair, & McDaniel, 2011). The mission statement helps to see how

the marketing plan can fulfill the mission, whether the plan adheres to the mission, and as an incentive to execute the marketing plan (tutor2u, n.d.).

The key learning is that a mission statement answers the why and how of a business and guides its tangible and intangible products and processes. Dhaka Dough's mission statement does not currently exist. Therefore, a new one will be included in its marketing plan that will put forth why it is in the business of organic food products retailing, the current problem of foods with chemical fertilizers, why the products of Dhaka Dough ensure food safety, the target market segments, the competitive advantage of Dhaka Dough, and their main business philosophy which would refer to issues like customer value, sustainable farming, organic food consumption encouragement, responsible business approach that practices and encourages environment-friendliness and sustainability. It is important to keep the mission focused by stating it in short, simple sentences that does not extend beyond a paragraph and reflects the vision of Dhaka Dough.

#### *Situational Analysis*

The situational analysis provides an overview of the current situation and should be used as a benchmark as the business evolves. This includes a short description of the product or service offered by the business, the advantages and challenges faced and the threats from competition. External forces are also discussed to see how these can impact the business (Entrepreneur, n.d.). The key elements covered in a situational analysis are product lines, target markets, distribution network, current competitors, financial analysis and external forces. The situational analysis must not be based on theories but on facts as this will lay the foundation for future actions (Keetch, n.d.).

The market situation looks at the target market, the market size, the market share in terms of value and volume, and the market growth rate for past years for the total market as well as for the geographical segments to show the trend. It also discusses the customer's needs, perceptions and purchase behavior (Kotler, Hoon, Meng, & Tiong, 1996).

The products should be described by their attributes like design and benefits, pricing charged to end users and if any credits or discounts given to the channel

members, distribution process and channels involved, current positioning and promotional programs, and the support services offered. The product situation further looks at the sales, price, contribution margins, and net income over several years. The trend of increasing or decreasing sales and other variables are identified and analyzed to give a direction for future action. This section breaks down the product or service of the firm into its name, trademark, color, shape, packaging, labeling and any other characteristic. This helps to state the unique selling proposition of the product or service and explain what makes it superior to its competitors. The core thing to analyze is the value that the product or service is giving to the customers (Kotler, Hoon, Meng, & Tiong, 1996; KnowThis.com, n.d.; Keetch, n.d.; Massachusetts Small Business Development Center Network, 2016).

The target markets should be described based on extensive customer research. The target market approach describes whether the business is aiming at a wide target audience or a more focused one through a segmentation approach. The demographic and psychographic characteristics of the target customers should include age, gender, income, occupation, education, family life cycle, geographic region, lifestyle, attitudes, and purchase behavior. The needs of the customers should be explained and supported by information on who, why, when and how the product is used. Questions like who is the target market, where can they be found, what they value, what are their concerns and current needs may help draw a sketch of the ideal target customer. The actual and perceived needs of the customers and if the business is catering to either one or both and if there is any shortfall, and the customer barriers to buy the product or service should be discussed. How the customers perceive the product should give an indication of its current positioning and where it stands vis-a-vis competitor products. The attitudes the consumers have for the product category and the brand or the company should be discussed. The consumer behavior toward the product purchase and consumption should trace the entire purchase decision making process including how long it takes to make the purchase, the kind of information the customers seek, the purchaser and the influencer, and factors affecting consumer purchase (seasonality, price, availability, convenience, tax considerations, gift considerations and other factors). The target market's potential size, the actual size of the target market, and

future growth rate of the market over 3 to 5 years are provided in the product analysis section of the situational analysis. A market forecast indicates the future trends and characteristics in the market in which the business operates. It shows the number of potential customers in each of the market segments. The market growth rates are estimated based on market research. Besides the market growth, the market value is also estimated. Market value will be derived from the past data on how much each market segment spends. Average purchase per customer and market values are shown in the market forecast. Average purchase per customers are based on estimates from the salesforce.

Ways of checking how realistic the forecast is include comparing total market size to sales estimates of competitors, talking to vendors to see how much products they sold in the market, and by looking up macro-economic data to draw an inference.

A company should carefully choose which market segment to target based on market differences, key success factors, competitive edge and strengths and weaknesses of the company. The largest market segment may not necessarily be the best segment to target as it depends on the company objectives and capabilities.

A market forecast estimate can be created by finding an expert forecast, estimates from past data, finding parallel data or by applying a model. Some expert forecasts are published and can be obtained free of cost. Government forecasts may be free but the case may not be the same for professional forecasts where highlights are revealed to trigger the purchase of the full forecast. Some forecasts may be a part of media interviews. Past data can indicate trends in the industry. These are relatively easy to find and use. Past data should form the base but the business needs to add its own research and common sense to it.

A description of the 20% of the customers who will generate 80% of the business should be described as this forms the loyal and the most profitable base of customers (KnowThis.com, n.d.; Gregory, How to Write a Small Business Marketing Plan: A Step-by-step Guide, 2016; Massachusetts Small Business Development Center Network, 2016; Berry, Making a market forecast estimate, 2016; Berry, What is a market forecast?; Berry, Add competitive analysis to your marketing plan, 2016).

**Table 2.1** Customer Profiling Sample

<b>Customer</b>	<b>Age</b>	<b>Gender</b>	<b>Ethnicity</b>	<b>Education</b>	<b>Location</b>	<b>Lifestyle</b>	<b>Values</b>
<b>Interests</b>							

**Source:** Business Victoria, n.d.; Online

Table 2.1 shows a simple way to do customer profiling in detail so that the business has an in-depth knowledge of their target segments. This table can be used for profiling customers belonging to different market segments.

The distribution network analysis contains information on how the product or service is delivered to the end-user, whether directly to the customer or through a distributor or both. The needs and benefits of the channel members must be explained. From the channel members' point of view, a description of how important the product is to them, how is it used by the channel members, how they look at the product compared to competing products and how they feel about the brand or company should be put down. The purchase process of the channel members includes who influences them to buy the product and their purchase decision process. The demographics of the distribution network in terms of type, size, geographic regions and markets served can further add to the information about the channel members. It is important to state the kind of channels from where the highest sales are recorded and the margins paid to the channel members. Also, the factors that can hamper the delivery of the product or service to the end customers should be noted (Kotler, Hoon, Meng, & Tiong, 1996; Keetch, n.d.; KnowThis.com, n.d.).

The competitive analysis includes who the competitors are, what are they doing right, and what they may be doing wrong. The SWOT Analysis can be used to evaluate the strengths, weaknesses, opportunities and threats facing the business. It should be done for the top competition and then compared against one's own for evaluation. A thorough competitive analysis reveals the gaps the business can address or take advantage of, fine-tune the niche market and be better prepared to face challenges from competition (Gregory, 2016). The competitor analysis looks at the direct competitors

in terms of their size, market share, goals, image, target markets, comparative product quality, marketing strategy, and services offered. The strengths of the competitors should be given in terms of not only their marketing muscles but also those strengths regarding financial, R&D and target market perception. The threat of future competition can be included (Kotler, Hoon, Meng, & Tiong, 1996; Berry, 2016; Massachusetts Small Business Development Center Network, 2016). From the customer's perspective, it should be identified why customers select one competitor over another, for example, location of the business, brand reputation, market trends, and/or word-of-mouth. Based on such understanding, the competitive analysis for a business can help it to focus on those factors on which customers base their product selection decisions so it can continuously tweak its offerings and keep ahead of the competition (Berry, Competitive Analysis, n.d.). If the competitor companies are public, information about them can be sourced from industry associations, industry publications, the financial community, media clippings and their own websites. It may be more difficult to access competitor information if these are privately held. In such cases, taking the guise of a potential customer may help to get some information.

Using a table like Table 2.2 below can be productive in profiling competition:

**Table 2.2** Competition Profiling Sample

Competitor	Established date	Size	Market share (%)	Value offered to customers	Strengths	Weaknesses
Competitor name	When was their business established?	Number of staff and/or turnover	Estimated percentage of market share	Unique value to customers, e.g. quality, price or customer service	What are the main strengths?	What are the main weaknesses?

**Source:** Business Victoria, n.d.; Online

For the financial analysis part, tables and graphs are recommended to present such information in both total currency amounts and percentages. Monthly or weekly sales figures are required for seasonal products. It is better to show detailed breakdowns of revenues and expenses. The current sales analysis includes the total industry sales and market share along with the percentage of the company's shares compared to the shares held by competitors over a period of at least a year; sales by product category and segment and comparison between company's own versus that of competition; sales by different channel members in terms of total channel sales, total for the company and total for competition; and sales by geographic locations in terms of total for each region, total for the company by each region and total for competition by each region. Profitability analysis is the second part of the financial analysis which includes revenues and marketing expenses by product lines, regions, channel members as well as for the overall industry. The marketing expenses must include both direct and indirect costs.

The external forces analysis looks at the political, economic, socio-cultural, technological, environmental and legal factors that form the trends and have an impact on the market and the company. These external factors cannot be controlled by the business (KnowThis.com, n.d.). Such forces of the macro-environment can be analyzed by using the PESTLE analytical tool. The environment in which a business functions cannot ignore the larger cell or macro-environment within which it exists. Failure to ignore the external environment can lead to losses for the company. The political factors include issues like tax and trade policies that might have a positive or negative effect on business; economic factors include inflation, employment levels, and other factors that can impact the cost of running a business and production; social factors include population growth, religion, health, safety, etc. that can shape the products and services offered by a business and the way the business is run; technological factors impact the speed and mode of conducting a business; legal factors include consumer rights, product safety, etc.; and environmental factors refer to doing business in a sustainable way for the preservation of the environment (PESTLE Analysis, 2016). Therefore, it is imperative to get daily knowledge on the current events around the region, country and the world to stay ahead of or at least maintain the game.

A summary of the product analysis is recommended to be presented using either one or more of the analytical tools – BCG Matrix, Product Life Cycle, and General Electric Market Attractiveness Matrix – and a summary of the internal and external factors in the form of a SWOT analysis (KnowThis.com, n.d.). When doing a SWOT analysis, the company should consider issues like production costs, marketing skills, financial capabilities, image of the company, technology used, and employee capabilities (Lamb, Hair, & McDaniel, 2011). However, a SWOT analysis can be more than a list of strengths, weaknesses, opportunities, and threats. How each factor impacts the business must be analyzed to take the full advantage of a SWOT analysis. Moreover, it can be the basis of a TOWS analysis where all the four factors are combined in twos to identify ways of maximizing opportunities and minimizing threats.

The situational analysis forms a significant portion of the marketing plan and should, therefore, reflect the real and realistic situations as much as possible as this section is the prelude to the rest of the marketing plan. Key information regarding the micro- and macro-environments with their respective controllable and uncontrollable factors will lead to the marketing objectives, goals and strategies. For Dhaka Dough, the situational analysis will identify the market size of organic food products, the overall market growth rate and the specific market growth rate for Dhaka, if possible the market shares of competition as these are not public companies and may not reveal their internal information, the organic food product lines from Dhaka Dough, their target markets and their loyal customers, direct and indirect competitors, their own competitive advantages, backward and forward integration and coordination of channel members, the nature or type of these channel members, Dhaka Dough's own strengths and weaknesses and how these can be offset against external opportunities and threats through PESTEL, SWOT, TOWS and Porter's Five Forces analyses, their sales trends and forecasts product line wise, revenues and expenses to project profits and a snapshot of the current and future product mapping on BCG Matrix and Ansoff's Matrix. For Dhaka Dough, opportunities may come in the form of increased interest in the category by consumers and channel members whereas threats can loom in the form of non-availability of the product in those channels from where an increasing number of customers are buying the product, increasing consumer interest in alternate forms of the

product not manufactured by the company, changes in government regulations and smarter product lines from competition (Kotler, Hoon, Meng, & Tiong, 1996). Against the backdrop of all this information and analytical tools application, the situational analysis should address whether Dhaka Dough should invest or divest some or any of its product lines, if it should stay in the same business, whether it can compete effectively in the market, should the marketing mix be revised or not, should they look for alternate and more productive distribution channels, if they should match the advertising spend of their competitors, and if there should be more investments in R&D.

### *Objectives and Marketing Strategy*

The objectives set out what the company wants to achieve regarding sales turnover, market shares and profit levels while the strategy describes the way these objectives will be achieved (Westwood, 2004). The objectives may be financial or marketing objectives and these needs to be SMART - specific, measurable, achievable, realistic and timely (Business Victoria, n.d.). Specific states out exactly what needs to be done, if the progress can be measured then the objective is measurable, objectives are achievable only when those who are going to achieve them agree on this, realistic objectives keep the motivation going without making the objectives out of reach, and tying a time limit to each objective informs those responsible by when the objective should be achieved (tutor2u, n.d.).

Financial objectives include rate of annual return on investment expressed as a percentage after taxes and over a definite period, net profit figure in a specified time, and cash flow figure for a specified time (Kotler, Hoon, Meng, & Tiong, 1996). The marketing objectives state what is to be accomplished through the marketing activities. The marketing objectives are derived from the mission statement and should be consistent and help the organization to prioritize its marketing activities (Lamb, Hair, & McDaniel, 2011). Marketing objectives include total sales revenue in value over a specified period that indicates a percentage increase of sales over previous periods, sales volume and market share, percentage increase in consumer awareness over time, and distribution increase in percentage (Kotler, Hoon, Meng, & Tiong, 1996). If the business is not sure of the size of the local market, it can set its desired sales target in dollar terms (Entrepreneur, n.d.).

The business objectives of a company should be translated to the marketing objectives and activities. The figure on the following page provides an example of how the broad business mission is broken down into the business objective, which is narrowed down to marketing objectives and which are, in turn, specified to show what the marketing activities will be to achieve the said objectives.

<b>Marketing's Link with Business Objectives</b>	
<b>Planning Stage</b>	<b>Example</b>
<b>Business Aims / Mission</b>	Overall mission – to be the market leader
<b>Business Objectives</b>	To achieve a market share of 25% and annual profits of £2m
<b>Marketing Objectives</b>	Increase sales of existing products by 15% Launch two new products into the market to add at least 5% to overall market share
<b>Marketing Activities</b>	Advertising campaign to promote new products Decrease price of existing products by 10% New packaging for existing products

tutor2u

**Figure 2.2** The Link Between Business and Marketing Objectives

**Source:** tutor2u, n.d.; Online

Two examples of poor marketing objectives are: to better serve customers and to maximize profits. These objectives must be quantifiable and measurable and so a better way of putting them down is: obtain customer satisfaction rating of 90% on the 2009 annual customer satisfaction survey and to retain 85% of 2009 customers as repeat customers in 2010; achieve a 10% ROI from January 1, 2009 to December 31, 2009. Objectives must be measurable so there must be some numbers attached otherwise it would not be possible to gauge their progress.

Well-defined financial and marketing objectives can tell exactly what it is to be done by the teams responsible for achieving these objectives and thus give them a clear direction. These serve as motivators and force the teams in the organization to clarify their thoughts. They also serve as a method for checking and evaluating whether the activities being done are reaching the stated objectives or not (Lamb, Hair, & McDaniel, 2011).

Dhaka Dough will articulate its overall business objective in terms of their leading role in the growth of organic food consumption. The business objective will be the basis for the subsequent marketing and financial objectives which should be SMART. The marketing objectives will include category awareness increase, market share increase and brand awareness increase. The financial objectives of Dhaka Dough will set down its sales revenues and profit percentages to be achieved over three years.

The marketing strategy is the process of selecting and describing one or more target markets and the marketing mix to be implemented for each to create mutually satisfying transactions. The target market must be described in terms of their demographics, psychographic and buying behavior (Lamb, Hair, & McDaniel, 2011). The strategy is what an organization does to develop, market and sell their product or service. This section should convince the reader why the selected strategy is the best strategy. A discussion of alternative strategies available and why these were not selected might help the reader understand better about the chosen strategy (Saylor.org Academy, n.d.). The marketing strategy must be developed with contribution from the sales, procurement, manufacturing, and financial departments of an organization (Kotler, Hoon, Meng, & Tiong, 1996). Moreover, it must be tied to the business goals of an organization. For example, if the objective is to gain broader market adoption, the strategy is to introduce the product or service to new market segments (Lake, 2016). An effective marketing strategy lays the foundation for the overall marketing direction and goals (Business Victoria, n.d.). For each objective, the marketing strategy to be developed should be related to the marketing mix of product, price, placement and promotion and then checked if these are tied to the sales turnover, profits and market shares (Westwood, 2004). In today's marketing mix, three additional marketing mix elements are people, process and physical evidence. The latter

three are as important as the traditional marketing mix. It is good to have one to three objectives for each section and not more as otherwise that might lose the focus. Each objective should have one to two strategies and each strategy, in turn, should have one to five tactics (Luther, 2001).

A simple way to remember the difference between a marketing objective and a marketing strategy is to remember that the first refers to what is to be achieved while the second refers to how it would be achieved. For Dhaka Dough, if the objective is to increase brand awareness, the strategy would be to increase promotional activities and the tactic would be to put Facebook advertising at the target customer's page.

The marketing strategy sections constitutes of the marketing objectives, segmentation, targeting and positioning, the 4P strategy (product, price, place and promotion), the marketing mix that includes the tactics that will achieve the 4Ps strategy, and marketing research to support the development, implementation and measurement of the marketing efforts (Kotler & Keller, Marketing Management, 2012). The marketing strategy has evolved from a 4P to a 7P marketing mix. The 7Ps of a business includes the 7Ps of marketing – product, price, place, promotion, people, process and physical evidence. Product includes the features or attributes, benefits, branding, packaging, product development, possible line extensions, and the unique selling proposition. Price factors in desired sales and profit levels should be set at an optimum level. Pricing should consider both fixed and variable expenses. The place refers to the location where the product or service is available - either online or offline or both – and where customers can get the support service. It also refers to the channel of distribution. Promotion concerns letting the target customers know about the product or service through the right mix of promotional tools like advertising, branding, public relations, publicity, direct marketing, internet marketing, sales promotion and personal selling. The people aspect of the business deals with the employees and how they can make or break customer satisfaction. This should also address how to measure customer satisfaction and the kind of incentives and training given to the employees. The process refers to the service standards and other components when a customer buys the company's product or service. The physical environment where the product or service is sold has an impact on the way customers perceive the business and will influence

their buying experience (Business Victoria, n.d.; Duermyer, Writing a Business Plan, 2014).

While some sources suggest to include the action programs within the marketing strategy, others deal with it in a separate section. The logical sequence of objectives, strategies, and tactics should be maintained as these start from a broad perspective and gradually narrow down into crisper action points. In the marketing plan for Dhaka Dough, the marketing and financial objectives will refer to the broad business objective of increasing consumption of organic food products and therefore, the marketing objectives will be related to increasing brand awareness, increasing market share and increasing the overall market size. These will help form the financial objectives which would be related to the sales revenues and therefore market shares and desired profit margins. The second step from the financial and marketing objectives is the overall business and marketing strategy. Dhaka Dough will discuss how to obtain higher market shares through, for example, targeting new markets or by introducing new products; increase brand awareness by spending more in their promotions; and increase the size of the organic food market by championing the cause through awareness programs. The market segments, targeting and positioning for Dhaka Dough will form the next part of the marketing strategy. Here, the possible market segments will be described and why Dhaka Dough has selected one or a couple of the segments. Next, the positioning of Dhaka Dough will be stated with points in mind like describing the products offered, the customer benefits and values, and the competitive advantage (Belch, 2003). Dhaka Dough's 7Ps strategy will include their product features, product lines, packaging, and branding; price will discuss the strategy for setting the price in terms of the value offered to the customers; the location of the outlet in terms of both online and offline presence will be discussed with reference to advantages and disadvantages of the physical store location and whether they face any challenges to deliver the products from and to their channel members; promotional strategy will tie back to the niche group of customers and justify why it makes sense to do more word-of-mouth, referral and online promotion; the people behind and facing the customers at Dhaka Dough with their credentials will be discussed and how they impact the customer experience; the process of buying products from Dhaka Dough will be explained from

the customer's point of view; and the physical evidence will be described in terms of the look and feel of the physical store as well as their website and Facebook page.

Segmentation, targeting and positioning or STP is a crucial process in the marketing strategy development as the right selection of the target market leads to the right way of communicating with them and ultimately achieve the marketing objectives (Belch, 2003). The STP model helps in creating marketing communications plans as it enables organizations to prioritize propositions that would appeal to the specific market segments and craft and deliver the marketing messages accordingly. This model is geared more towards the customers rather than the product offering and can even be used for digital marketing by creating marketing personas. A marketing persona represents the characteristics, needs and behavior of a certain type of a website user (Smart Insights, n.d.).

#### *Segmentation, Targeting and Positioning*

The STP process starts with identifying markets where there are unfulfilled needs, segmenting the market based on similarities, selecting the segments to be targeted and finally positioning the product or service of the business to the specific market segments. An organization does not usually target the entire market but breaks it up into segments based on the segment's similar needs and lifestyles (Belch, 2003). Three criteria to identify market segments are common needs within that segment, the segment being unique from other segments, and responding similarly to the organization's marketing efforts. Market segmentation can help a business minimize risks by identifying those products that would best match the customers' needs, generate market shares and help to create the best methods of delivering the product to the target markets (Investopedia, n.d.). This step of target marketing can be tricky as a more segmented market makes it easier to understand their precise needs while a too narrow segment would have too few customers.

Market segmentation bases include demographic, psychographic, geographic, socioeconomic and behavioral characteristics. Thus, market segments can be based on where the target customers are located, their age, income or occupation, their values and lifestyles, or their purchase pattern and behavior toward the product or service category in terms of loyalty, usage occasions and benefits sought (Lamb, Hair, &

McDaniel, 2011). A business can target either one segment or more than one and therefore, for each segment there will be different objectives, strategies, promotional mix approaches, and budgets (Belch, 2003). A market segment must meet certain criteria to ensure that it is a profitable and sustainable one. Firstly, the size of the market should be large enough to justify the efforts that would be put behind it. Secondly, there must exist differentiation among the segments. Thirdly, the market segment must yield profits for the business. Fourthly, the segment must be accessible by the organization and vice versa. Finally, different segments must be focused with different product benefits (Hanlon, The Segmentation, Targeting and Positioning model, 2013).

In the third step of selecting the segments to be targeted, a business can take either one of three different approaches. The first is undifferentiated marketing where the entire market is treated as one by the organization. For example, Ford treated the entire market as one with their offering of only black cars. The advantage of such an approach is saving costs but the con to this approach is not offering a product or service that can solve unique needs of the market segment. The second marketing approach is differentiated marketing where different groups of the market are selected and different strategies are used for each. Although greater costs may be involved in this approach, but the company can address the different needs that are unique to the different segments. Examples include the variants of Coke like Coke Zero and Diet Coke. The last approach is concentrated marketing where a small market segment is selected and all the marketing efforts are channeled toward it to have the maximum market share within this small segment. Some businesses find it more profitable to concentrate on a niche segment instead of spreading thin their resources over a wider one. An example of concentrated approach is Rolls Royce cars that target only the premium segment of the automobiles market. If the target market is selected right, then the communications to them becomes more effective (Lamb, Hair, & McDaniel, 2011; Belch, 2003).

The term positioning, the last step of the STP model, was coined in 1969 by Jack Trout (Value Based Management, n.d.). Positioning involves creating a perception in the minds of the customers about a product, company or brand. Positioning refers to placing or locating a brand or product in the minds of the target consumers and hence, has little to do with the product itself and more to do with how customers see the product

in relation to its competitors. Either the consumer or the competition is used to base the positioning strategy on by relating the product to the consumer benefit or by showing how the products differs from competing products. Positioning creates an image in the customer's mind about the product (Ries & Trout, 2001).

Before setting down the product positioning strategy, six questions should be answered regarding current positioning in the customer's mind, the brand's desired positioning, the competitors that need to be outperformed, the financial capability of the organization to hold the positioning, the gumption to stand by the positioning, and whether the creative approach matches the positioning (Belch, 2003). Hence, answers to these questions help the managers and the creative team to be realistic and prevent any disappointments later after the positioning has been developed to a certain extent.

Positioning can be based on the product features and benefits, price and quality, product usage, in comparison to another category, product user, competition, cultural symbols, or product class dissociation. Product features and their benefits can be used to place the brand in the mind of the target customers with relation to the benefits the product gives. It may be based on one or more benefits that are of worth to the target market. Price-quality relationship can be another positioning base. High price signals high quality whereas a low price signals value products, for example, luxury goods versus value products. An example of product use or application positioning is that by Swiss Army knife. Positioning based on comparison to another category can be seen when margarine is compared to butter. Product user based positioning is when the product consumer is used to create the brand image, for example, Harley Davidson motorbikes. Competitor based positioning may need a second positioning to differentiate the brand. An example of competition based positioning is Avis's positioning as the number two car rental brand next to Hertz. Using cultural symbols like Ronald McDonald can create a differentiating positioning for a brand. Product class dissociation refers to positioning of new products that breaks the usual mold in the product category, for example, bladeless fans from Dyson (The Wharton Magazine, 1980; Value Based Management, n.d.; Belch, 2003).

The different bases of positioning can be approached from a conceptual perspective in that these fall into one of the categories of functional positioning,

symbolic positioning or experiential positioning. Functional positioning refers to the product benefits and problem-solving attributes. Symbolic positioning refers to emotional fulfilment, self-image enhancement and having social meaningfulness. Experiential positioning has to do with the cognitive and sensorial aspects provided by the product (Value Based Management, n.d.).

The process of creating a positioning involves a few steps starting with identifying competition. This should address both direct and indirect competitors, their usage and usage occasions. Next, how the customers perceive the competition should be identified. This involves scaling the product features and benefits by their importance to the consumers so that the brand or product or company knows what exactly are the key factors consumers want. By conducting consumer research, the next step is to find out the positioning of the competitors. This would not only compare the brand to its competitors but would also compare the competitors among themselves, hence revealing the possible gaps the brand in question might consider for positioning. After determining the competitor positioning, the business should analyze the consumers' preferences by probing into what they think an ideal brand should be. The ideal brand would differ based on the demographic, psychographic, socioeconomic and purchase motivations of the target customers. For the next step of determining the positioning, the business may look at whether the market segmentation is right, the resources available to establish the positioning, if the positioning can stand the test of time and against the competition positioning, and if the current positioning is working or not. Lastly, the positioning must be monitored by conducting brand tracking studies to see if there has been any change in the way the target group perceives the brand (Belch, 2003). Segmentation strategies should be monitored as both customers and markets are changing (Lamb, Hair, & McDaniel, 2011).

Perceptual mapping is a tool that can be used to plot the positioning of a brand. It is a graphical representation of how brands are positioned along at least two key product dimensions (Lamb, Hair, & McDaniel, 2011). A perceptual map's function is to identify where the brand stands in the mind of the customers compared to competition along specific category dimensions. This could point out where a brand may be doing right or wrong with its positioning. Another important function of a

perceptual map is to spot a gap in the market which could be occupied if it has enough potential. Circles of various sizes are sometimes used to connote the market size of the different products (Boundless.com, n.d.).

There are three ways of presenting a perceptual map. The most common is to have two dimensions along the x and the y axes. For example, price and quality. The horizontal axis may have high quality on one end and low quality on the other while the vertical axis could have high price at one end and low price on the other end. Then various brands or products are plotted against these dimensions on the axes to show where the consumers think each brand is positioned in terms of the degree of high/low price and high/low quality. Another way of presenting the perceptual map is by using many attributes of the product. The use of SPSS can yield a perceptual map with multiple attributes at the same time. Such a map shows how the target market connects various attributes of the product. There are no defined axes in such a map and the various brands are clustered and scattered around a group of attributes. For example, the soft drinks category can be grouped around product and user attributes in clusters – low sugar and for females will have Diet Pepsi and Diet Coke in the group while high sugar and for kids will have Fanta in it. The last type of perceptual map presentation is called the joint perceptual map where product attributes are mapped along with the needs of the target segments. This type of perceptual maps allows the business to identify their own positioning compared to their target markets. For example, the dimensions on the x and y axes can be high/low sugar and high/low caffeine for the soft drinks category. In each quadrant, the target market is plotted with reference to their age and gender. So, for the quadrant representing high caffeine and low sugar, the demography is females from 15 to 30 years and the brands fitting into this quadrant show the degree to which each brand is high or low on caffeine and high or low on sugar. For example, while Coke Zero is positioned as high caffeine and low sugar, Pepsi Light is lower on the high caffeine dimension and high on the low sugar dimension (Market Segmentation Study Guide, n.d.).

The first type of perceptual mapping on two dimensions is the simplest one and identifies the various brand positioning at a glance. However, the constraint is that it is confined within two dimensions and it may not be easy to pick the two most relevant

dimensions all the time. For Dhaka Dough, a perceptual mapping of the first type will be used to see the main competition brands, Prabantana and Meena Bazaar, along two dimensions that are most important for the customers – quality and availability. The customers of organic products are not different from one another in terms of demographics, psychographics and other segmentation bases and hence a joint perceptual map has not been used as it would not yield different types of organic food consumers.

### *7Ps Marketing Mix Strategy*

Having set down the marketing objectives, marketing strategy and the positioning, the next step is to plan the marketing mix strategy with regards to the 7Ps of marketing mix – product, price, place, promotion, people, process and physical evidence. The marketing mix has been defined as the set of controllable variables that are used in varying degrees to satisfy the needs of the target customers.

The 4Ps of marketing were traditionally the main marketing mix of product, price, place, and promotion, created by E. Jerome McCarthy in the 1960s. The 4Ps model has been criticized for being too inward- and production-oriented rather than customer-oriented and not being flexible enough to recognize marketing as a “multi-faceted social process” (Grönroos, 1994). Hence, there is an argument that the 4Ps should be replaced with the 7Ps marketing mix as the generic marketing mix.

As marketing has evolved and become more sophisticated, three more Ps were added – people, process, and physical evidence. In 1981, Bernard H. Booms and Mary J. Bitner extended the original marketing mix model. Process and physical evidence were originally developed for the service industry but later came to be applied to other industries as well, especially because businesses need to be more customer-oriented nowadays. Although the 7Ps was developed for the service industries, there is a thin line these days between a tangible product and an intangible service. When customers walk into a retail outlet, they are not only picking up a bag of crisps, they are also paying for the service of the person behind counter.

All in all, the benefits of the 4Ps marketing mix model cannot be denied in that it addresses the basic marketing components. It is on this foundation that the more

evolved 7Ps marketing mix was based. 7Ps marketing mix looks wider and deeper into the core marketing elements and addresses the emerging communication channels beyond a brick-and-mortar store.

### Product

A product can be a physical good, a service, a combination of tangible and intangible elements (a restaurant for example), an idea or a place. There is not always a clear distinction between tangible and intangible. For instance, a computer is tangible but the warranty and its software are intangible. A place can be a product – Mauritius is an island that is treated as a product because it is a tourist place and it is sold as a tourist spot to its target customers. Life insurance is an idea to protect our near ones from our untimely death. Therefore, it is also a product, albeit an intangible one. Looking at a product as a combination of a physical good, service, an idea and a place makes the marketer look at it from different perspectives. Dhaka Dough sells the idea of organic food consumption, sells the tangible organic food products, sells the intangible aspects of the product or brand through the way it services its customers, and sells it as a place where like-minded people come together to have a chat and buy the products on sale.

A product should be offered as per the needs of the market and should give some value to the customer from the customer's perspective, not from the business perspective. What the customers think about the product and the support services is important to be tracked. It should not try too hard to sell itself to a customer whose needs do not match the product profile. A customer-centric product analysis forces the business into an outside-in thinking - what do the customers want and need. The business must gather these customer insights from the market. The customer needs and wants and the product being offered should be analyzed in the current market conditions. So, a business should ask itself how relevant its product or service is today.

Table 2.3 below shows the elements to be considered when making product planning decisions:

**Table 2.3** Product Planning Decisions

Product Mix and Product Lines	Product Attributes	Product Life Cycle	New Product Development
<ul style="list-style-type: none"> <li>• Product line length or depth</li> <li>• Product mix width</li> <li>• Cannibalization effects</li> <li>• Limited-time and limited-edition products</li> </ul>	<ul style="list-style-type: none"> <li>• Quality and performance</li> <li>• Value-driven features</li> <li>• Functional and differentiated design</li> <li>• Brand equity building</li> </ul>	<ul style="list-style-type: none"> <li>• Life cycle stage by market and segment</li> <li>• Progression through life cycle</li> <li>• Balance life cycle of multiple products</li> </ul>	<ul style="list-style-type: none"> <li>• New product categories</li> <li>• Line or brand extensions</li> <li>• Development process steps</li> <li>• Ecological and ethical concerns</li> </ul>

**Source:** Wood, 2013; Page Number 108

Product mix refers to the assortment of product lines offered by a business. For example, Samsung offers television sets and mobile phones. Product line length is the number of individual products within the product line like Samsung LCD TV, LED TV, and Plasma TV. Product line depth is the number of variants under each product line. For example, Samsung LED TVs can have ten different series and models under it while its line of LCD TVs may have three models. Therefore, the depth of the LED TV product line is greater than that of the LCD TV product line.

A marketing plan should cover one or more of the activities related to product line extension, product line depths, introducing new brands within an existing product line, brand extensions, launching new lines in other product categories, shortening the product line and/or adding a product line. In the case of Dhaka Dough, the marketing plan will discuss possible product line extensions in the form of new organic products like eggs, dairy, fruits and vegetables and deepening the product line by adding more

variants in the existing product lines. This would help to capture more target markets and get more business from the existing customers thereby increasing the organic food market size, gaining more brand awareness and shares for the business. The product mix in terms of the product lines and their length and depth can add new dimensions and more demand for a product.

Cannibalization may occur when a business launches a lower priced product or adds it to its existing product line. This could lead to customers switching from the higher to the lower priced option, thus cannibalizing the former. Large organizations like P&G practice cannibalization strategy when it projects that a launch of a new product will be more profitable even if it cannibalizes an existing product. Dhaka Dough will not launch a product line or deepen its product line length by introducing any lower priced options.

Limited-time and limited-edition products often have seasonal ingredients or commemorate a special occasion. Demands for these types of products spike as customers try to get one within the offer period. Social media can spread the word and further increase the demand and excitement of the customers.

A product should identify the customers' current needs and how these might change in future. So, in order to be on the right track, a business must do consumer research in the product development phase to plot the product life cycle. The product life cycle has four stages of introduction, growth, maturity, and decline. At the decline stage, the product should be revamped to create new demand. Depending on the stage that the product is in, promotional planning and spends can be managed. A product at the introduction stage need a big investment in advertising to create awareness and inform customers. At the second stage of growth, the advertising and promotional costs are maintained to communicate to a broader audience and to persuade them to choose the product over competitors. In the maturity stage, the promotion tool is used mostly to remind the customers and remain on the top of their minds. The length of each stage varies from product to product and market to market. Mobile games, for example, reach a maturity stage very soon. So, the mobile game developers must keep the interest by adding new features to the game or launching new games. The products offered by Dhaka Dough are at the introduction or growth stage as the business itself has been in

existence for just a year and new products are introduced and some popular ones are already on the growth stage.

After identifying the life cycle stages of the product and possible opportunities, a business might change its product mix by adding or dropping a product line, or by extending the length or depth. The marketing plan should include an outline of the product development process and the product decisions backed by consumer and market research. The new product development process begins with generating ideas from internal staff, channel members, customers and other stakeholders. The ideas are then screened to leave out those that do not match with the organization's capabilities or objectives. The product is then taken to the concept testing phase where feedback is acquired from customers and channel members to see if the new product has the potential to add value. The marketing strategy is then developed for the new product that includes the segmentation, targeting, positioning of the product, the objectives, the marketing mix to be employed to achieve the objectives and the expected sales and profits. The new product must then be analyzed to check how it achieves the business objectives of the organization. The prototype of the product is then developed to see how realistic the production costs are and whether it efficiently achieves the objectives. The next stage is pilot testing where the product is offered to limited markets to find out the initial feedback and if any revision is needed. After the pilot testing phase, the product should be made ready for commercial launching. Sometimes a product needs to be revised even after the commercial launch. The research done for a new product may not have been extensive enough to validate its launch. Small companies cannot afford to commission a very extensive research. Therefore, it is important to closely monitor market feedback on the new product.

Ethical and environmental issues related to the new product should be paid attention to. Dhaka Dough can boast of being environmentally conscientious through its way of offering only organic products and the processes, packaging and interior designing of the outlet. Consumers are becoming more environmentally aware and do not mind paying a premium to ensure what they are buying is contributing to the preservation of Nature.

The combination of quality and performance, features and their benefits, packaging, labelling, design and branding determine the product attribute decisions. These elements should be such as to make the product stand out among its competitors. In addition, it should achieve the marketing objectives and garner profits for the company. Quality has eight dimensions to it – performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. The customer is the ultimate judge of the quality of a product.

Customers buy products mainly for the benefits it would afford to them. So a product has to ensure that each of its features is giving some value to the customers otherwise it would be a waste to offer such features and make the product unnecessarily complicated. A look at what competitive product offers as features and benefits can help a business to plan its own. The features and benefits of a product should fit in with the needs of the different target segments.

Branding is intrinsic to a product and is the sole element that differentiates it by name. The brand name, logo, symbols, design, packaging and labeling of the product should reflect the organization's marketing, financial and societal objectives and adhere to the marketing mix decisions. The design should help the product set itself apart from its competition. Packaging of the product should be eco-friendly in addition to serving the basic purpose of protecting the product. Packaging sizes may differ to cater to various usage occasions and customer segments. Labeling must be consistent with the government rules and regulations, be informative and help the product to create its own unique space. Although branding and brand management are treated separately from the product marketing mix, it should be part of the product strategy. Therefore, branding elements and ways to increase brand equity for Dhaka Dough will be part of the product strategy discussion.

In sum, specifics of the product marketing mix include the product mix, the life cycle stages, the quality and performance, the target group, the customer benefits and value, product usage, usage occasions, product features to meet the customers' needs, the name, color, size, packaging, and design or look of the product, the branding, and how the product is different from its competitors. The product analysis should give the business a picture of how its products provide value to the customers.

Table 2.4 below is a sample of product profiling that considers a product's current situation and future potential.

**Table 2.4** Product Profiling Sample (cont.)

<b>Product or Service</b>	<b>Features</b>	<b>Benefits</b>	<b>Unique Selling Position</b>	<b>Support</b>	<b>Spin Offs</b>
What is your product or service?	What are the features of your product or service?	What are the customer benefits of your product or service?	What makes your product or service unique?	What additional support do you offer? E.g. warranty, money back etc.	Are there any potential spin-off products or services you can offer?

**Source:** Business Victoria, n.d.; Online

### Price

The price of a product should be what the customers are willing to pay for and in line with the prices of the competitors. To form value perceptions, customers compare the product with that of competitor products on its performance, features, quality, personal benefits, availability and service. After they have formed a value perception, they weigh it against the cost implications like initial price, maintenance and repair cost, ongoing fees like tax, installation time and costs, the time spent searching for the product, the time between purchase and delivery, if training is required to use the product, the terms of financing and if ancillary products are needed. However, providing value does not imply that it should be the cheapest. Rather, it should offer more services or add more tangible or intangible value to the customers. Customer research can provide insights on how customers perceive value offered by a product.

Price adjustments have an impact on the entire marketing strategy, the sales and demand of the product. The price of a product signals its positioning in the market compared to its competitors and the higher the price, the greater the quality expectations from the customers. All the marketing elements used by the business must reflect the

high quality of a high-priced product – packaging, website, promotional materials, etc. The current customers are usually not as price sensitive as new ones and therefore, there is a greater need to look after the regular customers well. Demand curve looks at how the pricing of the product will affect its demand. One of the ways to find this out is by doing a market research where consumers are asked to pick a price they would pay for the product. The results can then reveal the number or percentage of respondents willing to accept the price at different levels.

When developing the pricing strategy, the business must keep in mind both internal and external influences. Internal influences include business and marketing objectives, costs, targeting and positioning, product decisions and life cycle, and other marketing mix decisions. Price is the only marketing mix element that generates revenues for the business. So, pricing strategy must tie back to the sales and profitability objectives and societal objectives. If a business is competing on price, then it needs to examine its fixed and variable costs closely. Fixed costs do not vary with unit sales while variable costs vary with the number of units produced. Cost information is required to calculate the break-even point, the point at which the costs are equal to the revenues. This situation means there is neither profit nor loss. So, the price should be set at a point where it can bring profits for the business. Targeting and positioning will determine if the price should be premium or more value-based. Pricing will also depend on the product life cycle stage the product is occupying. Dhaka Dough bases their price on the value they deliver to the customers as their target group is aware of the benefits of consuming organic food products and are prepared to pay a premium for some of their products. The prices at Dhaka Dough differ from product to product and while one product may be priced 50% higher than competition, another product may be priced half of what competition is charging. Clearly, Dhaka Dough does not follow a competitive pricing strategy but one where it builds in its raw materials, logistics and other costs and adds its profit margin. The owners of Dhaka Dough are well-known as environment activists and adventure travelers. Their face also adds value to Dhaka Dough and their products. Therefore, customers who know them are not so concerned of the price they are paying as they value the owners themselves and trust their

judgement on the prices they charge. In fact, some customers have even suggested they increase their price.

Three pricing strategies are market penetration pricing where a low price is charged to enter the market and the product is therefore at the introduction stage where it needs to establish itself; market skimming pricing is when a product is introduced at a high price to maximize profits but is later on slashed to enable more customers to buy it and thus increase the market share; and neutral pricing is when a product's price is set in relation to the value it offers to the customers and is thus not geared to either increase or decrease the market share. At the growth stage, the pricing strategy should support differentiation or it should create more demand through lower production costs and economies of scale. At the mature stage, the pricing strategy must be changed by unbundling and charging for individual products, checking price elasticity and revising accordingly, re-setting prices based on better understanding of costs and capacity, introducing related products or by changing channel pricing. Dhaka Dough has adopted a neutral pricing strategy for its organic products.

External factors impacting the price development strategy includes customers, market and demand, competition, channel members and legal, regulatory, ethical or sustainability issues. Customers tend to accept a price that they think is fair for that good or service. They may suspect a product's quality if the price is too low and may be willing to pay more if they see the value they are getting in exchange for the price. The demand for the product in the target market and demand elasticity will also affect how a pricing strategy should be developed. Raising the price when demand is inelastic and decreasing the price when demand is elastic can lead to more revenues. Demand elasticities vary from market to market and product to product. For those companies engaged in international business, currency exchange fluctuations will affect the price. Demand for Dhaka Dough is inelastic. Their regular customers are not deterred by increase or decrease in their price. Customers usually compare price with competitor product pricing and comparative value before making a purchase decision. Pricing of substitute products should also be analyzed when developing the pricing strategy. The profit margins to be given to the channel members affect the price of a product. The price of the product also determines the kind of channel members to be used, for

example, exclusive outlets for premium and luxury products or value outlets for lower-end products. Dhaka Dough's products are available in exclusive outlets where value is given on using the country's own products. This is because Dhaka Dough believes in using native fruits, vegetables and other produce for their preserves, pickles and snack items. One of their channel members, Direct Fresh, is an online grocery retail that is based on the philosophy of providing organic and chemical-free food products. Therefore, Dhaka Dough partners up with those channel members that share their mission of providing organic food products made from native produce to consumers. Price controls and price fixing, industry regulations, government requirements and taxes and tariffs influence the pricing strategy. Dhaka Dough must build in 15% value added tax in its costs as that is the rule in Bangladesh. They also must get the product standards approved from Bangladesh Standards and Testing Institute. Ethical issues relate to transparency in information so customers know beforehand if paying taxes are involved. Sustainability issues refer to more costs involved in green marketing, whether the extra costs can be borne willingly by the target customers and whether the business should accept a lower profit margin. Dhaka Dough sells jute shopping bags to their customers at a nominal price to encourage eco-friendly practices.

Three categories of pricing objectives are financial, marketing and societal. Financial objectives refer to maintaining or increasing revenues or profits, reaching the break-even point within a certain time, achieving a certain return on investment, or supporting another product's revenue and profits. Marketing objectives for pricing include attracting or retaining customers, building or maintaining market share, building or changing distribution, building brand image, awareness and loyalty. Societal objectives are related to covering the costs of eco-friendly processes, product, packaging, disposal and recycling.

There can be other pricing objectives like short-term profit maximization, short-term revenue maximization, economies of scale, profit margin maximization, differentiation, and survival. Short-term profit maximization could be an objective of a smaller company trying to attract venture capital by showing short-term profits. This approach is also adopted by businesses for which cash flow is the main consideration.

However, short-term pricing objectives may not be ideal for long-term profit maximization.

Short-term revenue maximization seeks to maximize long-term profits through gaining market share and achieving economies of scale to lower costs. A public or a well-funded company deems it more important to show revenues rather than profits to gain investor confidence.

When a company has a close group of investors or is well-funded, it aims to maximize quantity to lower costs by achieving economies of scale. Another reason for this pricing objective could be to maximize market penetration by reducing costs to increase profits or by selling higher profit products.

To maximize profit margin could be a pricing objective in case of products that have unpredictable or low sales, for example, jewelry, art and other luxury products.

Differentiation is another pricing objective to put the product in either a too high or a too low spectrum to signal its quality or image.

Survival is a pricing objective when a price war or market decline or market saturation forces the business to charge a price that will cover the costs and help the business to continue.

There is no one right way to calculate the pricing of a product as it depends on the pricing objectives and the factors that affect the business. Cost-plus pricing is a method where a profit margin is added to the fixed and variable costs of production. This should take the accurate projected sales volume into account. Target return pricing is a method where the price is set to achieve a desired return on investment or ROI. This method looks at the investment figure, the expected sales volume and the profit that would give back the invested amount of money. Value based pricing occurs when the price is set to reflect the value it gives to the customer. It involves setting down the value for the customer in numeric terms and comparing it against the price that can be comfortably charged. Psychological pricing method looks at how consumers perceive the product in terms of positioning, for example, a high price-high quality perception or popular price points like “under \$1”, or if the price is fair.

The pricing objectives and the pricing methods should be combined to arrive at a price. Three things to remember when setting a price are that the price should be high enough to cover costs and any deviations from the sales forecast, assuming actual sales are half of forecasted sales; that the profits must be enough for the owner to live on or be paid a salary and to reinvest in the business; and that the price should not be lower than the costs or higher than what consumers see it as “fair”.

Dhaka Dough’s marketing objectives are to increase brand awareness and market share and its societal objective is to source and package all its organic food products in a way that is environment-friendly. Dhaka Dough makes an overall profit of 25-35%.

Questions to ask during pricing strategy development are the cost of production, the customers’ perceived value of the product, price elasticity and comparison to competitor pricing.

Table 2.5 below shows how price planning can be done in an easy way.

**Table 2.5 Price Planning Format**

<b>Product or Service</b>	<b>Price</b>	<b>Costs</b>	<b>Net Profit</b>	<b>Comp. Price</b>	<b>Value</b>
What is your product or service?	What is the price of your product or service?	What is the total cost of selling your product or service?	What Net Profit is made from selling your product or service?	What is your competitor’s pricing for this product or service?	What unique value does your product or service offer or deliver?

**Source:** Business Victoria, n.d.; Online

Place

Place includes where the product is made available, its optimum inventory level and the distribution chain – all should be done keeping the customer convenience in

mind and is applicable for both online and offline retail modes. The place marketing mix involves display of the product either online or offline or both. Those products that are sold exclusively online should focus more on their website and the other digital consumer touchpoints. A key element in online retailing is how the product is delivered to the end consumer even if done by a third party. As more customers spend their time on their mobile handsets, company websites must be adapted for viewing and conducting transactions from the small screen. Dhaka Dough's location is ideal for some but not most of their target group of customers. The product displays are at eye level and within easy reach. Their website is simple and user-friendly for placing online orders. Dhaka Dough needs to work better on their inventory management as there are some products that are out of stock. Their exclusive channel members are a great way to reach a wider target market. Since two of these are online grocery shops, customers have the convenience of ordering and getting delivered Dhaka Dough products.

The business must have good channel members to ensure timely and accurate supply. Key areas to be analyzed when market planning for distribution channels are how to manage the suppliers and the inbound flow of goods and information, manage production processes to add value to the raw materials, and manage the outbound flow of goods and information to make the product available at customers' convenience. In Dhaka Dough's case, they source the raw materials from organic farmers, processes these in their own outlet and make the finished products available at their own outlet, two online grocery stores and one physical outlet. While Dhaka Dough is responsible to deliver their products to one online and one physical store, the second online retailer picks up the products from them. There is another level of distribution channel called reverse channel for Dhaka Dough. They have a policy to take back goods from customers and to be more sustainable, they encourage the customers to bring back their glass jars for refilling. An alternate channel is the grey channel through which goods are distributed for sales but are not formally authorized to do so. For example, airline crew members bring chocolates from abroad to their home country and sell at a cheaper price because they do not have to pay any import tax. Therefore, manufacturers should be aware of such grey channels, form associations and communicate to the target customer that grey channel products may not necessarily be the best products to buy as

these do not come through authorized channels and do not offer warranties or guarantees. This is especially true in case of electronic goods and gadgets.

Distribution can be either direct or indirect. Direct distribution occurs when the manufacturer delivers the products directly to the customers without the use of intermediary channels. On the other hand, indirect distribution involves using intermediaries like wholesalers and retailers. Direct distribution is the shortest channel and manufacturers can deal directly with the customers and have more control. Although indirect channels can be longer and can have less control, they are used to reach a wider target market that is geographically dispersed, when the manufacturer has limited resources and customer knowledge, when customers have unique needs, or when the products require training the end users. Place or channel planning should take into consideration the advantages and disadvantages of direct and indirect distribution. Deciding on the number of channel members depends on the market, the product and its life cycle, customer habits and attitude toward the product, product pricing and positioning. Dhaka Dough is quite new and the trend of consuming organic food products is still not widespread. Consumer demand needs to be created through awareness and education about organic food products. Organic products per se are in between the introduction and growth stage in the product life cycle. Individual products within the category are either on the introduction or on the growth stage. For example, while whole wheat flour is on the growth stage of the curve, sesame oil is still at the introduction stage. Therefore, in a market where the organic food category is at a nascent stage, demand needs to be created and increased before expanding the distribution channels. The positioning of organic food products as both healthy and environment friendly is yet to be properly formed.

Types of distribution strategies include intensive distribution, which is used for products that are targeted at the mass market or convenience goods, for example, bread, and therefore needs to cover as much of the market as possible; in the case of services, service providers are making use of mobile and internet technology to make their service available to the customers through multiple access. Intensive distribution does not provide much control over the intermediaries. Exclusive distribution is used for high-involvement and high-end products like automobiles or designer clothes, where

the distributor specializes in a specific category and a high level of customer service is required. In case of the service sector, such exclusive distribution occurs through franchising, for example, Pizza Hut or McDonald's. A lot of control can be applied over the exclusive outlets. Selective distribution strategy falls in between intensive and exclusive distribution strategies. Here, fewer than intensive but more than exclusive outlets are selected because sales are generated from certain areas and therefore a wide coverage is not required. More control can be applied than compared to intensive distribution in this type of distribution strategy. Example of products that adopt a selective distribution strategy are electric goods, cosmetics and jewelry. Dhaka Dough's organic food products are distributed exclusively. These are not meant for the mass target and therefore their own outlet, one retail outlet and two online grocery stores are used to reach the market. Thus, they use both direct and indirect channels of distribution to reach a larger target market.

Inventory decisions include both the stage before production and after production. Pre-production involves counting the raw materials or stock needed for production. Post-production involves keeping a count of the inventory that is needed to meet customer requirements. This should also factor in storage space and costs. Logistics also tie back to the business and marketing objectives. If an organization is focused on more service it will incur a higher cost and vice versa. Too low stocks can mean lost sales while a higher than required inventory can lead to spoilage, obsolescence and going out of style. For Dhaka Dough, the spoilage factor is more applicable as they sell organic food products. Without preservatives, such products may spoil soon. In addition to inventory stock levels, a business should have a system in place where they can project demand and sales in collaboration with the channel partners. Dhaka Dough needs to do a better demand forecast to ensure their products do not run out of stock. Just-in-time strategy requires inventory to be stocked in nearby warehouses so that whenever the customer wants it, it can be supplied. Transportation decisions depend on how soon the product needs to be at the destination. A business has the choices of air, railroad, road and waterway transportation. While air transport is the fastest and most expensive, waterways are the cheapest and slowest form. Pipeline transportation is applicable for liquids and natural gases.

Order processing and fulfilment decisions should consider the lead time between order placement by customer and getting the product or service in hand. Sometimes these functions are outsourced by a company to better serve the customers. Dhaka Dough offers same day and next day shipping options from their own website. The lead time between ordering and getting the products in hand is very little at their physical outlet as it is a self-service outlet where customers pick their products from the shelves and bring them to the cash counter. However, they cannot control the delivery time when customers are either ordering from the two online grocery retailers where their products are available or from the other physical store.

Table 2.6 below shows a format that can be used for channel planning and the factors to be considered when doing so.

**Table 2.6** Channel Planning Format (cont.)

<b>Channel type</b>	<b>Products/services</b>	<b>Percentage of sales (%)</b>	<b>Channel strategy</b>
e.g. Shopfront, internet, direct mail, export or wholesale.	List all the products/services sold via this channel	What percentage of overall sales do you expect to sell via this channel?	Why have you decided to use this channel type? How and when will you use it? What is the strategy behind using this channel type for this product/service?

**Source:** Business Victoria, n.d.; Online

### Promotion

Promotion is the way a business informs, persuades and reminds its customers about itself, the product or service it offers, and why these should be selected over competition. The elements of promotion or the promotional mix consists of advertising, sales promotion, PR and publicity, personal selling, direct marketing, and internet

marketing. Marketing communications can influence the way customers view a company and its products and shape their attitudes and feelings, which ultimately drive them toward purchase and loyalty. The nature of promotion has changed from a one-way to a two-way communication between the product or business and its current and potential customers, thanks to the rise of social media and the technology to enable easy and real-time communication. Communications can shape the customer's attitudes and develop long-term relationships and hence the role of communications is not always to make immediate sales but to build brand resonance. From the promotional tools used, the customers should be able to see what the benefits are for them, not just the product benefits or features. The company website is often the first contact for customers and hence, should be kept user-friendly and updated. New channels for communicating about the business or the product should be explored and used if these are customer touchpoints. Promotion is not only essential for customers but also for the company stakeholders as well since the promotional tools can guide the internal publics and make sure they know what the product is about and disseminate correct information to the customers.

The major promotional tools are advertising, sales promotion, PR and publicity, personal selling, direct marketing and internet marketing. New developments in the world of social media also warrant the discussion about word of mouth, buzz, social media and content marketing.

Advertising is a paid form of communication where the sponsor is identified. This is used to reach mass audience in a cost-effective way. Advertising is used to inform, persuade or remind the target customers about a product or service and thus serves the marketing objectives of creating or raising mind share that ultimately impacts the market shares. Images about a company or brand can be formed through advertising, especially in categories where there is little product differentiation and therefore, a more emotional than rational appeal needs to be made. The same logic is also applicable in the case where there is little differentiation in the other marketing mix elements of the product. Television, newspapers, magazines, radio, billboards, displays, packaging, logo, leaflets and point of sales merchandising are the advertising channels. Although the advantage of advertising is that it can reach a wide target at a cost-effective manner,

since it is a paid form of communication, questions arise regarding the credibility of the information disseminated through advertising. Moreover, the nature of advertising is such that it is one-way communication and hence does not solicit immediate response from the intended customers. Therefore, businesses are being seen to rely more on online advertising and social media sites to communicate to a more targeted audience and in a way that does not resemble traditional advertising.

Sales promotions are used to trigger immediate purchase to make short-term profits, generate trial of a new product or clear stock. Sales promotions are incentives to the channel members, the salesforce and/or the customers. Channel members can be given incentives to stock the product. The salesforce can be incentivized to push sales of a product or its variant. Sales promotions are informed through mobile marketing where customers get messages on their mobile phones. Results of sales promotions are captured through number of coupons redeemed or number of clicks on sales promotion links in websites or direct mails. Sales promotions that are directed at the end consumers include coupons, sampling, rebates, premiums, contests, sweepstakes and point-of-purchase materials. For the channel members, the sales promotion tools are merchandising allowances, price deals, sales contests, and trade shows. Sales promotions can help achieve the marketing strategies of loyalty and market share increase by triggering sales.

Personal selling includes in-person sales where there is a two-way communication between person to person, internet sales and telemarketing. Personal selling is less expensive in a retail or internet or telemarketing environment. In-person selling is required in case of business or complicated products where the customers' needs should be understood properly, solutions should be provided, features need to be explained clearly, product demonstration is involved and the customer needs extensive knowledge to make a purchase decision. Besides being less costly, another advantage of personal selling is the immediate response of the customer that can give an opportunity to the personal seller to modify the marketing message, thereby making more customized messages. Personal selling can create or increase brand or product awareness and develop customer loyalty over time, thereby achieving marketing objectives of increasing awareness, customer loyalty and market shares.

Direct marketing can be either personal or non-personal and is funded and controlled by the organization. The target customers are contacted directly in a two-way communication through direct mailers, telemarketing, email and internet, direct sales and mobile marketing. The objectives of direct marketing are to get the customer to ask for more information, consent to receiving more marketing messages, and make a purchase. Direct marketing can be measured easily through purchases, requests and other responses. This type of promotion can achieve the marketing strategy of increasing or maintaining brand awareness and increasing market shares. It is convenient for the customer to place orders online through email or through the phone or by visiting the company website. The growth and increasing spread of the internet is helping companies to adopt direct marketing. The database that can be grabbed through direct marketing can be used to remind customers of next purchase and send personalized messages to them.

Public relations are used to maintain a positive image, educate the public about the company, introduce a new product and help support the sales staff. PR tools include press releases, seminars, sponsorship of events, charitable events, speeches, interviews and workshops. Publicity refers to news about an organization or its products that are published without the organization paying for it. News story, editorials and announcements are forms of publicity. Such publicity is referred to as earned media as opposed to own media or paid media. A company's own media includes its own website and other communication materials. Paid media refers to news that have been paid for by the organization. Earned media is the most credible form of publicity as it is not paid for. Another advantage of publicity is its low cost since an organization does not pay for the news item. The other side of publicity is that organizations have no control over it and negative publicity can be damaging to the organization. Both public relations and publicity can contribute to the fulfilment of marketing strategies by raising brand awareness that may lead to increase in market shares.

Internet marketing is the most popular form of promoting a good or service by a business and owes its popularity to the Internet medium. The widespread use of the Internet all over the world has triggered more use of this medium for marketing communications. The main advantage of Internet marketing is that it is a two-way

communication that can solicit immediate responses from its target audience. Internet marketing includes company websites for disseminating information and advertising on other websites. The internet can be used as a platform for the other promotional tools like advertising, direct marketing, sales promotion, PR and publicity and personal selling. Thus, internet marketing can achieve all the marketing objectives of creating awareness, raising market shares and increasing loyalty by informing, persuading and reminding customers and making the last mile easier to complete.

Word of mouth refers to the spread of marketing messages through people who do so from their own will rather than getting paid by a business. Because it is not a paid form of communication, word of mouth has credibility as it reflects the impression of the market. The spread of word of mouth cannot be controlled by an organization. Dhaka Dough started off through word of mouth. Even before they opened officially, reviews got written about them that sent customers to their doorstep.

Buzz marketing is a form of word of mouth but more organized in that a marketer targets an influencer or opinion leader to spread the word about them. Buzz marketing is especially applicable to the Internet as it can spread far and wide within a short time frame. Marketers cannot control the timing or the message of buzz marketing.

Social media marketing uses the social media technologies and channels to spread a message through blogs, photos, videos and posts. These are created by the consumers for others to respond to. But these can also be created by an organization itself and made viral so that it gets shared quickly in the social media ecosystem. Social media marketing is useful to create and increase brand awareness, increase visitors on the company website and other social media sites, and to hold a dialogue with the publics. Social media marketing is becoming increasingly an important forum for discussions and exchange of opinions as more people are getting access to the Internet. The brands that are on the social media marketing bandwagon are more likely to get noticed. Consumers' attitudes and purchase decisions are often getting influenced by the way a brand is getting mentioned in the social media. Before booking a holiday accommodation, it is now common to read the customer reviews online to help make a purchase decision. Social media marketing includes social communities like LinkedIn,

social publishing like YouTube where videos about a brand can be uploaded, social commerce like coupons offered through Facebook, and social entertainment like product placement on Facebook games. Responses to social media messages cannot be controlled by the marketer but it is important to address both positive and negative comments professionally and quickly. Dhaka Dough has a Facebook page where it posts regularly on new products and the health benefits of the various ingredients and products they sell.

Content marketing is anything of value to the consumer that can be spread through the Internet and used by the target audience. Examples of content marketing are infographics, web pages, videos, ebooks, apps, presentations and any type of material that holds value for the target customer. Dhaka Dough can use content marketing like blogs on organic food to create category awareness and thereby fulfill its marketing objectives about creating both category and brand awareness.

Besides word of mouth and social media marketing, Dhaka Dough also use personal selling and generate earned media. Many people who have visited Dhaka Dough wrote blogs about them, some of which got published as news items and turned into publicity. Their personal selling occurs at their outlet when customers are there. One or more of the owners are always there to recommend products and show new ones to the walk-in customers. They develop a personal relationship with these customers.

Table 2.7 below is an example for promotion planning. Direct marketing, sales promotions and personal selling can be added to the columns for a more complete picture.

**Table 2.7** Promotion Planning Format

<b>Product or Service</b>	<b>Online</b>	<b>Public Relations</b>	<b>Advertising</b>	<b>Promotion</b>	<b>Packaging</b>	<b>Branding</b>
What is your product or service?	What online strategies are you using?	What PR strategies are you using?	What advertising strategies are you using?	What promotion strategies are you using?	What packaging strategies are you using?	What branding strategies are you using?

**Source:** Business Victoria, n.d.; Online

## People

The fifth P, people, can have a deep impact on a business by the way they behave with their customers. Customers face the people representing the business and form their impression based on how well or poorly they have been served. It is the people who translate the quality into a service. Therefore, the staff must be well-trained and possess the right skills to serve all customers with the right attitude and behavior. Customers can form their perceptions about a brand and a company and their purchase intentions based on the people factor. In fact, the reputation of the people who own the organization also comes into play when forming a perception. Ethical and sustainable practices by an organization is a reflection on the management and owners, which can form either a positive or a negative impression among customers.

With the heavy use of social media, the people behind and in the frontline of a business should be well-versed in handling social media issues. Good reviews of customers should be added to the social media pages of a business. For many customers, it is more important to receive good service and this factor often overrides the price of a product. Support services can give a business its competitive advantage. Products that fetch the highest profits should be checked for providing enhanced sales support services.

Dhaka Dough's owner themselves serve the customers. They are not the typical salesperson a customer would come across in any other retail outlet. Not only do the people at Dhaka Dough show and recommend products to their customers, they also can engage them in conversations regarding market trends, updates in the corporate or business world, mountaineering, trekking, biking, cross-country cycling, international coastal clean-up activities and a myriad of other topics. So it is not just a matter of walking into Dhaka Dough and paying for the selected products. The faces at Dhaka Dough successfully engage their customers beyond the purchase point. Because of the good reputation of this group of owners in their past and present professional and personal life, they are trusted and respected. Customers and well-wishers write about them in the social media. These are then posted in Dhaka Dough's own Facebook page.

Table 2.8 below shows the format for staff planning.

**Table 2.8** Format for Staff Planning

Name	Job Title	Department	Responsibilities
e.g. Ms. Christina Howard	e.g. Marketing/ Sales Manager	e.g. Sales	The main responsibilities of this position

**Source:** Business Victoria, n.d.; Online

### Process

Process refers to the consumer experience from the beginning to the end. The way the product or service is delivered, the service standards and the people responsible - all form a part of the customer experience. A business should identify if they are getting more customers through their online or offline presence and focus on the process elements accordingly. Specific elements to focus on in process include waiting times, website user friendliness, correct and timely information updates, and efficient and helpful staff who reflect the product price and positioning. If customers are made aware of waiting times, their expectations can be better managed. With the widespread use of social media, it is imperative that the process from taking orders to product or service delivery epitomizes efficiency. Especially in service industries where the service production and consumption processes take place simultaneously. Another dimension of process related to service industries is that it is often customized to meet unique needs of customers. Subsequent feedback from customers should be used to streamline the process and gain customer satisfaction. For a successful delivery, a process must be implemented and at the same time, the staff need to be flexible enough to ensure that delivery meets the needs of the customers. A Service Blueprint is used as a tool that lays down the process of service delivery with specified actions of the staff, physical evidence of the process, and the infrastructural and systems support required to deliver across multiple channels.

The process can be broken down and each part analyzed with the help of a format shown in Table 2.9 below:

**Table 2.9** Process Planning Format

<b>Product or Service</b>	<b>The Process</b>	<b>Key Benefits</b>	<b>Improvements</b>
What is your product or service?	Outline the Process in point form	What are the key benefits for the customer?	What changes can you make to improve the process?

**Source:** Business Victoria, n.d.; Online

#### Physical evidence

Physical evidence of a business gives a sense of assurance to the potential customer who might base their purchase decision on how well the online or the offline format looks. Thus, a neat, tidy and well-decorated or well-designed website or a physical store will convey a clue about the possible quality of the product. The business or the product itself must reflect the look and tone in the setting in which it is delivered. For example, funeral services should have a somber setting whereas an event company that arranges weddings and birthdays will have a more jovial look and feel. Physical evidence also includes good reviews of previous customers, business cards, business stationery, and reports. This helps to provide confidence among new customers. The tangible physical evidence is an important element to convey to the customers the ideals and philosophy of a service firm, its relation with its employees and the kind of services it provides.

The physical evidence of Dhaka Dough can be seen in its design, furnishing and lighting, the customer service, the website and the Facebook page. Their physical evidence across multiple platforms have one uniting theme of using natural and environment-friendly materials. Their website also reflects the same tone.

The 7Ps marketing mix should be used as a tool to conduct a marketing audit and regularly revisited to be re-tuned to keep up with changes in the market conditions, customers and their needs. For Dhaka Dough, it would help to have 7Ps marketing mix

strategy documented and referred to at least every quarter and make modifications in any of the marketing mix elements to serve the customers better.

The physical evidence of the product or service can be analyzed by applying the following format illustrated in Table 2.10 below:

**Table 2.10** Physical Evidence Planning Format

Name	Selling Environment	Delivery Environment	Improvements
What is your product or service?	Where is the product or service sold?	Where is the product or service delivered?	What changes can you make to improve the Physical Environment?

**Source:** Business Victoria, n.d.; Online

(Chartered Institute of Marketing, 2015; Lamb, Hair, & McDaniel, 2011; Belch, 2003; The Marketing Mix, n.d.; TheoryBiz.com, n.d.; Verma, 2009; Wood, 2013; Claessens, 2015; Garvin, 1987; Kotler, Hoon, Meng, & Tiong, 1996; Kotler & Keller, Marketing Management, 2012; Steimle, 2014; Massachusetts Small Business Development Center Network, 2016; Gregory, 2016; Vliet, 2013; Ng, 2013; Learning Space Toolkit, n.d.; Hanlon, How to Use the 7Ps Marketing Mix, 2014; Tracy, 2004; Grönroos, 1994; Goi, 2009).

### *Implementation*

To achieve the previously-stated marketing objectives, the tactical marketing programs that will be put into action is detailed out in this section with reference to the target audience and 7Ps marketing mix strategy. A brief recap of the situational analysis can help the reader recall the conditions in which the business exists. Implementation is tied back to the marketing strategy and marketing objectives. Dhaka Dough's business objective is to lead the growth of organic food consumption and to achieve this objective, the marketing strategies are to increase category awareness, increase its own brand awareness and increase its market share. To increase category awareness,

specific marketing program actions and budgets will be set and the same exercise will be done for the other two marketing strategies. The marketing objectives would have to be measurable, for example, increase brand awareness among the target group by 20% or increase the market share to 10% within one year.

The action plan consists of two parts – goals and strategy. It chalks out the marketing programs to be done along with timelines to accomplish the marketing objectives. It serves as a guide through each promotional activity. The action list helps to stay on track toward progress. The process consists of breaking down the steps that would lead to the end goal. The smaller the steps, the easier to implement the activities and achieve the desired goals. The goals of the business for each of its target market segment are stated in concrete, realistic and measurable terms – for example, setting sales targets and mentioning the strategy to reach those targets. Next, the marketing strategy is discussed with reference to promotional mix and tools. It is recommended not to implement all strategies simultaneously but to choose one or two that would best achieve the goals. Strategy selection can be made based on information about the product, competitors, customers, time, budget and resources. A tactical plan for each goal should be detailed out. This should consist of one or more strategies, time, and resources needed to achieve each goal.

It is easy to plan the actions by setting down each goal, listing the marketing strategies under each goal, and the corresponding budget for each tactical program as illustrated in Figure 2.3 below (Massachusetts Small Business Development Center Network, 2016) . This helps to refer to the part where the objectives were set and make any changes to keep the focus on the goals and consequent strategies. The best way to do an action plan is on an excel sheet to make it easy to put down budgets and summations.

Goal I:
Strategy A:
Strategy B:
Budget & Timing:

**Figure 2.3** Example of Action Plan

**Source:** Massachusetts Small Business Development Center Network, 2016; Online

The action plan has the marketing budget as a part of it because there are several advantages of having a budget. The first is that it helps to control expenses and project revenues. Secondly, the coordination of all marketing activities can be seen at a glance. In addition, the budget establishes the standards of performance that can be communicated to everybody in the organization. And finally, a budget keeps targets on track and indicates if any adjustments need to be made. Table 2.11 below is an example of plotting the marketing activities, responsibilities, deadlines, budget and key performance indicators for each action plan.

**Table 2.11** Marketing Action Planning Format

Marketing activity or milestone	Person responsible	Date of expected completion	Cost (\$)	Success indicator
Print advertising, online advertising, mail-out, giveaway, media release, event, website, blog/social media, public relations, branding and artwork, or publications and catalogues.	Who is responsible for completing this task?	When do you expect to complete the marketing activity?	Estimated cost of activity.	What indicator/ measurement result will need to be met before this activity is considered a success?
Print advertising, online advertising, mail-out, giveaway, media release, event, website, blog/social media, public relations, branding and artwork, or publications and catalogues.	Who is responsible for completing this task?	When do you expect to complete the marketing activity?	Estimated cost of activity.	What indicator/ measurement result will need to be met before this activity is considered a success?

**Table 2.11** Marketing Action Planning Format ( Cont.)

<b>Marketing activity or milestone</b>	<b>Person responsible</b>	<b>Date of expected completion</b>	<b>Cost (\$)</b>	<b>Success indicator</b>
<b>Print advertising, online advertising, mail-out, giveaway, media release, event, website, blog/social media, public relations, branding and artwork, or publications and catalogues.</b>	Who is responsible for completing this task?	When do you expect to complete the marketing activity?	Estimated cost of activity.	What indicator/ measurement result will need to be met before this activity is considered a success?
<b>Print advertising, online advertising, mail-out, giveaway, media release, event, website, blog/social media, public relations, branding and artwork, or publications and catalogues.</b>	Who is responsible for completing this task?	When do you expect to complete the marketing activity?	Estimated cost of activity.	What indicator/ measurement result will need to be met before this activity is considered a success?

**Source:** Business Victoria, n.d.; Online

The marketing expense budget is built on common sense and guestimates without any statistical analyses, mathematical techniques or past data. However, past data do reveal trends and should be referred to when forming an expense budget. A table with rows and columns are presented to show the mathematical calculations of an expense budget. The expenses are organized along rows and the columns and have years and months. So the total expenses are shown as individual expenses as well as in monthly or yearly terms. The expenses are expressed as a percentage of sales. Then contribution margin in both absolute and as a percentage of sales are calculated and shown. The main thing to do when developing expense budgets is to keep the marketing strategy and the priority objectives in mind. Table 2.12 below is an example of a marketing expenses budget plan.

**Table 2.12** Marketing Expenses Budget Example

Marketing Expense Budget	Jan	Feb	Nov	Dec	2009	2010
Advertising	\$15,000	\$15,000	\$20,000	\$10,000	\$150,000	\$250,000
Catalogs	\$2,000	\$3,000	\$2,000	\$2,000	\$25,000	\$28,000
Websites	\$3,000	\$11,800	\$8,000	\$5,000	\$113,300	\$125,000
Promotions	\$0	\$0	\$15,000	\$0	\$16,000	\$18,000
Shows	\$0	\$0	\$0	\$0	\$20,200	\$22,000
Literature	\$0	\$7,000	\$0	\$0	\$7,000	\$8,000
PR	\$0	\$0	\$0	\$0	\$1,000	\$1,000
Seminars	\$1,000	\$0	\$0	\$0	\$31,000	\$34,000
Service	\$2,000	\$1,000	\$500	\$250	\$10,250	\$11,000
Training	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000	\$66,000
Other	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000	\$15,000
Total Sales and Marketing Expenses	<b>\$29,000</b>	<b>\$43,800</b>	<b>\$51,500</b>	<b>\$23,250</b>	<b>\$445,750</b>	<b>\$578,000</b>
Percent of Sales	6.24%	9.36%	6.77%	3.75%	7.48%	8.82%
Contribution Margin	<b>\$114,310</b>	<b>\$123,238</b>	<b>\$80,161</b>	<b>\$72,035</b>	<b>\$913,563</b>	<b>\$1,108,926</b>
Contribution Margin/Sales	31.07%	26.33%	10.54%	11.63%	15.3%	16.92%

**Source:** Berry, Expense budgets are integral to your marketing plan, 2016; Online

Table 2.12 above states total sales and marketing expenses but does not include the main cost elements of sales - fixed costs and variable costs. It shows only the sales and marketing expenses. Contribution margin cannot be calculated without variable costs (Investopedia, n.d.).

Budgeting methods include percent of projected gross sales, percent of past sales, per unit sales, seasonal allocation, and projected cash flow. Based on industry sales and how the business wants to track its sales and revenues, a budgeting method should be used. Dhaka Dough does not spend anything for their marketing. They have their own website and Facebook page. They organically generate publicity without spending anything. In the marketing plan for Dhaka Dough, a method of budgeting based on a percentage of sales and objective-task method could be suggested. Therefore, a sales forecast will be included in the Implementation section.

A sales forecast can also be used as a control tool that includes details to track monthly sales and spot differences between desired and actual sales. Sales should be

specified by products, regions, market segment, channels, and other relevant elements. The marketing plan for Dhaka Dough, as mentioned above, will use the sales forecast as means to set sales targets and marketing expense budget and hence will not be included in the Measurement and Controls section. The sales forecast for Dhaka Dough will be based on 2015-2016 monthly average gross sales and in comparison to Prabartana, their closest competitor. Figure 2.4 below is an example of a sales forecast by target market segments. The same can be done for sales by region and by products. At a glance, such tables can provide key comparisons.

Sales Forecast			
Sales	Year 1	Year 2	Year 3
Home Remodels	\$2,040,000	\$2,244,000	\$2,468,400
Condo Remodels	\$2,180,000	\$2,398,000	\$2,637,800
Commercial to Residence Remodels	\$900,000	\$990,000	\$1,089,000
<b>Total Sales</b>	<b>\$5,120,000</b>	<b>\$5,632,000</b>	<b>\$6,195,200</b>
Direct Cost of Sales	Year 1	Year 2	Year 3
Home Remodels	\$1,020,000	\$1,122,000	\$1,234,200
Condo Remodels	\$1,090,000	\$1,199,000	\$1,318,900
Commercial to Residence Remodels	\$450,000	\$495,000	\$544,500
<b>Subtotal Direct Cost of Sales</b>	<b>\$2,560,000</b>	<b>\$2,816,000</b>	<b>\$3,097,600</b>

**Figure 2.4** Sales Forecast Sample by Target Markets

**Source:** Palo Alto Software, n.d.; Online

The budget should be consulted throughout the year and adjustments made to it if needed. The best way to create a budget is to build on past data. A look at trends can help to forecast projections. The projected figures should be checked to see if these are realistic. When past data is not available, for example for a new business, then the best way to do one is by referring to the industry trends and figures. Industry information can be accessed from trade associations, websites and publications. Secondary data on the organic food consumption will be used for Dhaka Dough. The competitors of Dhaka Dough in the organic food sector are privately held companies that do not reveal their sales data.

#### *Evaluation and Control*

After the implementation of the action plans have been elaborated in the previous section of a marketing plan, it is time to set down the metrics through which

the effectiveness and efficiency of the marketing programs will be measured against the target or objective it is supposed to achieve. Marketers need to communicate better to the board members of an organization by quantifying their marketing efforts and proving that the marketing function makes an impact on the growth and profitability of the organization. Marketing ROI is not measured by the number of monthly or quarterly reports generated but the way these reports can create and maintain profits. Planning for marketing ROI involves clear definition of ROI targets and estimates, measurable programs, and a focus on the decisions that will improve marketing. The key here is to formulate the implication, not just setting the targets and showing how these would be measured. Therefore, in the early planning stages the ROI should be set to shape the objectives, strategies and tactics before moving on to prioritizing measurements and the corresponding campaign plans. The measurements determined in the previous stage help to look at the strengths, weaknesses and insights and how to use these to improve efficiency. The ROI results are then used to plan the next step of strategy.

ROI goals should include the number of incremental sales generated, the revenue produced by each sale, and the gross margin percentage and the total marketing and sales investment. An example is given below on how to relate marketing expenses to incremental sales and set the ROI goals. In the figure 2.5 below, only marketing expenses have been shown, not other expenses.

Basic ROI Calculation			
MARKETING EXPENSES (EXCLUDING OFFER COSTS)		MARKETING IMPACT	QUANTITY
Campaign Development	\$25,000	Target Reached	27,000
Mass Media	\$100,000	% Convert to Sale	2.2%
Direct Marketing	\$40,000	Incremental Sales	594
<b>Total Marketing Budget</b>	<b>\$165,000</b>	Net Present Value per New Sale	\$875
MARKETING STAFF EXPENSE		Incremental Revenue	\$519,750
Number of Staff Days	6.25	Average Gross Margin %	38.0%
Average Daily Rate	\$450	Profit from Incremental Sales	\$197,505
<b>Total Staff Expense</b>	<b>\$2,813</b>	Incremental Gross Margin	\$197,505
<b>Total Marketing Investment</b>	<b>\$167,813</b>	Return (i.e., Net Profit)	\$29,693
Gross Margin – Marketing Investment		ROI	17.7%
<b>Return / Marketing Investment</b>			

(Source: Lenskold Group)

**Figure 2.5** ROI Calculation Example

**Source:** Marketo, 2011; Online

Good plans include a range of expected results in the best case, worst case and expected case scenarios. These scenarios can be determined by taking variable factors and projecting what could go wrong or right as these variables change. Marketing ROI should not leave out other variable and semi-variable expenses as otherwise the ROI figure would be too high and not reflect the real picture.

Although the measurement of customer profitability, web analytics, public relations, product performance, brand preference and health, and sales tools usage is important, in an organization that is highly financially-focused, two key areas to measure are revenue metrics that measures the company's total revenue because of the entire marketing expenses, and marketing program performance metrics where the results of each marketing campaign is measured to see their incremental contribution.

The marketing metrics used by a marketing department can go wrong in several ways. For example, press release impressions and Facebook likes do not show any impact on the company's business performance or profitability or how to improve marketing performance. Another tendency is to measure something easy to show the results in the place of real profitability. Another mistake is measuring by quantity, not quality. For example, measuring the number of leads but not looking at the value of such leads. The value of the leads can reveal profitability for the business, not their quantity. Similarly, the marketing metrics used must point to the efficiency more than the effectiveness of it. An example is advertising reach to a certain number of people which might indicate effectiveness but if the target audience is not the right one, the marketing program lacks efficiency. Looking at it from the point of view of the top management, marketing metrics can be looked at for past, present and future to see how things worked in the past, what is currently working or not working, and what the outlook may be. A summary is presented in Table 2.13 below:

**Table 2.13** Summary of Revenue Performance Management

		<b>Business Performance Metrics and KPIs: Past</b>	<b>Diagnostic Metrics: Present</b>	<b>Leading Indicators: Future</b>
Revenue Metrics	Aggregate impact on company revenue	Lead generation versus targets Cycle time	Conversion rate versus benchmark	Size of prospect database Marketing contribution forecast
Marketing Program Performance Metrics	Incremental contribution of individual marketing programs	Investment Pipeline contribution Program ROI	Response rates Lift over control group	Expected contribution forecast
Profit per Customer	Lifetime value of an incremental customer	Average selling price	Investment to acquire a customer Marginal cost to serve the customer	Retention rates Product per customer Net promoter scores

**Source:** Marketo, 2011; Page Number 22

Net promoter scores measure customer loyalty by asking customers on a scale of 0 – 10 how likely they are to recommend the product to their friends. Those who score 9 – 10 are labelled Promoters, 7-8 are Passives and 0- 6 are Detractors. NPS is then calculated as a difference between promoter and detractor percentages. The NPS has positive co-relations with a company’s growth and profits.

It is recommended not to choose more than five key metrics as the focus will be dimmed otherwise. The results should be tracked weekly, monthly and quarterly so that fast improvements can be made.

There are a multitude of metrics to measure marketing programs. It depends on the business, its stage, its products and services and their life cycle stages, and the objectives to determine what to measure. For example, for financial services, customer loyalty is important so more emphasis will be placed on gaining and maintaining customer loyalty, and hence metrics related to these will be mostly used. On the other hand, for a commodity, it is important to be on the customers’ top of mind through

advertising and hence top of mind awareness, market share and advertising metrics would be applied to see how well the brand is doing in terms of its recall and purchase.

This part of the literature review will present all the marketing metrics in a tabular format to afford an easy glance into each metric, their formulas where applicable, the factors to be considered when deciding to use each metric, and their purpose.

To measure the shares of hearts, minds and markets, the metrics are shown in Table 2.14 below:

**Table 2.14** Metrics for Measuring Mind, Heart and Market Shares

Metric	Construction	Consideration Points	Purpose
Revenue market share	Sales revenue as a percentage of market sales revenue.	Scope of market definition. Channel level analyzed. Before/after discounts. Time period covered.	Measure of competitiveness.
Unit Market Share	Unit sales as a percentage of market unit sales.	Scope of market definition. Channel level analyzed. Time period covered.	Measure of competitiveness.
Relative Market Share	Brand market share divided by largest competitor's market share.	Either unit or revenue sales.	Assess comparative market strength.
Brand Development Index	Brand sales in a specified segment, compared with sales of that brand in the market as a whole.	Either unit or revenue sales.	Regional or segment differences in brand purchases and consumption.
Category Development Index	Category sales in a specified segment, compared with sales of that category in the market as a whole.	Either unit or revenue sales.	Regional or segment differences in brand purchases and consumption.
Decomposition of Market Share	Penetration shares. Shares of requirements. Heavy Usage Index.	Based on unit or revenue sales. Time period covered.	Calculation of market share. Competitive analysis. Historical trends analysis. Formulation of marketing objectives.

**Table 2.14** Metrics for Measuring Mind, Heart and Market Shares (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration Points</b>	<b>Purpose</b>
Market Penetration	Purchasers of a product category as a percentage of total population.	Population based. Unit or revenue consideration is not relevant. Relevant for tracking acceptance of new product categories.	Measures category acceptance by a defined population.
Brand Penetration	Purchasers of a brand as a percentage of total population.	Population based. Unit or revenue consideration is not relevant. Relevant for tracking acceptance of new product categories.	Measures brand acceptance by a defined population.
Penetration Share	Brand penetration as a percentage of market penetration.	Market share formula component.	Comparative acceptance of brands within category.
Share of Requirements	Brand purchases as a percentage of total category purchases by buyers of that brand.	Unit or revenue sales. May rise as sales decline to reflect loyal customer base.	Customer loyalty.
Heavy Usage Index	Category purchases by customers of a brand, compared with purchases in that category by average customers in the category.	Unit or revenue sales.	Measures a relative usage of a category by customers for a specific brand.
Hierarchy of Effects	Awareness, attitudes, beliefs, importance, intention to try and buy, trial and repeat.	Sequence can be reversed.	Set marketing and advertising objectives. Understand progress in stages of customer decision process.
Awareness	Percentage of total population that is aware of the brand.	Prompted or unprompted awareness.	Measures who has heard of the brand.

**Table 2.14** Metrics for Measuring Mind, Heart and Market Shares\_(cont.)

Metric	Construction	Consideration Points	Purpose
Top of Mind	First brand to consider.	Maybe subject to most recent advertising or brand experience.	Saliency of brand.
Ad Awareness	Percentage of total population that is aware of a brand's advertising.	May vary by schedule, reach and frequency of advertising.	Measures advertising effects and if the advertising is clutter-breaking.
Knowledge	Percentage of population with knowledge of product and ad recall.	Prompted or unprompted.	Extent of familiarity of product beyond brand name recognition.
Consumer Beliefs	Consumers' view of product captured through a survey using a rating scale.	Beliefs with varying degrees of customer conviction.	Perception of brand by attribute.
Purchase Intentions	Probability of purchase intention.	Aggregate and analyze ratings of Knowledge and Consumer Beliefs.	Measures pre-shopping disposition to purchase.
Purchase Habits	Frequency of purchase and purchase quantity.	May vary widely among shopping trips.	Identifies heavy users.
Loyalty	Share of requirements, willingness to pay premium, and willingness to search.	New product entries may change loyalty.	Indication of the loyal customer base that shows the future revenue stream.
Likeability	Measured by ratings across a number of scales.	Believed to correlate with persuasion.	Overall preference pre-shopping.
Willingness to Recommend	Measured by ratings on a 1-5 scale.	Nonlinear in impact.	Shows strength of loyalty and potential impact on others.
Customer Satisfaction	Measured on a 1-5 scale with regard to general or specific brand attributes.	Biased responses. Does not capture lapsed or lost customers. A function of expectations.	Measures likelihood of repeat purchase. Dissatisfaction identifies areas for improvement to improve or enhance loyalty.
Net Promoter	Percentage of customers willing to recommend to others less the percentage unwilling to recommend the product or service.	A survey of intentions.	Could be the single best metric for marketers.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page Number 28 - 32

Marketing metrics for margins and profits with their construction, consideration and purpose are shown in Table 2.15 below:

**Table 2.15** Metrics for Measuring Margins and Profits (cont.)

Metric	Construction	Consideration	Purpose
Unit Margin	Unit price less the unit cost.	Standard units in the industry. Factoring in fixed costs will not reflect contribution margin.	Determine value of incremental sales. Guide for pricing and promotion strategies.  Compare margins across different products/sizes/forms of product.
Margin (%)	Unit margin as a percentage of unit price.	Factoring in fixed costs will not reflect contribution margin.	Determine value of incremental sales. Guide for pricing and promotion strategies. Evaluate channel value added in context of selling price. Calculate effect of price changes at one level of channel on prices and margins at other levels in the same channel.
Channel Margins	Channel profits as a percentage of channel selling price.	Distinguish margin on sales from markup cost.	
Average Price per Unit	Total revenue divided by total unit sales.	Some units may be of greater relevance to the producers. Changes may not be result of pricing decisions.	Understand how average prices are affected by shifts in pricing and product mix.
Price per Statistical Unit	SKU prices weighted by relevant percentage of each SKU in a statistical unit.	Percentage SKU mix should correspond over medium-term to actual mix of sales.	Isolate effect of price changes from mix changes by standardizing the SKU mix of a standard unit.

**Table 2.15** Metrics for Measuring Margins and Profits (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Channel Margins	Channel profits as a percentage of channel selling price.	Distinguish margin on sales from markup cost.	Evaluate channel value added in context of selling price. Calculate effect of price changes at one level of channel on prices and margins at other levels in the same channel.
Average Price per Unit	Total revenue divided by total unit sales.	Some units may be of greater relevance to the producers. Changes may not be result of pricing decisions.	Understand how average prices are affected by shifts in pricing and product mix.
Price per Statistical Unit	SKU prices weighted by relevant percentage of each SKU in a statistical unit.	Percentage SKU mix should correspond over medium-term to actual mix of sales.	Isolate effect of price changes from mix changes by standardizing the SKU mix of a standard unit.
Variable and Fixed Costs	Variable costs vary with volumes while fixed costs do not.	Variable costs may include production, marketing, and selling expenses. Some variable costs depend on units sold; others depend on revenue.	Understand how costs are affected by changes in sales volume.
Marketing Spending	Analyze costs that comprise marketing spending.	Fixed and variable marketing costs.	Understand how marketing spending changes with sales.
Contribution per Unit	Unit price less unit variable cost.	Ensure marketing variable costs have not already been deducted from price.	Understand profit impact of changes in volume. Calculate break-even level of sales.
Contribution Margin (%)	Contribution per unit divided by unit price.	Ensure that variable costs are consistently based on units or revenue.	Applies to dollar sales and helps to understand profit impact of changes in volume.

**Table 2.15** Metrics for Measuring Margins and Profits\_(cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Break-even Sales Level	For unit break-even, divide fixed costs by contribution per unit. For revenue break-even, divide fixed costs by contribution margin (%).	Variable and fixed cost estimates may be valid only for certain ranges of sales and production.	Rough indicator of project attractiveness and profit earning potential.
Target Volume	Adjust break-even calculation to include profit target.	Variable marketing costs must be reflected in contribution margins. Sales increases require increased investment or working capital.	Ensure that unit sales objectives will enable firm to achieve financial hurdle rates for profit, ROS or ROI.
Target Revenues	Convert target volume to target revenues by using average prices per unit. An alternative method is to combine cost and target data with knowledge of contribution margins.	Variable marketing costs must be reflected in contribution margins. Sales increases require increased investment or working capital.	Same as above, applied to revenue objectives.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page Numbers 66 - 68

Table 2.16 below shows the metrics for product and portfolio management.

**Table 2.16** Metrics for Measuring Product and Portfolio Management (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Considerations</b>	<b>Purpose</b>
Trial	First-time users as a percentage of the target population.	Distinguish between “ever-tried” and “new” triers in current period.	Sales should rely less on trial and more on repeat customers.

**Table 2.16** Metrics for Measuring Product and Portfolio Management (cont.)

Metric	Construction	Considerations	Purpose
Repeat Volume	Repeat buyers, multiplied by the number of products they buy in each purchase, multiplied by the number of times they purchase per period.	Not all triers have an opportunity to repeat purchase.	Measures the brand franchise stability.
Penetration	Users in the previous period, multiplied by repeat rate for the current period, plus new triers in the current period.	The length of the period. For example, more customers buy annually than monthly.	Measure of the population buying in the current period.
Volume Projections	Combine trial volume and repeat volume.	Adjust trial and repeat rates for time period. Not all triers will have opportunity to repeat.	Plan production and inventories for both trade and consumer take-off.
Year-on-year Growth	Percentage change from one year to the next.	Distinguish value and volume growth rates.	Plan production and budgeting.
Compound Annual Growth Rate	Ending value divided by starting value to the power of $1/N$ , where $N$ is the number of periods.	May not reflect individual year-on-year growth rates.	Averaging growth rates over long periods.
Cannibalization Rate	Percentage of new product sales taken from existing product lines.	Market expansion effects to be considered.	Recognize if new products are reducing the sales of existing products.
Fair Share Draw	Assumption that new products in the market capture sales from established brands in proportion to established market shares.	May not be applicable if significant differences exist between competing brands.	Estimates the sales and shares after new market entry.
Brand Equity Metrics	Conjoint utility attributed to brand and other measures.	Tracking brand essence may not track brand health and value.	Monitor brand health and diagnose weaknesses.

**Table 2.16** Metrics for Measuring Product and Portfolio Management (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Considerations</b>	<b>Purpose</b>
Conjoint Utilities	Regression coefficients for attribute levels derived from conjoint analysis.	Function of number, level, and type of attributes in the study.	Indicates the relative values that customers place on attributes of product offerings.
Segment Utilities	Clustering of individuals into market segments on the basis of sum-of-squares distance between regression coefficients drawn from conjoint analysis.	Assumes homogeneity within segments. Function of number, level, and type of attributes in the conjoint study.	Uses customer valuations of product attributes and help define market segments. Moreover, this would also help in product positioning.
Conjoint Utilities and Volume Projection	Used within conjoint simulators to estimate volume.	Assumes awareness and distribution levels are known or can be estimated.	Forecast sales for alternative products, designs, prices, and branding strategies.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page numbers 110 -112

Customer profitability metrics are discussed in Table 2.17 below:

**Table 2.17** Metrics for Measuring Customer Profitability (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Customers	The number of people or businesses who bought from a firm during a specified time period.	Double counting of people who bought more than one product to be avoided. Define customer as individual/household/screen name/division who bought or ordered or registered.	Measure how well the firm is attracting and retaining customers.
Recency	The length of time since a customer's last purchase.	Track the recency of customers in non-contractual situations.	Track changes in number of active customers.
Retention Rate	The ratio of customers retained to the number at risk.	Not to be confused with decline customer growth. Retention refers to existing customers in contractual situations.	Track changes in the ability of the firm to retain customers.

**Table 2.17** Metrics for Measuring Customer Profitability (cont.)

Metric	Construction	Consideration	Purpose
Customer Profit	The difference between the revenues earned from and the costs associated with the customer relationship during a specified time period.	Requires assigning revenues and costs to individual customers.	Identification of profitable customers so that the firm can plan differential treatment to improve profitability.
Customer Lifetime Value	The present value of the future cash flows attributed to the customer relationship.	Projection of future cash flows from a customer relationship. Easier to do in a contractual situation. Formulations differ with respect to the treatment of initial margin and acquisition spending.	Customer relationship management decisions with the objective of improving customer lifetime value. Acquisition budgeting should be based on CLV.
Prospect Lifetime Value	The response rate times the sum of the initial margin and the CLV of the acquired customer minus the cost of the prospecting effort.	Calculations necessary to see if a prospecting effort is worth it.	Guides the firm's prospecting decisions. Beneficial only if the expected prospect lifetime value is positive.
Average Acquisition Cost	The ratio of acquisition spending to the number of new customers acquired.	Difficult to isolate acquisition spending from total marketing spends.	Track the cost of acquiring new customers and compare that cost to the value of the newly acquired customers.
Average Retention Cost	The ratio of retention spending to the number of customers retained.	Difficult to isolate retention spending from total marketing spends. The average retention cost spending does not help in making retention budgeting decisions.	Monitor retention spending on a per-customer basis.
Prospect Lifetime Value	The response rate times the sum of the initial margin and the CLV of the acquired customer minus the cost of the prospecting effort.	Calculations necessary to see if a prospecting effort is worth it.	Guides the firm's prospecting decisions. Beneficial only if the expected prospect lifetime value is positive.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page number 154 - 155

**Table 2.18** Metrics for Measurement of Salesforce and Channel Management (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Workload	Hours required to service clients and prospects.	Debatable prospect numbers. Variation in times spent trying to convert by territory, prospective client and salesperson.	Assesses the number of salespeople required to service a territory and to ensure balanced workloads.
Sales Potential Forecast	Number of prospects and their buying power.	Definition of buying power.	Determine sales target and identify territories that need more sales resources.
Sales Goal	Individual sales projections based on a salesperson's share of sales forecast, previous year sales and a share of increased district projections, or on management designed weighting system.	Previous year sales can discourage optimal performance on individual targets as strong performance in one year leads to more aggressive targets for the next.	Individual and territory sales targets.
Sales Force Effectiveness	Analyze sales in the context of calls, contacts, potential accounts, active accounts, buying power of territory, and expenses.	Depends on factors affecting sales potential and workload.	Asses salesperson's or team's performance.
Compensation	Total payments made to a salesperson – base salary, bonus and commission.	Perception that relationship between incentive and controllable activities may vary according to firms and industries.	Motivate maximum sales efforts. Enable tracking of progress towards sales goals.
Break-even Number of Employees	Sales revenue, multiplied by margin net of commission, divided by cost per staff member.	Margins may vary across products, time, and salespeople. Sales are not independent of the number of salespeople.	Determines the appropriate personnel level for a projected sales volume.
Sales Funnel, Sales Pipeline	Number of clients and potential clients at various stages of the sales cycle.	Funnel dimensions depend on type of business and definition of potential clients.	Monitors sales effort and project future sales.

**Table 2.18** Metrics for Measurement of Salesforce and Channel Management (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Numeric Distribution	Percentage of outlets in a defined universe that stock a particular brand or product.	The size of the outlet or sales level is not indicated. Distribution universe boundaries definition may be arbitrary.	Assesses the degree to which a brand or product has penetrated its potential channels.
All Commodity Volume (ACV)	Numeric distribution, weighted by penetrated outlets' share of sales of the relevant product category.	May not reflect sales of relevant product category as it reflects the sales of all commodities.	Assesses the degree to which a brand or product has access to retail traffic.
Product Category Volume (PCV)	Numeric distribution, weighted by penetrated outlets' share of sales of the relevant product category.	Indicates share potential, but may miss opportunities to expand product category.	Assesses the degree to which a brand or product has access to established outlets for its category.
Total Distribution	Based on ACV or PCV. Sums the relevant measures for each SKU in a band or product line.	Indicates the strength of the distribution of a product line as opposed to an individual SKU.	Assesses the extent to which product line is available.
Category Performance Ratio	The ratio of PCV to ACV.	Same as for ACV and PCV.	Assesses whether a brand's distribution or a particular retailer is performing above or below average for the category.
Out-of-Stock	Percentage of outlets that list or normally stock a product or brand but has none available for sale.	Can be measured in numeric, ACV or PCV terms.	Monitors the ability of logistics to match supply with demand.
Inventories	Total amount of product or brand available for sale in a channel.	May be held at different levels and may not reflect trade promotions.	Calculates the ability to meet demand and determine channel investments.
Markdowns	Percentage discount from the regular selling price.	Too few markdowns may reflect under-ordering while the opposite is true for a too high markdown.	Determine whether channels sales are being made at planned margins.

**Table 2.18** Metrics for Measurement of Salesforce and Channel Management (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Direct Product Profitability (DPP)	The adjusted gross margin of products, less direct product costs.	Imprecise cost allocations. Some products meant to drive traffic, not profit.	Identifies profitable SKUs and calculate their earnings.
Gross Margin Return on Inventory Investment (GMROI)	Margin divided by the average dollar value of inventory held during a specific time.	Trade promotions must be considered in margin calculations. Negative trends indicate a future problem.	Quantifies return on working capital invested in inventory.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page Numbers 182 - 186

Metrics for measuring pricing strategies are provided in Table 2.19 below:

**Table 2.19** Metrics for Measuring Pricing Strategies (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Price Premium	The percentage by which the price of a brand exceeds a benchmark price.	Benchmarks include average price paid, average price charged, average price displayed, and price of a relevant competitor. Prices can be compared at any level in the channel on a gross basis or a net of discounts and rebates.	Measures how a brand's price compares to that of its competition.
Reservation Price	The maximum amount an individual is willing to pay for a product.	Difficult to observe.	Helps to conceptualize a demand curve by the aggregation of reservation prices of potential customers.
Percent Good Value	The proportion of customers who consider a product to be a good value which indicates a selling price that is lower than the reservation price.	Easier to observe than individual reservation prices.	Another way to conceptualize the demand curve based on the relationship between percent good value and price.

**Table 2.19** Metrics for Measuring Pricing Strategies (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Price Elasticity of Demand	The responsiveness of demand to a small change in price, expressed as a ratio of percentages.	Elasticity changes with price. Linear projections for linear demands are accurate. For constant elasticity demand, linear projections are approximate but elasticity is the same for all prices.	Measures the change in quantity demanded in response to changes in price.
Optimal Price	For linear demand, the optimal price is the average of variable cost and the maximum reservation price. For constant elasticity, optimal price is a known function variable cost and elasticity. Optimal price is the price that maximizes contribution after accounting for how quantity changes with price.	Optimal price formulas are appropriate only if the variable cost per unit is constant, and there are no other strategic considerations.	Quickly determines the price that maximizes contribution.
Residual Elasticity	Residual elasticity is own elasticity plus the product of competitor reaction elasticity and cross elasticity.	Assumes that competitor reaction to a firm's price changes is predictable.	Measures the responsiveness of quantity to changes in price after factoring in competitor reactions.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page numbers 220 - 221

Table 2.20 below shows the metrics for measuring promotion effectiveness and efficiency.

**Table 2.20** Metrics to Measure Promotion Strategies (cont.)

Metric	Construction	Consideration	Purpose
Baseline Sales	Intercept in regression of sales as a function of marketing variables. Baselines sales = total sales, less incremental sales generated by a marketing program(s).	Marketing activities contribute to baseline.	Determine the extent to which current sales are independent of specific marketing efforts.
Incremental Sales, or Promotional Lift	Total sales, less baseline sales. Regression coefficient to marketing variables.	Consider competitive actions.	Determine short-term effects of marketing efforts.
Redemption Rates	Coupons redeemed divided by coupons distributed.	Depends on mode of coupon distribution.	Measure coupon lift after adjusting for sales that would have been made without coupons.
Costs for Coupons and Rebates	Coupon face amount plus redemption charges, multiplied by the number of coupons redeemed.	Does not consider margins that would have been generated by those willing to buy without coupon.	Budgeting of coupon expenses.
Percentage Sales with Coupon	Sales via coupon, divided by total sales.	Does not account for magnitude of discount offered by specific coupons.	Measure brand dependence on promotional efforts.
Percent Sales on Deal	Sales with temporary discounts as a percentage of total sales.	Does not consider depth of discounts offered.	Measure brand dependence on promotional efforts.
Pass-through	Promotional discounts provided by the trade to the consumers, divided by discounts provided to the trade by the manufacturer.	Can reflect power in the channel, or deliberate management or segmentation.	Measures the extent to which a manufacturer's promotions generate promotional activity further along the chain.

**Table 2.20** Metrics to Measure Promotion Strategies (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Price Waterfall	Actual average price per unit divided by list price per unit. Can also be calculated by working backward from list price, considering potential discounts, weighted by the frequency with which each is implemented.	Some discounts may be offered at an absolute level rather than on a per-item basis.	Indicates the price actually paid for a product, and the sequence of channel factors affecting that price.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page Numbers 265 - 266

Advertising media and Web metrics are provided in Table 2.21 below:

**Table 2.21** Metrics for Advertising and Web Promotions (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Impressions	The impression generated when each time an ad is viewed. Number of impressions show the ad's reach or the number of people seeing it, multiplied by its frequency or the number of times they see it.	Do not consider quality of viewings. Impressions are also called exposures or opportunities-to-see (OTS).	To understand how many times an ad is viewed.
Gross Rating Points (GRPs)	Impressions divided by the number of people in the audience for an ad.	Impressions expressed in relation to population. GRPs are cumulative across media vehicles and hence can achieve more than 100%. Target Rating Points or TRPs are measured in relation to defined target populations.	Measure impressions in relation to the number of people in the audience for an ad campaign.
Cost Per Thousand Impressions or CPM	Cost of advertising divided by impressions generated (in thousands).	The measurement in thousands is more feasible rather than on the basis of a cost per single impression.	Measures the cost effectiveness of the generation of impressions.

**Table 2.21** Metrics for Advertising and Web Promotions (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Net Reach	The number of people who receive an ad.	Equivalent to reach. Measures unique viewers of an ad. Mapped best on a Venn diagram.	Measures the breadth of an ad's spread across a population.
Average Frequency	The average number of times that an individual receives an ad, given that he/she is exposed to the ad.	Frequency is measured among only those who have seen the ad.	Measures how strongly an ad is concentrated on a given population.
Frequency	Linear: all ad impressions are equally impactful. Threshold: a certain number of impressions are needed before an ad message will sink in.	Linear models are unrealistic. Threshold model is used often as it is simple and intuitive.	To map the reaction of a population to exposure to an ad.
Response Functions	Learning curve: an ad has little impact at first but gains momentum with repetition before tailing off as saturation is achieved.	Learning curve models are hypothesized and difficult to test for accuracy.	
Effective Reach	Reach achieved among individuals who are exposed to an ad with a frequency greater than or equal to the effective frequency.	The effective frequency rate is a crucial assumption in the calculation.	Measures the portion of an audience that is exposed to an ad enough times to be influenced.  Helps to determine optimal exposure levels for an ad to balance the risk of over-spending against the risk of failing to achieve the desired response.
Effective Frequency	The number of times an individual must see an ad to register its message.	Marketers use a frequency of 3.	
Share of Voice	Quantification of the presence of an ad or brand or firm in relation to total advertising in a market.	Definition of market for meaningful results. Unavailability of data on impressions. Market spending which is an input is used as a proxy for the output.	Evaluates the strength of the ad program in the market.

**Table 2.21** Metrics for Advertising and Web Promotions (cont.)

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Pageviews	The number of times a web page is served.	Represents the number of times web pages served as opposed to “hits” that represent pageviews multiplied by the number of files on a page.	Measures page design, traffic, and thus the popularity of the website.
Rich Media Display Time	The average time the rich media is displayed per viewer.	Can be influenced by unusually long display times. Data collection method is another consideration.	Measures average viewing time of rich media.
Rich Media Interaction Rate	Provides fractions of viewers interacting with the rich media.	Definition of interaction should exclude actions not related to the rich media like crossing the mouse over to reach another part of the screen.	Measures relative attractiveness of rich media and ability to generate viewer engagement.
Click-through Rate	Number of click-throughs as a fraction of the number of impressions.	Interactive measure of web ads. Clicks represent only a step toward conversion and are thus an intermediate advertising goal.	To measure the effectiveness of a web ad by counting those customers who are interested to click through it.
Cost per Click	Advertising cost, divided by the number of clicks generated.	Used as a billing mechanism.	Measures or establishes the cost-effectiveness of advertising.
Cost per Order	Advertising cost, divided by number of orders generated.	More directly related to profit than cost per click. However, less effective in measuring pure marketing. A strong click-through might taper and yield weak conversion if the product is disappointing.	Measures or establishes the cost-effectiveness of advertising.
Cost per Customer Acquired	Advertising cost, divided by the number of customers acquired.	Can be used for comparisons to customer lifetime value. Helps determine the worth of the customers against the cost of acquisition.	Measures the cost-effectiveness of advertising.

**Table 2.21** Metrics for Advertising and Web Promotions (cont.)

Metric	Construction	Consideration	Purpose
Visits	The number of unique viewings of a website.	Determines if viewers are investigating multiple pages on a website by measuring visits relative to pageviews.	Measures audience traffic on a website.
Visitors	The number of unique website viewers in each period.	Determines the type of traffic generated by a website – few loyal adherents or many occasional visitors. Time is an important consideration.	Measures the reach of a website.
Abandonment Rate	The rate of purchases started but not completed.	Can indicate a weak design in e-commerce sites by measuring the number of customers who lose patience with a transaction process or are put off by hidden costs toward the end of the conclusion.	Measures one element of the close rate of Internet business.
Bounce Rate	Fraction of website visitors who view a single page.	Clear definition of when a visit ends. More with respect to visits rather than visitors.	Indicates a website's relevance and ability to generate interest.
Friends/Followers/Supporters	Number of individuals joining a social network.	Success depends on target group and the social nature of the product. Unlikely to reflect the aim of a marketing campaign which is to move the needle.	Measures the size of the social network, but unlikely to measure engagement.
Downloads	Number of times an application or file is downloaded.	The number of customers who downloaded a file is not counted. Rather the number of times the file is downloaded is counted. Also important to consider files started for download but not completed.	Determines the effectiveness in getting the application out to users.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014; Page numbers 288 - 293

Marketing and Finance metrics are shown in Table 2.22 below:

**Table 2.22 Marketing and Finance Metrics (cont.)**

<b>Metric</b>	<b>Construction</b>	<b>Consideration</b>	<b>Purpose</b>
Net Profit	Sales revenues less total costs.		The basic profit equation.
Return on Sales (ROS)	Net profit as a percentage of sales revenues.	Returns vary from industry to industry.	Gives the percentage of revenue that is being captured in profits.
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	Earnings before interest, taxes, depreciation and amortization.	Ignores depreciation of assets.	Approximate measure of operating cash flow.
Return on Investment (ROI)	Net profits over the investment needed to generate the profits.	Not meaningful in the short term. Variations like return on assets and return on investment capital analyze profits based on different inputs.	Shows how assets are being used.
Economic Profit or Economic Value Added (EVA)	Net operating profit after tax less the cost of capital.	Requires the cost of capital.	Shows profits made in value.
Payback	The length of time taken to return the initial investment.	Projects with quick returns are more favorable.	Simple return calculation.
Net Present Value (NPV)	The value of a stream of future cash flows after accounting for the time value of money.	The discount rate is a vital consideration and should factor in risk of investment.	Summarizes the value of cash flows over multiple periods.
Internal Rate of Return (IRR)	The discount rate at which the NPV of an investment is zero.	Does not describe the magnitude of the return.	If IRR is higher than hurdle rate, the firm should invest.
Return on Marketing Investment (ROMI)	Incremental revenue attributable to marketing over the marketing spending.	Need to establish an accurate Baseline to meaningfully establish the revenue attributable to marketing.	Compares the sales generated in revenue terms with the marketing spending that helped generate the sales. The percentage term helps to compare across plans of differing magnitude.

**Source:** Farris, Bendle, Pfeifer, & Reibstein, 2014;338 – 339

Dhaka Dough is a newly established business and its main business objective is to increase the organic food consumption. To do so, the marketing objectives are to increase awareness about the category of organic food products, increase its own brand awareness and increase its market shares. The corresponding strategies are to promote the benefits of organic food and its consumption and thereby associating its own name with the category to increase salience, promote itself to increase its brand awareness, and reach a wider customer target segment to increase its market shares. Therefore, the metrics to be used for Dhaka are: category development index to identify how the organic food category fares in the market for grocery and fresh food items; market penetration of organic food category among the population of Dhaka to indicate the popularity of organic foods; brand penetration to identify what percentage of the population in Dhaka who consume organic foods select Dhaka Dough to see how well it is accepted; penetration share to see how Dhaka Dough compares with competitors in the organic food category in Dhaka; awareness to measure current level of brand awareness among the target audience; consumer beliefs about the category and Dhaka Dough on particular attributes; purchase habits to see how heavy the organic food users are as these can indicate customer loyalty to the category and the brand; willingness to search and recommend to measure brand loyalty for Dhaka Dough; and customer satisfaction on general and specific attributes to identify areas for improvement and an indication of repeat purchase. Dhaka Dough already makes a tidy profit over 25-35%. So, it is more important for them at this stage to build awareness and increase market shares. However, it is suggested to check the price elasticity of Dhaka Dough by checking various price points at which consumers will be willing to buy certain products. This can give an indication of whether Dhaka Dough can increase its profits by charging more for some products. On the other hand, it will also reveal if some products can be charged less and thereby make more profits by driving volume. The events suggested in the promotion plan should be measured by customer footfall and incremental sales of products. Dhaka Dough should use their customer database to track their loyal customers and see if they are being able to retain them.

Net Promoter is an important metric but Dhaka Dough is still at a nascent stage and many customers are better to conduct this kind of a measure as a small base of

respondents is likely to produce results that are highly skewed. Especially because Dhaka Dough has a small group of loyal customers and getting a response from them would likely show a very high number of Promoters and very few Passives or Detractors. However, this metric can be applied in the third year by which time, it is expected that more people would know and buy from Dhaka Dough (Marketo, 2011) (Farris, Bendle, Pfeifer, & Reibstein, 2014).

### III. Analytical Tools

A business does not function in isolation. It is important to be aware of what is going around in the macro-, micro- and internal environments so that a business can modify its strategy to take advantage of the emerging opportunities or brace itself against emerging threats. The firm must bring changes in its internal environment as the external environment also changes. Figure 2.6 below shows the three levels of environment and their components in a business context.



**Figure 2.6** The Marketing Environment

**Source:** mustafvi786, 2012; Online

There are a few common tools that most marketing plans use to map where the business and its product or service are and where these can be, based on the changes in

the macro- and micro-environments. The two most commonly used tools are PESTEL and SWOT as the first one looks at the forces in the macro-environment which are not within the control of a business and the second one looks at the factors that are both internal to the organization as well as external to the business itself.

This section of the literature review for a marketing plan will discuss a few other analytical tools apart from PESTEL and SWOT analyses. Both these tools give a snapshot but for making long-term strategic decisions and to look at competition and their impact more closely, other important tools will also be discussed.

### *PESTEL*

The PESTEL tool is used to analyze the macro-environment that has an impact on the organization. The PESTEL analysis looks at the opportunities and threats existing in the macro-environment and use these in the subsequent SWOT analysis. Therefore, a firm should start its analyses with PESTEL. PESTEL is an acronym for Political, Economic, Sociocultural, Technological, Environmental, and Legal factors that define the macro-environment. Implications of PESTEL analysis can trigger use of more tools, for example, owing to changes in the macro-environment, a firm needs to adjust its internal strengths and weaknesses and therefore, might use the BCG or Boston Consulting Group Matrix to analyze its internal against the external or market dynamics.

A PESTEL analysis is used when launching a new product, exploring a new route to market, entering a new country or region, and when working as a part of a strategic team in the organization.

The importance of each of the PESTEL component varies from business to business. While firms selling their products or services directly to customers might be more concerned with technological and socio-cultural factors, another business that deals with defense might be more concerned with the political and economic factors.

Two key dimensions of a PESTEL analysis is that it deals with factors outside the control of a firm and these factors have an impact on the organization. The process of doing a PESTEL analysis begins with brainstorming all the issues that are outside the firm's control, identifying the implications of each factor, rating its relative

importance for the firm, rating the likelihood of it taking place, and giving a brief description of how it would affect the firm. The firm's function is not to offer solutions to the PESTEL issues but only to state what the issues are and how can they make a positive, neutral or negative difference to the business.

#### Political Factors

The political factors include government stability, employment and operational laws, government leadership, trade restrictions, tax regulations, corruption, bureaucracy, and stability of neighboring countries. Any organization should keep itself updated on the political situations in its own country and as well as in other countries that might affect its business. For example, if the government of Bangladesh reduces taxes on organic agricultural input imports, Dhaka Dough would be in a better position as more farmers would be encouraged into farming organically, thus increasing production and providing more suppliers to Dhaka Dough. However, if there is political instability in the country that can lead to strikes, the supply chain would be affected as products will not reach Dhaka Dough on time, resulting in lost customers.

#### Economic Factors

Economic factors refer to inflation, taxes and duties, finance and credit, working practices, cost of living, currency exchange rates, GDP and GNP, and globalization. Value-added tax of 15% in Bangladesh results in prices being higher for the end consumers. A growing middle class and increasing disposable income in Bangladesh means more people can afford to buy organic food products, hence increasing market opportunities for Dhaka Dough (Euromonitor International, 2014). Working practices can affect the hours of operation of Dhaka Dough or the skill sets their employees have. Rising inflation can impact the price of products and purchase ability of the consumers. GDP, GNP and consumer-based indices can indicate certain economic situations.

#### Socio-cultural Factors

Socio-cultural factors that impact the market include age distribution, population growth rate, employment levels, income levels, lifestyle, attitudes and beliefs, education, religious beliefs, social mobility, historical issues, and cultural and social norms and behavior. Attitudes towards health and environment can directly impact businesses like Dhaka Dough that deal with organic food products and

environment-friendly operational processes. For business firms crossing international borders, it is crucial to understand local cultures and norms in terms of for example, size and ingredients of products and motivational factors that work for the local staff.

#### Technological Factors

Technological factors have a great impact on the way an organization is run. Technology affects most of the processes these days. Technological factors include the rate of speed with which the technological scenario is changing. Two key areas of technological factors include manufacture and infrastructure. An organization can gain competitive advantage if it includes such technological factors like automation, improved quality of its parts and products, and outsourcing in its production function. Networking capabilities have reduced bottlenecks and have enabled wider network and faster communication and dissemination of information. Technological advance can trigger changes in customer preferences. Dhaka Dough has taken advantage of the growing e-commerce industry and the consumer preference of ordering grocery to be home delivered by having their products stocked by leading online grocery and organic food organizations.

#### Environmental Factors

Besides factors like infrastructure, weather, cost and availability of energy, of particular importance to businesses nowadays is the packaging, waste disposal and their impact on the environment. Dhaka Dough is environmentally aware and hence source organic and native food products, adopt a green method of operational processes, packaging and recycling.

#### Legal Factors

Legal factors include taxation laws, employment regulations, legislations for the consumer body, advertising regulations, import and export laws, health and safety for consumers, compliance to established standards, and regulatory bodies. Changes in rules and regulations in countries where a business has expanded also affect the home country office. In Bangladesh, it is imperative to have approval seals from the regulatory body of Bangladesh Standards and Testing Institute before putting certain types of products for commercial sale.

The advantages of a PESTEL analysis are that it includes cross-functional disciplines, provides a simple tool for environmental analysis, pre-empts threats to the organization, triggers strategic thinking within the organization, helps to identify new opportunities and gear the organization toward leveraging these, and enables to make proper assessments of both domestic and international markets.

Some of the disadvantages of PESTEL are that its users may over-simplify macro-environmental information, organizations do not regularly conduct it, and availability and cost of quality information (Professional Academy, n.d.; Team FME, 2013; The Chartered Institute of Management Accountants, 2007).

### *Porter's Five Forces*

It is important to understand competition especially for a new business as it can give a window to new opportunities and therefore more chances of having differentiation. Porter's Five Forces Model is an analytical tool used to comprehend the competitive environment. The model looks at five key industry factors to assess profitability, opportunities and risks and develop the business strategy. These factors are supplier power, buyer power, substitutes, entry or exit barriers and the strength of competitive rivalry.

#### Supplier Power

The power of suppliers in terms of their bargaining power constitute factors like concentration of suppliers, importance of volume to suppliers, differentiation of inputs, impact of inputs on cost or USP, switching cost of firms in the industry, presence of substitute inputs, threat of forward integration, and cost relative to total purchases in the industry.

The power of suppliers stems from the relationship between manufacturers who need raw materials and sources these from suppliers. Suppliers may yield an influence on the industry if they have enough power so that they can control the supply of materials and calls shots on the price. An industry is not attractive if the suppliers can increase power even when a fall in volume does not affect them, they can reduce the quantity of the supply of materials, organize in a formal or informal manner, compete in an industry that offers few substitutes, provide a critical part without which the end-

product/service cannot be manufactured, impose high switching costs on customers when they try to leave, and control the distribution channels through integration.

The best way to deal with suppliers is to develop win-win relationships and have multiple suppliers instead of depending on one.

#### Buyer Power

The power of buyers refers to the bargaining strength the customers can wield on the industry. Economists use the term monopsony to describe a market condition where buyer power is very strong as there are many suppliers but one buyer. Therefore, the buyer has the power to determine the price. Buyer power stems from organized buyer community including those that provide similar products and services, spending a considerable portion of the costs on the product, buying an undifferentiated product, low switching costs of changing suppliers, price sensitivity arising from available options and the ability to form backward integrations and purchase suppliers.

To counter the power of buyers, suppliers can pick buyers who have less negotiating powers, less power to switch suppliers, or develop superior traits that strong buyers cannot deny.

#### Entry/Exit Barriers

Entrance of new players into an industry intensifies competition. The question is how easy it is to enter an industry. Segments that have the highest entry barriers and lowest exit barriers are the most profitable and face high risk and competition as even businesses with low profitability continue to supply products. Each industry has their own area of profitability that protects the current businesses and hinders others from entering, thus maintaining profit levels. When profits of an industry are high, more businesses enter the industry, ultimately reducing the profit levels. Conversely, low profits spell the exit of many firms. It is easier to enter manufacturing-based rather than service-based industries. Factors hampering entry can arise from falling prices, artificially low prices, expectation that future prices will fall, large or unpredictable expenses to start a business, and extreme uncertainties.

Barriers to entry can be created and exploited through patents and proprietary knowledge so that only several players exist and make it difficult for others to enter,

specialized technology or infrastructure as many will not be able to afford either or both, economies of scale so that small players cannot enter, government policies, and expected response from the competition.

Low barriers to exit force businesses toward more competition.

#### Substitutes

Substitute products are those products offered by other industries that fulfill similar or identical needs of the end consumers. More substitutes mean more options availability and therefore greater price elasticity, deterring increase in prices and thereby dampening profit margins. When price is based on competition, arrival of substitute products can affect such pricing. Technological advancement is one reason why substitutes can gain more traction and hence affect the industry. For example, the arrival of wireless technologies making fixed line technologies obsolete. Where there are substitutes, the industry is not seen as attractive.

#### Rivalry

The degree to which competitors play against each other determines the strategy of a business. Industries that are concentrated in nature show higher rivalry. The concentration ratio is defined by the Census Bureau by the percent of market share held by the four largest firms. A high concentration ratio indicates that many the market shares are in the hands of the largest firms and thus there is less competition. On the other hand, fragmented markets show a low level of concentration ratio, indicating that no single firms hold a very large share of the market, thus there is a high level of competition.

To gain competitive advantage a firm can change prices, improve product USP, use channels creatively, and exploit supplier relationships.

Increased rivalry results from many strong players vying for the same market segments and resources, strong fights to defend market share as market growth declines due to falling volumes and sales revenues, high fixed costs impacting economies of scale, high storage costs or highly perishable items, excess plant capacity that cannot be offset by current demands, low switching costs for buyers, low levels of differentiation among products, either a losing market position or the possibility of

getting huge gains, high exit barriers that prevent from leaving the industry, diverse players with different cultures, philosophies and backgrounds, industry reorganization or upheaval, action from one player forcing others to counter-respond, and high economic and other stakes that force the players to stay in the industry and compete. Such conditions lead to price wars, advertising battles and new product additions. Superior service can give a competitive edge to players in the industry, especially when the service cannot be copied by others.

After conducting the Porter's Five Forces Analysis, a business should then describe the extent to which each of the forces have an impact on them. For example, the business should indicate the degree to which the competitive rivalry can affect them by identifying if the particular force is strong or weak or weak at the moment but might gain momentum in the future. While the tool shows a firm its issues with regards to internal and external forces, the firm will need to strategize its actions according to the challenges it is facing with respect to financing, product and market, and people and organization.

The Porter's Five Forces tool has been lauded for mapping a firm's own competitive advantage but has been criticized in that it is too static to consider the technological and social changes happening that affect the business dynamics very rapidly (MindTools, n.d.; Hill & Jones, 2009; The Chartered Institute of Management Accountants, 2007; Whalley, 2010).

### *SWOT Analysis*

A SWOT analysis is a matrix consisting of four quadrants used to box in Strengths, Weaknesses, Opportunities and Threats. It can be used for each of an organization's products, services, and markets to achieve future growth. A SWOT analysis is used to assess the company's own strengths and weaknesses and map these against the opportunities and threats from the external environment. Hence, it helps to position a firm against competition, identify future opportunities as well as current and future threats. A SWOT analysis is based on the business objective of the organization because the objective and the business environment are inter-related. For example, if a business has the objective to launch non-halal food products in the Middle East, no

matter how the SWOT analysis is conducted, the results will not support the objective as Muslim regions will not accept such a product.

The strengths of an organization are its own competencies and must be valued by the customers or else they will not qualify as strengths. Its weaknesses are also looked at from the customers' viewpoint. The opportunities are conditions in the market that are favorable for the firm while threats are potential developments in the external environment that can lead to the company's losing its position in the market.

Strengths are the tangible and intangible characteristics that are positives for the organization and controllable. Strengths can come from the organization's resources and/or competitive edge. Strengths should be arranged for each unit of the organization – marketing, manufacturing, finance, organizational structure, HR, and others. Strengths look at what the business does well, its unique skills and specialized knowledge, its experience, where does it perform better than competitors, and the source of its highest profits. Weaknesses identify the areas that need improvement, areas where resources are lacking and more training is required, areas that are not too profitable, and what costs the business time and money. As in strengths, weaknesses should also be considered inside the functional units of the business. Both strengths and weaknesses are controllable by the organization.

Opportunities are external factors that cannot be controlled by the business but a close look at these can help the business spot areas that it can leverage. Opportunities to identify external conditions favorable for the business include current business goals, what more can be done for the existing customers, how can technology be used to enhance business, new potential target markets, and if there are any related products or services that the current business can see as an opportunity. Opportunities may arise from market growth, lifestyle changes, problem resolutions, positive image of the business in the market, and the ability to offer a greater value that will trigger demand for the business. Relevant opportunities should be given time frames so that these do not turn into missed opportunities.

Threats are also external factors. Threats can challenge a firm's market or business strategy. Marking potential threats can help a business create contingency

plans in the event these threats turn real. Threats can lead decreasing profits or revenues. Both current and potential competition are threats. Other forms of threats include price hikes by suppliers, government regulations, economic downturns, negative media coverage, consumer behavior changes that lead to decreasing sales, or breakthrough technology that makes existing products and services obsolete. Threats can be categorized based on their seriousness and the probability of their occurrence.

The opportunities and threats can be derived from the PESTEL analysis done earlier. The data compiled in a SWOT analysis can then be used to spot new business strategies and goals. This analysis can lead the business to identify the ways in which it can build up its strengths, work on its weaknesses, set SMART goals for the identified opportunities, and plan how to use the strengths to diffuse the weaknesses. Further, the information from each quadrant can be crossed against each other to create the TOWS analysis to identify ways of combining strengths and opportunities to create new strategies, combining strengths and threats to see how the latter can be disposed of, combining weaknesses and opportunities to spot areas for improvement, and create a list of things to avoid by combining weaknesses and threats. The data from the SWOT can be used repeatedly to identify new opportunities and help in better decision making.

Assessing one's strengths, weaknesses, opportunities and threats can give a view on issues that may arise for the business. It is important to have an objective approach while listing down the internal and external issues of a SWOT analysis. The comprehensive list should then be followed by the implications to help a business strategize its strengths and weaknesses against the opportunities and threats.

The results of a SWOT analysis are presented in a four-box diagram and the answers in each of the boxes must be translated to an action plan for the business. Each statement of the SWOT analysis should be specific, for example, one of the strengths of an organization could be a lower price compared to competition. The statement should say by how much lower in a currency amount. However, this might not be possible when a range of products and services are in question. In such cases, only the flagship products might be considered. The strengths, weaknesses, opportunities and threats should be prioritized so that proper attention is given to the most important ones

and the others might be saved for later consideration. These factors should be profiled in terms of their risks so that the high-risk factors are attended earlier than others.

The SWOT analysis, as mentioned before, leads to the TOWS analysis and to the Ansoff Matrix that shows the growth strategies of the organization to achieve its objective. For example, after conducting a SWOT analysis for Dhaka Dough, if it is identified that there are opportunities for introducing new types of organic food products, then the business might choose the Product Development strategy in the Ansoff Matrix where it would offer new products to its existing market.

A key weakness of the SWOT analysis is that it is highly subjective. For example, a high price is often put down as a weakness but for a premium product, a high price is its strength. Another problem might be that the management might refuse to own up to the internal weaknesses. Under these circumstances, a SWOT analysis loses its worth. Another weakness of SWOT is the tendency to over-simplify things and list down issues that have no bearing on the main objective.

The advantages of SWOT are that it is simple to use and understand and does not require any specialized knowledge. It can handle a large amount of situational information. A SWOT analysis can not only be used for one's own business but also for top competition as it forces the business to map itself against that of its main competition and spot the gaps for opportunities and further hone the positioning and the target market.

A SWOT analysis can change the objective of a business and therefore it should be a repetitive process whereby the analysis is run again in case the objective gets changed (Gregory, How to Conduct a SWOT Analysis for Your Small Business, 2016; Berry, How to perform a SWOT analysis, 2016; The Chartered Institute of Management Accountants, 2007; Whalley, 2010).

Dhaka Dough's SWOT analysis will look at their internal strengths of the owners themselves, the sources of their ingredients and products, their online shopping presence for customer convenience and other factors. Their weaknesses will be analyzed in terms of their physical outlet location, products being out of stock and other areas. Opportunities like growth and awareness of organic food consumption, growing

middle class and their increasing disposable income will be discussed. Threats in the form of substitute products and competition in the organic food product category will be analyzed.

### TOWS

A natural sequence of the SWOT Analysis is a TOWS analysis. While SWOT is more internal oriented, TOWS is more external environment focused as many organizations undertake these analytical tools after having perceived some problem or issue in the external environment. After listing down the strengths, weaknesses, opportunities, and threats in a SWOT analysis, these are used to draw the TOWS matrix where each of the dimensions is crossed with the other one to identify how to use strengths to leverage opportunities (maxi-maxi strategy), how to minimize weaknesses to leverage opportunities (mini-maxi strategy), how to use strengths to fight threats (maxi-mini strategy), and how to minimize weaknesses to combat threats (mini-mini strategy). The mini-mini strategy is a defensive strategy that can only defend the business but cannot contribute to its success. Figure 2.7 below shows the TOWS matrix.

**TOWS Strategic Alternatives Matrix**

	<b>External Opportunities (O)</b> 1. 2. 3. 4.	<b>External Threats (T)</b> 1. 2. 3. 4.
<b>Internal Strengths (S)</b> 1. 2. 3. 4.	<p><b>SO</b> <i>"Maxi-Maxi" Strategy</i></p> <p>Strategies that <b>use strengths to maximize opportunities.</b></p>	<p><b>ST</b> <i>"Maxi-Mini" Strategy</i></p> <p>Strategies that <b>use strengths to minimize threats.</b></p>
<b>Internal Weaknesses (W)</b> 1. 2. 3. 4.	<p><b>WO</b> <i>"Mini-Maxi" Strategy</i></p> <p>Strategies that <b>minimize weaknesses by taking advantage of opportunities.</b></p>	<p><b>WT</b> <i>"Mini-Mini" Strategy</i></p> <p>Strategies that <b>minimize weaknesses and avoid threats.</b></p>

**Figure 2.7** TOWS Matrix

**Source:** Google, n.d.; Online

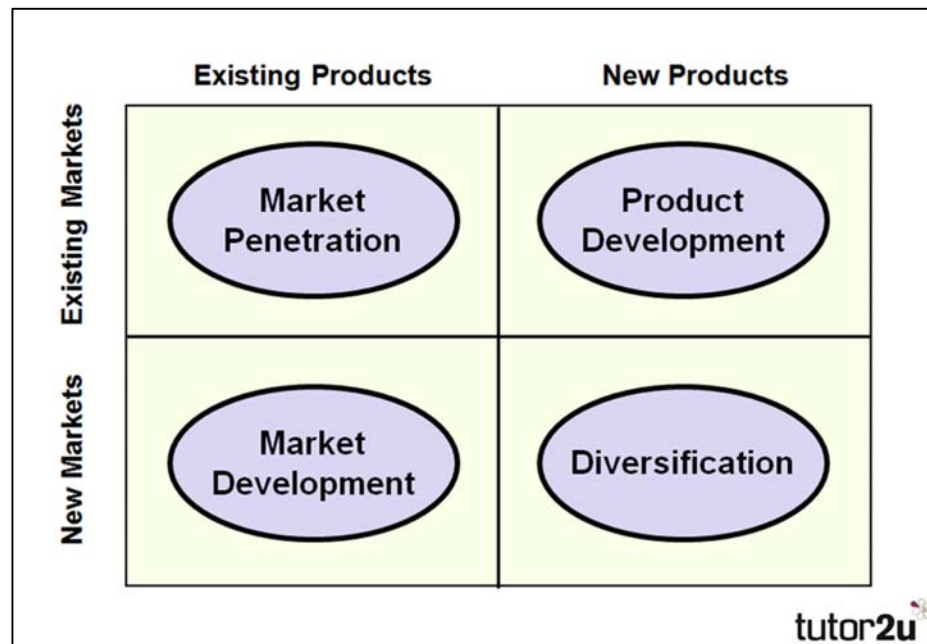
The TOWS Matrix is simple and offers different strategic choices which SWOT analysis alone cannot do. Since external and internal environments are dynamic, TOWS matrix should be done for the past, present and the future (Koontz & Wehrich, 2015; MindTools, n.d.).

For Dhaka Dough, the TOWS matrix will provide key strategic directions that would help to achieve marketing and business objectives.

#### *Ansoff's Matrix*

Post the SWOT and TOWS analyses, a business should conduct the Ansoff's Matrix analysis for identifying growth opportunities by looking at four key strategies – market penetration that serves more customers in the same market with same products, product development to develop new products for the existing market, market development to tap new markets with existing products, or diversification by going to new markets with new products. While the SWOT and TOWS analyses identify the internal and external environmental factors that have current and potential impact on the business, the Ansoff's Matrix provides specific ways to grow the business regarding the prevailing macro- and micro-environmental conditions. The usefulness of the Ansoff's Matrix depends on the accuracy and quality of the market information on which the SWOT and TOWS analyses have been based.

The Ansoff's Matrix provides a connection between the organization's strategy and its general strategic direction. A 2X2 matrix is used to portray this tool in a structured way to make decision making easier. An illustration is given in Figure 2.8 below:



**Figure 2.8** Ansoff's Matrix

**Source:** tutor2u.com, n.d.; Online

The four strategic directions are not mutually exclusive and an organization might combine more than one.

Another dimension to the Ansoff's Matrix strategies involve the degree of risk associated with each one. For a market penetration strategy, the risk is low as the business is operating within the same market. For product development, there is medium risk involved as investment into R&D need to be made for new products. There is moderate risk involved in the market development strategy as a new market has to accept the existing products from the company. Diversification is the strategy with the highest degree of risk as it involves new products in a new market and therefore, a considerable investment is needed not only R&D but also in market intelligence to assess if the new market is the right one for the new product.

#### Market Penetration

The market penetration strategy seeks to grow the business by offering its existing products to its existing market and hence gain market shares. The objectives of a market penetration strategy are to maintain or increase the market share of the

current products, achieve dominance in growth markets, drive out competition in a mature market, and increase usage by existing customers. To maintain or increase market shares, the organization adopts a combination of competitive pricing strategies, advertising, sales promotion and personal selling. A firm might secure dominance in growth markets by targeting a different age group with the same product. An aggressive promotional campaign coupled with a competitive pricing strategy can drive out competition from mature markets. By introducing loyalty schemes or adding value to the current product or making modifications, an organization can trigger more usage by its existing target customers.

Market penetration strategy is suitable for organizations that do not have enough resources to invest heavily or may not be comfortable with taking risks. This strategy is dependent on accurate competitor and market information. One constraint of this strategy is that it should not lose sight of the markets in which it has been successful in its pursuit of more market shares.

#### Market Development

A market development strategy is used when a company sells its existing products to new markets. This can be achieved by going into new regions and its success will be dependent on the sales and distribution channels. By adopting new packaging or new product dimensions, a business can still sell its existing products to a new market. If the company is responsible for production and packaging, it must consider the cost investment required and come up with a new positioning and marketing message. Another way of market development is to develop new distribution channels. For example, from a brick-and-mortar grocery store to an online grocery store. In such circumstances, the business needs to gauge the cost involved in training the employees and how to tackle its operational changes in terms of warehousing. A fourth way is to change the pricing policy to appeal to a new target market. This should be done carefully so that the existing customers do not opt for a lower priced version of the product. Ways to handle this is by offering basic versus augmented products at different price points or by using sub-brands.

Market development strategy has more risk in terms of financial and operational changes. This strategy should be adopted after making sure that the current group of customers are not alienated.

### Product Development

A product development strategy requires investment in R&D, research into customers' needs, cultural differences, brand extension planning and changes in business operations. Research and development in key areas like the use of technology, processes and materials must be carried out. People in the organization who face the customers may give a clue on the aspects of a product or service that needs to be modified or changed to serve the customers better. Brand extension can be used to launch a product in a different category but using the same brand name. For example, besides organic food products, Dhaka Dough also offers lip balm made from natural ingredients. Brand extension is successful when the established brand has a high brand equity and passes on its positives to the new product. However, if the new product is not successful, it can harm the parent brand. So, brand extension has some high risks associated with it. The key to have a successful brand extension is to ensure there is some logical link between the product categories and they are not completely unrelated.

Three ways of achieving a product development strategy are by having the new product closely related to the existing products like Mars chocolate and Mars ice cream; when the new product matches the existing customers' purchase habits, for example, Virgin's brand extension into cola segment after their success with the teenagers and young adults with Virgin music; and when the new product refreshes the existing product which is a common strategy in FMCG companies where products are continuously refreshed to differentiate with competition and grow market shares.

A product development strategy requires skills and specializations development in the organization, which means financial investments. Many businesses simply outsource product development by buying a product from another manufacturer and adding its own name to it.

## Diversification

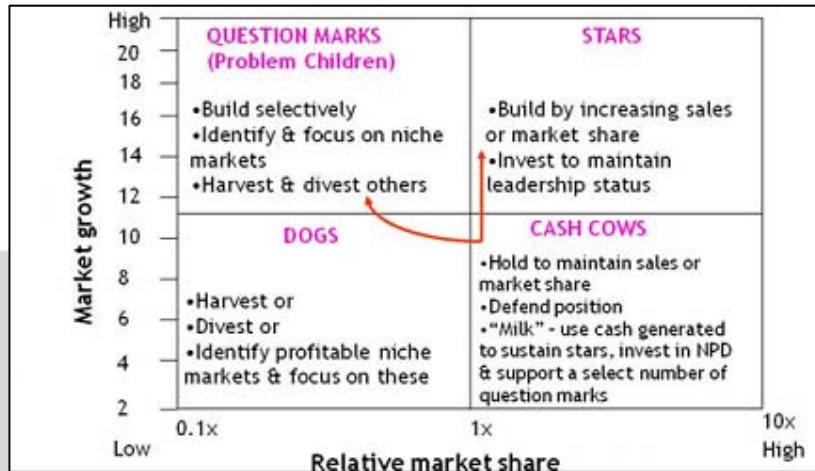
In this strategy that involves the highest degree of risk, new products are introduced into completely new markets. The business has no experience of the new market and therefore the risks are high. In addition, new products and new markets involve more investment in R&D, skill development and business operational changes. Therefore, the business must set down clearly what it hopes to gain through a diversification strategy. Three approaches to a diversification strategy include full diversification, backward diversification, and forward diversification. Full diversification involves offering a completely new product in a new market. Backward diversification occurs when a business offers a product or service that is at the previous stage to the firm's existing product. For example, Dhaka Dough diversifying into organic farming. Forward diversification occurs when a business offers products and services that come at a later stage than that of its current products or services, removing the need for wholesalers and retailers. For example, Zara not only manufactures its clothing but also has its own retail outlets to reach the customers directly ((Lamb, Hair, & McDaniel, 2011; Team FME, 2013; McAfee, Dessain, & Sjoman, 2007; Whalley, 2010).

Dhaka Dough combines market penetration and product development strategies. It sells its existing line of products to its current customers and teaches them new usages of its product line. They adopt a product development strategy by combining their existing ingredients and offering something new. For example, they use molasses and a native cereal to come up with a different type of healthy snack item.

## *BCG Matrix*

Bruce Henderson developed the BCG Matrix in 1970 for use within the Boston Consulting Group. It helps an organization to assess its own internal capabilities in terms of the business units, product lines, and services. The BCG Matrix helps to make decisions regarding allocation of resources behind products and services against the backdrop of the market situation. The product portfolio analysis also helps to check whether these match the business and organizational objectives. The matrix is a 2X2 one that has market growth on one axis and the organization's market share on the other. It gives rise to four quadrants, each of which can accommodate a firm's product or

service per its market share and the market growth situation. Figure 2.9 below shows the BCG Matrix with the characteristics of the product portfolio.



**Figure 2.9** BCG Matrix

**Source:** Younes, 2016; Online

Market share is either the revenue or volume sales expressed as a percentage of total market sales. A higher market share indicates a bigger proportion of the market under the control and influence of the business.

Market growth is the difference between the current and the past year growths and is an indicator of how profitable a market is to existing and potential players. A high growth market affords more opportunities for making profits even though the market share may remain the same. By contrast, a low growth market can offer intense competition among the firms, which survive by offering heavy discounts and is therefore, not profitable for the players.

Stars represent relatively new products in the market. These tend to have a high market share in a high growth market, can finance its own sustenance and represents the Growth stage of the product life cycle. Question marks need a lot of financial investment to try to acquire or regain its dominance and represents the product at the Introduction stage of the product life cycle. Cash cows are a market leader in a market which is stable and has little future growth potential. Cash cows generate a lot of profits and are those products on the Maturity curve of the product life cycle. Profits generated

from cash cows can be used to invest in other products that may not be doing so well. Dogs are at the Decline stage of the product life cycle and are not profitable for the company.

A business will invest in its Star products for further growth as these bring in profits that offset the investment made behind them.

A question mark is a low market share product in a high growth rate market and so the business needs to decide whether this has the potential to become a star and eventually a cash cow. Hence, the business should make a critical decision whether to invest in it further or not. Investment could be in the form of a product relaunch, a new image that is more appealing to the target market, or a redesigning of the product to keep up with the changing market conditions.

Cash cows are market leaders with high market shares in low growth markets. The profits that they generate are more than enough to sustain themselves. The revenues they generate are used for investments in markets that are on the growth curve. Their marketing costs are lower as these are established brands, they do not need too much investment and the low market growth is an entry barrier for new entrants. The speed at which technological changes are taking place, it is difficult for an organization to figure out whether a product can justify its investments and turn into a cash cow. The technological changes can turn markets rapidly from an emerging to a mature one. An example could be the market for mobile games.

Dogs are products in the low growth stage of a market with low market shares. These drain the company resources in terms of talent and capital that might be better utilized for star or question mark products. Because the market is stagnant, relaunching a dog in the hope of regaining market share is futile. The lack of profits from dogs indicate a lower return of assets and is not a positive sign for investors. One criticism is that dogs can be sustained in the product portfolio even if they are not profitable simply because mature markets can be very big in some cases and a small market share may not be bad for the organization. Having a dog in the portfolio completes the range of products offered by an organization and prevents competitors from filling in a gap.

If a dog has social credibility and practices green marketing, it can help a company project a positive image.

After analyzing if a product belongs to either Star, Cash Cows, Dogs or Question Marks quadrant, a company must then decide the next step. There can be four ways of handling situations. A company can hold or maintain the way it has been doing things; it can also build to make a Star out of a Question Mark or maintain a Star; harvest is a way of using the profits generated by a Star or a Cash Cow to maximize profits and lessen investments; or divest or withdraw a Dog so that resources can be better utilized behind Star and Question Mark products that have future growth potential.

The BCG Matrix uses cash flow to assess a firm's product portfolio. The market shares it uses indicate if the portfolio can generate profits for the company. The market growth points to the cash requirements in the future.

The BCG Matrix is a useful way of having a topline view of the organization's capabilities and opportunities to make investment decisions for future growth. It also points out the strengths and weaknesses of cash flow management of the products in the portfolio. One of the limitations of the BCG matrix is that it assumes earnings increase with an increase in market shares, which may not be the case. Another shortcoming is that it interprets a high market share to have high profitability. It also assumes that cash cows have returned very high profits that can be channeled in other growth areas. However, such revenues need to be reinvested for the interest of the cash cows to enable them to create customer loyalty and brand value. In addition, the model rejects that a Dog can be profitable. Moreover, subjective assessments are involved in predicting growth potential of markets as some industries may be more optimistic and persuasive about the future.

A wrong way of using the BCG Matrix is when a company assumes that the model implies it should have a balanced portfolio with products in all four quadrants. Another implication that is not made by it is that funds from the Cash Cow should be invested into Star or Question Mark products. The BCG Matrix neither suggests to have

equal number of products in each of the quadrant (Team FME; Value Based Management.net , n.d.; Professional Academy, n.d.; Whalley, 2010).

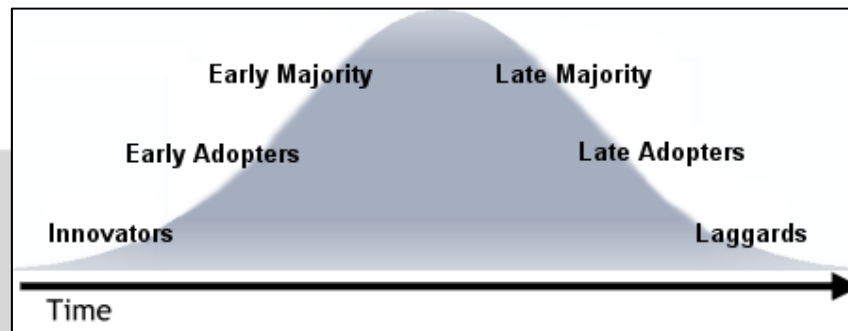
By looking at the products that are most profitable to Dhaka Dough and the market conditions of organic food products, the BCG Matrix will be used to mark the different products as Star, Cash Cow, Question Mark or Dog. The organic rice grains market is growing and therefore Dhaka Dough's rice grains could be a Star product whereas their almond milk could possibly fall in the Dog quadrant as Dhaka Dough is the pioneer of these non-dairy drinks and therefore this falls in a low market growth and low market share quadrant but almond milk still garners profits for the business as it is the top earner.

#### *Idea Adoption Model and Product Life Cycle*

The Idea Adoption Model looks at the common pattern in the adoption of new ideas. Graphically, it is presented as a bell shape curve with the x-axis as the time continuum. The groups called Innovators, Early Adopters and Early Majority form the left side of the bell curve while the right side is occupied by Late Majority, Late Adopters and Laggards. The Innovators prove that the new idea works but they do not have much influence on the others. They constitute a mere 2-3% of the total group. The Early Adopters are the opinion leaders who constitute roughly 13% of the total group and they are the ones who can take the new idea off the ground by spreading the word to the next group – the Early Majority. As the name suggests, the Early Majority is a group that constitutes 24% of the larger group. The same pattern carries on over to the next three groups with the percentages in reverse.

It is important to look at the speed of adoption of a new product or idea because the speed is an indicator of product sales, revenues and profits; it is possible to predict how much time it will take to get the payback against the investment in the product; and since each of the adoption stage has a different set of customers on them, it becomes easier to formulate separate marketing mix strategies for them. Therefore, a new idea from a business can forecast the market by looking at the Idea Adoption Model. It is interesting to marketers with regards to a few aspects. Firstly, how long does the adoption take and whether some beliefs and attitudes take more time to change, hence taking more or less time for assimilation of a product. Secondly, the factors that can

speed up or slow down the adoption process and the exact path of the process. Thirdly, the process by which the innovators or early adopters pass on the new concept to others. And lastly, how a business can influence the process to its own advantage. Figure 2.10 below shows the Idea Adoption curve.



**Figure 2.10** Idea Adoption Model

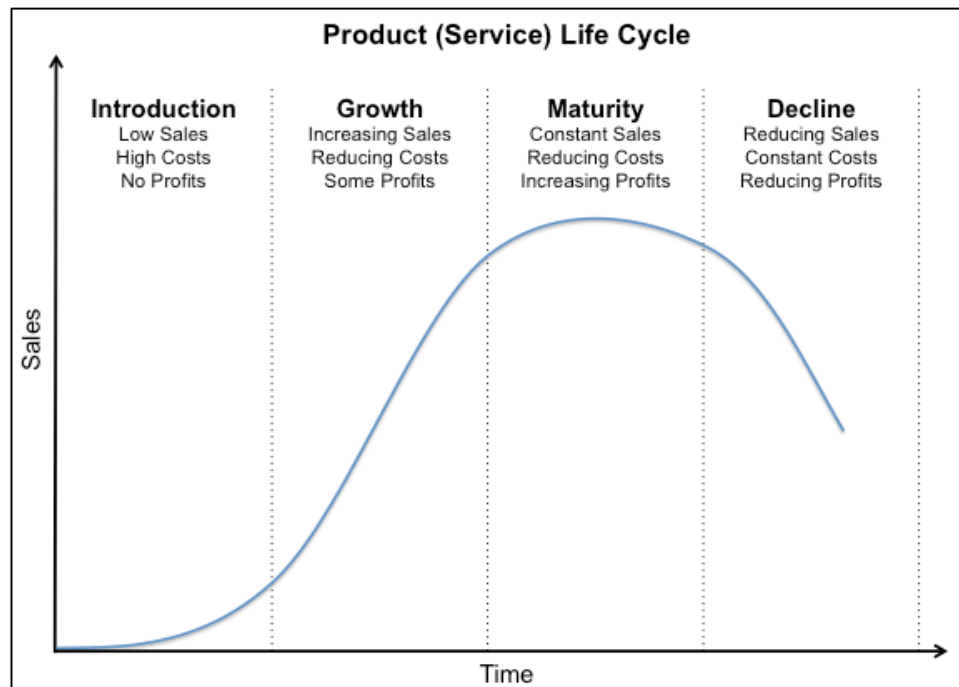
**Source:** Berry, Two market forecast models and the product life cycle, 2016; Online

For Dhaka Dough, the Idea Adoption Model can show what they need to do in terms of marketing mix for the Innovators and Early Adopters group to encourage consumption of organic food category and to encourage them to choose Dhaka Dough over competition.

Product Life Cycle has four main stages of Early Development, Growth, Market Saturation and Decline and each stage reflects the market growth rate. The marketer must look at the Growth and the Saturation points closely. At the Early Development stage, growth rate may be high but smaller size of units may be sold. The product is just beginning to reach the target customers at this stage. This stage coincides with the Innovators stage of the Idea Adoption Model. As Innovators try to find the new product, idea or technology, the business establishes distribution channels.

At the next stage of Growth, the market goes upward as the news has been spread and so Early Adopters and Early Majority groups are buying more of this new product, idea or technique. There is high growth and high volumes at this stage of the product life cycle.

As the life cycle moves to Saturation or Maturity, growth rate begins to decline and it becomes a replacement market as most consumers have the idea, product or technique. Figure 2.11 below shows a graphical presentation of the Product Life Cycle model.



**Figure 2.11** Product Life Cycle

**Source:** Cambridge IGCSE Business studies 0450, n.d.; Online

To use the product life cycle to forecast markets, a business must remember that the Growth stage rolls down the hill after gaining momentum and then the situation changes; that saturation will be reached as the product catches on; and that life cycles vary from one product to another. The speed of the life cycle also varies from industry to industry or from product to product. Mature markets are easier to predict as these show stable or slow growth figures and therefore can be taken as a firm base for projections.

The Idea Adoption Model and the Product Life Cycle are closely related, giving a valuable insight on how the different stages of the product can target different market segments, when the product will steer towards a new direction and what the business

can do to keep pace with the changing dynamics (Berry, Two market forecast models and the product life cycle, 2016; Wright, 1999; Whalley, 2010; Professional Academy, n.d.;).

### 2.3 Conclusion of the Literature Review

The literature review on writing marketing plans and their purpose has been based on various books authored by marketing gurus, websites and journals that discuss the latest developments in the field of marketing, especially the rise of social media. Some authors have provided a very basic framework of a marketing plan and its components. The tools needed to analyze the external and internal environments have been discussed in detail. The different types of marketing plans per time availability and purpose have been discussed. The 7Ps of marketing mix, the promotional tools and the analytical tools have been discussed with examples in the literature review to give the reader an in-depth knowledge and understanding.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

The tools to be used for analyzing the current position of Dhaka Dough and suggest its future direction are: PESTEL analysis, Porter's Five Forces, SWOT analysis, TOWS analysis, Ansoff's Matrix, BCG Matrix, Idea Adoption and Product Life Cycle models. While the first three tools mentioned above will be used for macro- and micro-environmental analysis, the rest of the tools will be used to develop and plan market and marketing strategies for Dhaka Dough. The results of the planning tools like TOWS analysis, Ansoff's Matrix, BCG Matrix, Idea Adoption and Product Life Cycle models will be used to create an implementation plan that will include what, when, how and why certain actions will be taken and who will be responsible for the execution of these actions. Marketing metrics will be used to monitor and evaluate if the actions are achieving the objectives they were meant to and these will be suggested in the plan and not actually carried out.

#### **3.2 METHODOLOGY**

The methodological approach for the marketing plan of Dhaka Dough will combine both primary and secondary research. Primary research with consumers will have a combination of qualitative and quantitative questions whereas the interviews with Dhaka Dough will be qualitative in nature as this part is more about the business itself rather than attributes or attitudes of consumers. Primary research will be conducted with the closest competitor of Dhaka Dough to compare sales and to identify if the highest selling, lowest selling and the products with growth potential are the same or different for the two organizations.

The customer interviews will be used to achieve the marketing plan objective of looking at the organic food usage and attitude to plot the marketing strategy for Dhaka Dough. The data will be collected from the consumers of organic food products residing in Dhaka as they will be the best source to reveal the usage and attitude toward the category. Both in-depth interviews and online surveys will be conducted among the

respondents. This survey will consist of both open-ended and multiple choice questions. As the market for organic food products is niche, twenty-five respondents will be sufficient to represent the population of organic food consumers in Dhaka as only organic food consumers have been selected for the research, unlike the secondary research samples that were based on random sampling that included both organic and non-organic food consumers (Iqbal, 2015; Mamoon & Haque, 2013). Fifteen in-depth interview respondents will be identified through personal contacts and their responses will be recorded instantly on the online Google form. When it will not be possible to locate more than fifteen respondents for in-depth interviews, the survey will be sent out online to selected respondents from personal mailing list and posted on select groups on Facebook. Questions will be asked on the respondent's demographic and geographic characteristics - age, sex, income, education, family life cycle stage and location of residence in Dhaka - to identify the core customers of organic food products. To understand the consumption habits, understanding and attitude towards the category, the respondents will be asked what do they think organic food is, if they consume organic food, why do they do so, and what are some of the organic food types they buy. For further understanding the consumer behavior, the respondents will be asked where they buy organic food products from, who makes the purchase decision, who makes the purchase, which family members consume the organic food, at what time of the day these are consumed, how often they buy organic food products, how do they know what they are buying is organic, how much money they spend monthly on organic food products, how long does it take from placing an order to getting the products when they buy, if they look for any information before making the purchase, whether they like shopping online or not and the reason for their preference, what do they do when they cannot get the organic food products of their choice, what substitutes they buy, and the factors that are on the priority list before making the purchase like quality, price, availability, location, trust and brand name. The respondents will be asked to select strongly agree, agree, neutral, disagree or strongly disagree to statements that will show the degree of importance of quality, price, availability, location, trust and brand name to identify the most important ones that are relevant for them and the category. They will be asked their opinion on whether people should consume organic food or not to see their attitude and knowledge about organic food products. To further probe into

their attitude toward the category, they will be asked if they face any problems when buying organic food products, if there are enough outlets that sell these products and if they think there should be more such outlets. Brand awareness of Dhaka Dough will be checked by asking the respondents if they have heard about the brand with a simple Yes or No answer. Likert scale on the quantitative parts of the consumer survey will be used to measure certain attributes of Dhaka Dough and their competitors like quality, price, product variety, packaging and customer service to identify which are the most important attributes of an organic food retailer, what do Dhaka Dough and competitors lack and therefore which are the areas that can be worked on or improved to make Dhaka Dough the most preferred organic food retail brand in Dhaka. The scale will also be used to rate customer loyalty and customer satisfaction toward Dhaka Dough by asking how willing the respondents are to recommend and continue to use them on a scale of 1 – 5 where 1 is highly likely and 5 is highly unlikely. Frequency of purchase and amount in local currency will be measured quantitatively. Another question will be asked to check if there are any additional products or services that Dhaka Dough can provide to their customers so that its future business potential can be mapped. To understand the media habits of the target customer so that Dhaka Dough can do an effective and efficient promotion planning, the respondents will be asked about their favorite TV channel and program, radio channel and program, the newspapers they read, and the websites they visit daily. The factors that trigger word-of-mouth will be identified by asking the respondents whether they talk about their brand and product experiences, with whom they share their experiences and what makes them spread the word. This will identify the ways in which Dhaka Dough can influence the opinion leaders among their loyal customer base to promote the category and the brand.

Semi-structured interviews will be conducted with Dhaka Dough with the main owner-manager along with correspondence on email. They will be asked to give a profile of their target customers that include their age and sex, location of residence, socio-economic background, purchase behavior and frequency of shopping at Dhaka Dough, and the percentage of customers who are loyal. To identify the strengths of the business, Dhaka Dough will be asked to identify what they are good at. After they identify their strengths, there will be probing on specific areas like sourcing, processing

and customer service, unique skills and knowledge pertaining to the organic food category and their experience, and their marketing, financial, production, HR and organization strengths. Their weaknesses will be identified by asking them an open-ended question and then probing on specific areas where they can improve upon like HR training, the parts of the business that are not profitable like sourcing, processing, selling, marketing, customer service, waste disposal, perishable products, and others. They will be asked about other products or services they can offer to create more customer value. To understand how well their process is synched with technological developments, the business will be asked how they use technology and where else they can make use of it. To spot any potential market segment they are not currently targeting, Dhaka Dough will be asked to identify if they see any potential customer segment. Dhaka Dough's view on the organic food market growth will be asked as an open-ended question. Their image with current customers and those who do not know them will be asked to see if it is positive or not so that there can be a strategy to turn the negatives into positives to attract more customers and achieve the objective of increasing their market share. To ensure the authenticity of their products, they will be asked about how they know what they source is organic. For a comparative view with their competitors, Dhaka Dough will be asked what makes them better as an open-ended question and then probed on product quality, customer value, product variety, convenience of shopping, people facing the customers, and other amenities like seating space, food and drinks to eat there, and products that are not offered by the competitors. To understand the source of the highest profits, the business will be asked about their most profitable product. For a better understanding of Porter's Five Forces model to be applied for them, they will be asked open-ended questions on threats from their current and potential competition, substitute products, and suppliers. Detailed questions will be asked about their suppliers - how many suppliers they have, how dependent they are on them, how easy is it to switch from one supplier to another, and how easy it is to bargain with them. The last question of this part will be a close-ended question with possible answers that Dhaka Dough will choose from: suppliers always agree to our proposal, suppliers bargain a lot but finally agree, and the suppliers bargain a lot and force the business to agree to their proposal. Dhaka Dough will be asked about how easy or difficult it is to enter the organic food business regarding financial investments,

infrastructure and HR development, the right suppliers, the right location, the right partners, packaging costs, operation and logistics expenses, processing costs, and R&D costs. They will be asked about how the political, economic, socio-cultural, technological, environmental and legal landscapes affect their business to cross-check with the PESTEL analysis done with information from secondary research. During waiting times at Dhaka Dough, observation will be used to see how customers react to the choice of tasting products before they make a purchase, the approximate time they spend browsing through the shelves, their purchase amount, their inclination to spend time inside the shop and their verbal and non-verbal expression of satisfaction or dissatisfaction.

Prabartana, the closest competitor of Dhaka Dough, will be asked about their highest selling and lowest selling products to see how far these match with Dhaka Dough. Prabartana will also be asked about the products that have the potential to grow so that Dhaka Dough can invest in these. The last question to be asked to Prabartana is about the amount in currency of their daily sales from their three individual outlets. This will be compared to Dhaka Dough's sales to gauge how far the business is from their closest competition in terms of market share.

### 3.3 Analytical Tool Inputs and Expected Outputs

Literature on the local consumption and attitude towards organic food will be consulted although extensive studies on the subject are lacking. Both the qualitative and quantitative results of secondary research will be used to draw implications (Skills You Need, n.d.; USC Libraries, 2016). Documentation analysis will be done from existing reports and articles on organic food and their consumers. These reports and articles are the results of research conducted by academicians, journalists and environmentalists.

The PESTEL Analysis will be done for Bangladesh based on information collected from multiple reliable sources. Asian Development Bank will be consulted for the economic outlook, as this source is preferred over government sources because of their international and unbiased nature. The political and economic aspects will be gathered from news articles and features from well-known and cited sources like The Economist. The socio-cultural aspects will be derived from personal observation and from focus group discussions and interviews carried out in the past during personal and

work experience. Moreover, newspaper articles on socio-cultural changes will be consulted. The technological development aspect will be consulted from reports and news articles done by international development firms like the Embassy of Denmark in Bangladesh. The environmental aspects will be referenced from news articles and reports done by environmental organizations. The most relevant laws related to business in Bangladesh will be consulted from the government website. To cross-check the influence of Political, Economic, Socio-cultural, Technological, Environmental and Legal forces, Dhaka Dough will be consulted. The analysis will be conducted by projecting each of the issues against the current business of Dhaka Dough. The PESTEL analysis is not meant to offer solutions and therefore, only the issues and their impact on the business will be presented in a table. The output of the PESTEL analysis will be the forces in the macro-environment that can affect the business either positively or negatively. Depending on the possible effects, strategies to leverage or fight the effects of these forces will be suggested. For example, if one of the output of the PESTEL analysis is growing middle class, the strategy for Dhaka Dough will be targeting this segment to grow the category and its own market share.

After completing an analysis on the larger macro-environmental issues, the next step would be to conduct Porter's Five Forces analysis for Dhaka Dough to identify the strength of the suppliers, buyers, competition, substitute products, and the barriers to enter and exit the organic food industry. Primary research will be conducted with at least twenty-five respondents who are consumers of organic food to find out how strong their bargaining power is with regards to organic food products. Questions like where they buy organic foods from will reveal the number of supplier choices the customers have, and thus the strength of the buyers compared to that of the suppliers. This has an impact on the bargaining power of the customers of Dhaka Dough and the elasticity of the price of their products. Respondents' answer to the question regarding their action when their choice of organic food products is not available will show if they are willing to wait or go for substitute products. This has a direct impact on the efficiency of the supply chain and inventory management of Dhaka Dough. By rating the few organic food outlets available in Dhaka in terms of price, quality, packaging, product variety, and customer service, the respondents will show their awareness of the brands, their

preference for one competitor over another and their reasons for doing so. Where respondents have rated neutral for certain outlets, it will show that they are not familiar or have not had experience with these organic food retail outlets and thus indicate a low brand awareness.

Questions will be asked to Dhaka Dough about their suppliers to identify how dependent the business is on them, what kind of motivation is given to them to prevent frequent switching, and how easy it is to bargain with them. These questions will elicit the strength of the suppliers of Dhaka Dough. To find out the barriers to enter and exit the organic food business, Dhaka Dough will be asked how easy or difficult it is to start an organic food business in terms of financial investments, infrastructure development, the right talent, suppliers and location, and packaging, logistics, operational, processing and other costs.

The output of Porter's Five Forces will be how attractive the organic food industry is in terms of the strength of Dhaka Dough against its substitutes and competition, how well they can bargain with their buyers and suppliers, and how easy it is for them to exit the organic food market or their potential competitors to enter this industry. The number and concentration of the competitors will determine how strong competition is in the organic food product market and what Dhaka Dough should do. For example, if there are only a few players holding the market shares, Dhaka Dough will not face tough competition and can continue to target the same market segment. The output of Porter's Five Forces will be used to create short- and long-term plans.

PESTEL and Porter's Five Forces will reveal the major macro-environmental factors which will be used to map the opportunities and threats in the SWOT Analysis. The SWOT analysis will use secondary research done for Porter's Five Forces and primary research with Dhaka Dough to identify the external factors of threats and opportunities.

The strengths and weaknesses of Dhaka Dough will be identified through primary research as the business itself will be the best source to pinpoint these as these are more internal to the business. Questions mentioned before will be asked to generate the output and used to spot areas of improvement and key areas where the strengths

must be enhanced or maintained. As the strengths of Dhaka Dough must qualify as strengths only if their customers view these as such, the primary research to be done will ask the respondents to rate Dhaka Dough on customer service, price, quality, packaging and product variety – factors that are directly related to customers' purchase decisions and a source of strength or weakness for the business.

The output of the SWOT analysis will be a list of the organization's strengths and weaknesses that can be controlled and therefore, will be adjusted to leverage or fight the uncontrollable opportunities and threats in the external environment. The output will be translated to an action plan for Dhaka Dough. In addition, a SWOT analysis will be done for Dhaka Dough's closest competitor, Prabartana, to identify gaps that can be filled or improve certain areas.

The results of the SWOT analysis will be the inputs for the TOWS Analysis. The analysis will be done by matching Dhaka Dough's internal capabilities with the opportunities and threats in the external environment to come up with winning strategies. The output will be a matrix with the list of internal strengths and weaknesses and the external opportunities and threats presented in a table. The output will be used to suggest the four types of strategies for Dhaka Dough: maxi-maxi strategy to use the strengths to leverage the opportunities, maxi-mini strategy to use the strengths of the business to minimize the threats, mini-maxi strategy to minimize the threats to address the opportunities, and mini-mini strategy to minimize the weaknesses to avoid the threats.

After Dhaka Dough's major capabilities and weak areas are laid down, the following step will be to strategize how to achieve the basic business objective of increasing the organic food consumption. The combination of their strengths and weaknesses will be matched to external conditions to map their future growth strategy through Ansoff's Matrix. Primary research will be used to throw light on the degree of the capabilities of Dhaka Dough to create new markets or penetrate the existing market or develop their products or enter new markets with new products. Primary research with the consumers of organic food products will reveal the potential of the category through questions like if they think there should be more consumption of organic food products, if there are enough outlets selling these products and whether there should be

more such outlets. Secondary research from the superstore, Meena Bazar, will be consulted to get an idea of the market potential for organic food products. The secondary research will be matched with the primary research results to generate outputs like market growth and market potential. The analysis of the outputs will be done with regards to the four market strategies of the Ansoff's Matrix – market penetration, market development, product development and diversification. The outputs will indicate the market strategies for Dhaka Dough. For example, a growing middle class will point toward a market development strategy while a large market still untapped in Dhaka will indicate a market penetration strategy.

The input for the BCG Matrix will be collected through primary and secondary research. The owner-manager of Dhaka Dough will be asked to provide a list of their top-earning, top-selling and slow-moving products. Secondary research will be referred to for identifying the demand of specific types of organic food products in Bangladesh. Depending on the overall market growth and potential and Dhaka Dough's own product performance and potential, the output generated will be used to map the product portfolio to see which ones have the potential to do well and which ones might not be so profitable in future. For example, even if the market for almond milk is at a low market growth and low market share stage in the overall industry and hence might occupy the Dogs segment of the BCG Matrix, if it generates a high sales and high profit margin for Dhaka Dough, the corresponding strategy would not be to divest it but rather turn it to a Star product.

The Idea Adoption model will be used in conjunction with Product Life Cycle to identify the location of the different products and the consumers at different stages. From primary research with Dhaka Dough and its main competitor, the inputs will be provided. Similarly, secondary research will reveal which types of organic food products are on a fast or slow track. The analysis will be conducted by looking at which specific organic food products are occupying which stage on the Idea Adoption and the Product Life Cycle curves. For example, if research shows that organic rice grains are at the early growth stage on the Product Life Cycle and the Early Adopter stage on the Idea Adoption model, it indicates that an aggressive promotion is needed to encourage its consumption and simultaneously, the Early Adopters should be incentivized to bring

in more consumers to this fold so that the market for organic rice grains moves from the Early Adopter to the Early Majority stage. Parallely, through greater promotion to consume organic rice grains, the product will move from early and slow growth stage to a rapid growth stage on the PLC model. Such analyses will reveal different marketing mix strategies for the consumers and products at different points on the curves.

In sum, the tools to be used for analysis are PESTEL, Porter's Five Forces, SWOT analysis, TOWS analysis, Ansoff's Matrix, BCG Matrix, Idea Adoption and Product Life Cycle models. Secondary research will be used for the inputs for PESTEL along with primary research with Dhaka Dough. The output will be the macro-environmental forces that affects and will affect Dhaka Dough's business and therefore, the possible strategic directions. Primary research with Dhaka Dough will be used for data input for Porter's Five Forces Analysis to identify the factors affecting the business in terms of competitive rivalry strength, strength of their customers, suppliers and substitutes, and the barriers to enter or exit the market. The output will be a window to see how the factors surrounding the business environment of Dhaka Dough have an immediate and long-term effect on the business and hence, the steps that they can take to pre-empt moves from the competition. For SWOT analysis, primary research on the strengths and weaknesses of Dhaka Dough will be conducted. The opportunities and threats will already have been identified through secondary research done for PESTEL analysis. The TOWS matrix will combine inputs from SWOT analysis to plot each of the strength, weakness, opportunity and threat against one another to give the output of maxi-maxi, maxi-mini, mini-maxi and mini-mini strategies for Dhaka Dough that will show a clear way to leverage opportunities and strengths and minimize weaknesses and threats. Ansoff's Matrix will show the broad strategic directions that Dhaka Dough can take in future to develop the category and their market shares, which are the two main strategies for achieving their business objective of increasing the category. Both primary research with Dhaka Dough and organic food consumers and secondary research on the organic food industry will be used as inputs to derive the strategic directions. The results will be used to see if Dhaka Dough should penetrate the market, continue product development, go for new market development or opt for diversification. For BCG Matrix, primary research with Dhaka Dough and secondary

research will be used to map the current state and potential of organic products. Secondary research will be used to see the market growth of specific organic food products and cross-checked with the trends shown by Dhaka Dough's own products. The growth potential of specific products will be taken from the trends shown by Meena Bazar. The output of the BCG Matrix will show Dhaka Dough's products as Cash Cow, Star, Question Mark, or Dog. Depending on where the products fall, strategic directions will be set. The Idea Adoption Model will be based on primary research with organic food consumers and Dhaka Dough and secondary research that shows the market growth trends in both Bangladesh. The number of customers for each type of product of Dhaka Dough will show whether these are at the Innovator, Early Adopter, Early Majority, Late Majority, Late Adopter or Laggard stage. The results will be cross-checked with secondary research data from Meena Bazar on the same products. Furthermore, primary research with Prabartana will be done to check the highest and lowest number of customers for each product type. The output will show where customers are located for specific products on the Idea Adoption curve and this will be used to design marketing strategies to turn Innovators to Early Adopters, to influence Early Adopters to get the Early Majority included in the category, to educate and influence the Late Majority, Late Adopters and the Laggards. Lastly, the results of the Idea Adoption Curve will be used to plot the stage each product occupies on the Product Life Cycle and formulate the marketing objectives and strategies accordingly in terms of the kind and frequency of promotional tools to be used for products occupying the Introduction, Growth, Maturity or the Decline stage of the curve.

From the analyses provided by all the tools, the strategic directions for Dhaka Dough will be proposed. The main issues and their implications for Dhaka Dough will be identified and the strategy and corresponding marketing tactics will be proposed with the mention of the marketing objective meant to be achieved by each strategy.

The research limitations are that the primary research will be conducted in Dhaka only and may not be applicable elsewhere in Bangladesh; the data collected in 2016 may not hold true for subsequent years; and the sample size of the research may not be suitable to be extrapolated on the entire population.

## CHAPTER 4

### MARKETING PLAN FOR DHAKA DOUGH

#### 4.1 Executive Summary

Dhaka Dough is a retail outlet in Dhaka, Bangladesh, that sells authentic organic food products, sourced from their own farms.

The organic food market in Bangladesh is at a nascent stage. These food products are not easily available and it is more expensive to grow food organically. With increasing concerns and campaigns on food safety and food adulteration, consumers have become aware and are demanding more organic food products. However, Bangladesh being a poor country, most people cannot afford to buy organic food products. Thus, the target market for Dhaka Dough are those people from upper middle and upper classes residing in Dhaka with a monthly household income of above BDT 50,000 or approximately USD 675.

The marketing plan for Dhaka Dough maps the way they can achieve their business objective of increasing organic food consumption by applying the marketing strategies of increasing category awareness, creating brand awareness, and by increasing their market shares. Although data of market growth and market shares are not documented, Dhaka Dough can get an indication of the sales figures of their two closest competitors, Prabartana and Meena Bazar, through market intelligence. Meena Bazar and Prabartana have fifteen and three outlets, respectively, giving them an edge of having a wider customer base.

Dhaka Dough has a product variety and range that is innovative and new for the Bangladeshi consumers and here lies one of its strengths over competition. Other strengths include the authenticity of the organic food products as most of these are sourced from their own farms, high involvement of the owners and their family members during processing, customer service by the owners themselves, their transparency regarding the source of the ingredients and products, and their eco-friendly processes and packaging. The main weakness is their low brand awareness. The opportunities for Dhaka Dough are the rising interest of consumers in organic food

and the growing middle class who can afford to buy some. The threats come from current and potential competition but the major threat is from the non-organic food products that abound and are cheaper for most people.

The 7Ps marketing strategy for Dhaka Dough includes continuation of product development and market penetration and planning for market development and diversification in future. Market development should be done by targeting the rising middle classes with smaller stock keeping units and by storing more varieties of rice grains and lentils. Such a strategy would achieve their objectives of increasing both the category and their market shares. Through diversification, Dhaka Dough should offer related services like home delivery of healthy meals. The business should continue to use processes, materials, and packaging that are environment-friendly. Their premium pricing is justified by the authenticity and high quality of products that are appreciated by their regular customers. They build in a 25-35% profit to their costs currently but this is not sufficient to reach the break-even point. They should sell 4 times more products to reach the break-even point. Their placement in terms of both online and physical presence create more value for the customers. The store is manned by the owners themselves and is one of the USPs of the business. The physical evidence is manifest through their brick-and-mortar store, website and Facebook page. Dhaka Dough should invest in targeted promotion to create and raise their brand awareness, inform about their online shopping facility, and create awareness and educate about the benefits of organic agriculture and consumption of organic food products.

The marketing plan gives a sales forecast for years 2017, 2018 and 2019 based on the main competitor's sales figures in local currency. Market shares of Dhaka Dough compared to its main competitor, Prabartana, is only 1%. Therefore, for 2017, the sales target without built-in profit margin has been set at BDT 2 million to reach the breakeven point. For the next two years, a sales increase by 100% has been set. 10% of the gross sales have been taken as the promotional budget for Dhaka Dough during the three years.

It is suggested that Dhaka Dough conduct periodic market and consumer studies, which are not expensive, to gauge category development index, market penetration, brand penetration, penetration share, brand awareness, consumer beliefs

and customer satisfaction, purchase habits, willingness to search and recommend, and Net Promoter Score. Brand awareness, brand penetration, customer satisfaction, and willingness to search and recommend should be carried out every six months to keep a close watch on the increase, decrease or status quo of the brand awareness, one of the main marketing objectives of the business. Market penetration and brand penetration will indicate how far the category has spread among the target customers and how Dhaka Dough is doing in the market.

#### **4.2 Purpose of the Marketing Plan**

The purpose of this marketing plan is to grow the existing business and market shares of Dhaka Dough, a retail outlet for organic food and wellness products based in Dhaka, Bangladesh. The plan will help formulate a strategic direction for the business and will discuss, assess and analyze the macro-, micro- and internal environments that currently influence this small-sized business and its potential in the future. A three-year strategic direction is provided in the plan so that Dhaka Dough has a document in its hand and can trace its path to reach its goals against an established budget, make measurements and adjustments along the way, and be on track to sustainability and profitability.

#### **4.3 Mission Statement**

The mission of Dhaka Dough is to provide a variety of high quality, chemical-free organic food products made from native ingredients for the upper middle and upper class families residing in Dhaka to encourage the habit of consuming organic food products. The business aims to delight customers with innovation and novelty by providing high quality products, eco-friendly processing and packaging, and excellent customer service.

#### **4.4 Situational Analysis**

##### **4.4.1 Market overview**

The organic food market is still at its nascent stage in Bangladesh. In the countryside, it is more common to grow organic food while the scenario is quite the opposite in the cities (Seraj, Tangail villages set laudable example of organic farming, 2016). It is quite difficult to find organic food products in the metro cities as most retail

outlets and supermarkets sell commercially produced brands of food products, most of which are not grown organically. The organic range that are found in supermarkets are limited in breadth and depth. In contrast, Dhaka Dough offers only organic products made from local produce. The main competitors of Dhaka Dough in Dhaka are Shashya Parabartana, Meena Bazaar and other non-branded organic products found in the supermarkets.

The practice of growing and consuming organic food is coming back because of the presence of artificial and chemical elements found in food. Organic foods are those which are grown in safe soil, without modifications, without the use of synthetic pesticides, bioengineered genes, petroleum and sewage sludge based fertilizers. There is no evidence that organic food has better or more nutrients than non-organic foods. Organic foods do not contain the harmful pesticides or their residues and is thus better for children and pregnant women. Another argument for promoting organic food products is organic farming, the process through which organic foods are produced. Organic farming is good for the environment as it reduces pollution, conserves water, and increases soil fertility (Orin, 2013; Tahmina, 2016).

The basic difference between conventional and organic farming is that the latter is done on a smaller scale with more inputs from both field labor and managerial skills and under stricter conditions, rendering it a more expensive form of farming and thus ending up costing an average of 20% higher than conventional food products. However, the virtues of organic food products are its higher levels of nutrients, minerals and other elements that can fight certain diseases. Not only are organic foods priced higher, it is not easy to access these. Only a few reliable outlets sell organic food products. In some organic products, the information does not include how these were processed and packaged, raising doubts in the minds of the customers (Yousuf, 2013).

The concept of organic has caught on with the urban health conscious population of Bangladesh as campaigns against adulterated food has created public awareness and have resulted in the increasing demand of organic foods. This has increased the trend of making organic produce available in Dhaka, the capital city as opposed to only in rural markets in the past. An increase in health-conscious consumers has driven the demand for organic food products in Dhaka (Parveen, 2008). The process

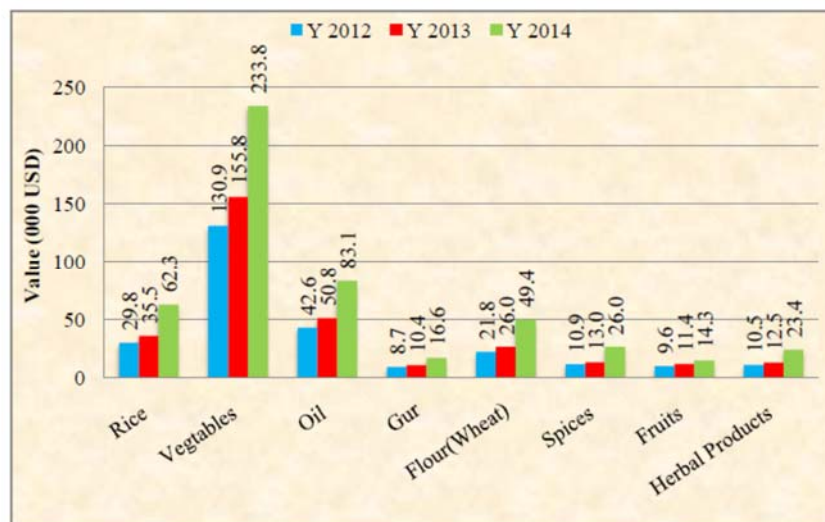
of organic farming is not at all easy. Challenges faced include a host of macro-environmental factors such as industrialization and urbanization, declining size of farmlands, migration from rural to urban areas, environmental degradation, inclination towards genetically modified crops, and climate change. In Bangladesh, the challenges faced are a reduction in arable land, increasing population, natural disasters and climate changes. Besides, since 1965, the use of chemical fertilizers to meet the food demand of the population was introduced and has been used ever since. The use of such chemical fertilizers has affected the quality of the soil and the rate of yield. Some advantages of organic foods over non-organic ones include: fresher taste, more beneficial nutrients, suitable for people with food allergies, and causes no harm to the consumer. Organic farming also has a big advantage in terms of not harming the nature (Dhaka Dough, 2016; Hossain).

Three organizations for organic farming have been established in Bangladesh and they have been working with the government and public authorities to encourage organic farming. Separate areas in the wet markets are earmarked for organic food sellers. However, unscrupulous middlemen buy these organic produces in bulk, do not pay a premium to these organic farmers, and then mix these with non-organic food products to sell them to larger markets. Thus, only a handful of consumers are getting the organic food products. An urgent marketing mechanism can prevent this practice. Unless the organic farmers are ensured that they would get the right price for their labor, it would be difficult to meet the international quality standards of organic products. In addition, there are no government approved certification bodies and the sole private organization, Organic Bangladesh Limited that is trying to standardize the products, are not getting any support from the government.

#### 4.4.2 Market forecast

The global market for organic produce is growing at an annual rate of 10% (Md. Asaduzzaman Sarker, 2008). In another research, it is mentioned that the global organic food and beverage market is expected to touch the \$161.5 billion mark by 2018, triggered by a compound annual growth rate of 15%. However, the proportion of organic foods in the total food consumption basket is still very low with only 3.5% of the total food sales in the USA in 2012. This figure is even less in Asia – not over 1%.

Although there is no statistical evidence for Bangladesh, it is assumed that the percentage of organic food in the total food basket is even lower than the Asian figure (Rahman & Noor, 2016). A research by Cottingham has shown that the increase of organic food sales has been 8% in 2013, that Asia will see 20% annual growth in the organic food market, and that the market in Bangladesh has decreased by 4% (Ahmed & Rahman, 2015). There is no further research to support the statement that the organic food market has decreased by 4% in Bangladesh. On the contrary, Table 4.1 below shows an increasing trend in the sales of organic food products from Meena Bazar over a period of three years.



**Figure 4.1** Local Market for Organic Products for Meena Bazaar from 2012-2014

**Source:** SAARC Agriculture Center, 2015; Online

Figures for the organic market in Dhaka or Bangladesh are not available (FiBL, 2014). Hence, the 2012-2014 market growth figures in USD for specific types of organic foods as provided by the superstore, Meena Bazaar, would be used as the benchmark for forecasting market growth. Table 4.1 below shows the growth percentage of specific organic product groups derived from Figure 4.1:

**Table 4.1** Market Growth of Organic Food Groups in Meena Bazar from 2013 – 2014

	<b>2013</b>	<b>2014</b>
Rice grains	16%	75.5%
Vegetables	19%	50%
Oil	19.25%	63.58%
Molasses	19.54%	59.6%
Wheat flour	19.26%	90%
Spices	19.26%	100%
Fruits	18.75%	25.4%
Herbal products	19%	87.2%

**Source:** SAARC Agriculture Center, 2015; Online

Table 4.1 above reveals that the market growth of organic food products has been rising for all food types, especially spices, wheat flour and herbal products. This is an indication of the market potential for organic food products in Dhaka. Dhaka Dough can beef up its marketing exercise to promote those products that show the most promise.

For Dhaka Dough, the Figure 4.2 below shows their best-selling products:

Top Sellers		
197	<a href="#">Non baked Energy Bar</a>	-----
135	<a href="#">Almond Milk</a>	-----
124	<a href="#">Peanut Butter</a>	-----
86	<a href="#">Coconut oil</a>	-----
72	<a href="#">Whole Wheat Bread</a>	-----
57	<a href="#">Flaxseed</a>	-----
54	<a href="#">Mustard Oil</a>	-----
52	<a href="#">Whole wheat flour</a>	-----
51	<a href="#">Lip Balm</a>	-----
45	<a href="#">Butter cookies</a>	-----
37	<a href="#">Turmeric powder</a>	-----
35	<a href="#">Eggs (free range Hen)</a>	-----

**Figure 4.2** Top Selling Products of Dhaka Dough

**Source:** Mamun, 2015; Online

#### 4.4.3 Competition analysis

Three prominent organizations that have been selling organic food produce in Dhaka are Shashya Prabartana, Proshika, and Meena Bazaar.

The first name for organic food retail is Proshika that started ecological farming in 1978. Proshika supplies a limited amount of vegetables and fruits in some retail outlets in Dhaka. The five farms owned by Proshika send two tons of vegetables to Dhaka every day. Proshika trains farmers on organic farming and sells their produce through their own channels to selected outlets and offices. Proshika pioneered the sale

of organic vegetables in a wet market in Dhaka and sells by mobile vans to apartment blocks, department stores and superstores. The mission of Proshika is to conduct extensive, intensive and participatory processes of sustainable development through empowering the poor. This is a broad approach of expressing what they do and is not directly related to organic farming (Proshika, n.d.). Organic farming is one of the many developmental activities that the organization is engaged in.

Shashya Prabartana started its Dhaka outlet in 2000 as part of an NGO, promoting organic farming. The brand mantra of Shashya Prabartana is organic healthy nutritious and the brand slogan is Farming Organic for 30 Years (Prabartana, n.d.). Thus, the organization has established its purpose that is directly related to organic farming. The customers of Shashya Prabartana are attracted by its wide variety of organic food products. The parent NGO of Prabartana, Ubinig, has ten production centers across the country that engage organic farmers, half of whom are women. On average, Prabartna has 160 daily customers. The accumulated daily sales from the three outlets of Prabartna in Dhaka is BDT 135,000 or USD 1,705.

Meena Bazaar is the first superstore in Dhaka that sells organic food products packed in recyclable materials and the main customers of these are the upper income households. But the middle-income families are also expected to get on the organic food trend as groups like Bangladesh Poribesh Andolon rally for public awareness and legal steps to hinder indiscriminate use of chemicals. The demand for organic produce is rising as people are getting more health-conscious and these players in the organic food market have export in their long-term plans (Azher, 2003; Parveen, 2008; Md. Asaduzzaman Sarker, 2008).

Dhabol and similar businesses do not have outlets as such but function from the home of their owners. Their family members have access to a wide network outside Dhaka which afford the opportunity to acquire the products from the sources. There is no marketing activity from Dhabol now except for a Facebook page but they plan to operate through e-commerce soon (Tahmina, 2016).

Table 4.2 below shows the competitor profiles of Dhaka Dough that operate within Dhaka:

**Table 4.2** Competitor Profiles of Dhaka Dough (cont.)

Competitor	Established date	Value offered to customers	Strengths	Weaknesses
<b>Proshika</b>	1978	Provides training to farmers on organic farming. Sells their products at customers' doorstep in select areas.	Pioneers in organic food selling. Own farms. Control over channels of distribution. Financial strength.	Limited quantity. No physical outlet. Does not have a wide reach. Unbranded.
<b>Prabartana</b>	2000	Product variety. Product quality.	Product variety and quality. Ten production centres. Three outlets in Dhaka. Financial strength. Strong backward integration. Online store. Eco-friendly packaging.	Limited outlets. No seating arrangements for customers. Typical salespersons.
<b>Dhabol</b>		Home-based so a go-to option for people in the locality, thus convenient.	Trusted sources. Online retailing.	No outlet. Very limited products.

**Source:** Prabartana, n.d.; meena bazar, n.d.; Dhabol, n.d.; Proshika, n.d.; Online

The direct competition of Dhaka Dough comprises Proshika, Prabartana and Meena Bazaar, Prabartana being the main competition in terms of product specificity (only organic), product variety and daily sales. All three source their organic produce from their own farms. Dhabol and other similar home-based businesses are indirect competition for Dhaka Dough as these are not very organized and have very limited product lines, catering to people within the locality of their home. Another set of indirect competition consists of all local and international non-organic food products.

#### 4.4.4 Customer analysis

In an awareness, perception and attitude study of organic foods in Dhaka, it has been identified that 27% of the respondents claimed that the reason to buy organic food is that these are healthy and nutritious, 26% said these are not contaminated, 16% because of taste, 15% because organic foods are environment friendly, 9% because organic foods can manage illnesses, 4% because of affordability and 2% have no

specific reasons to consume organic products. These figures show the value that the customers are seeking. Taking these into account, Dhaka Dough should improve its positioning and marketing messages per what the customers value.

Consumers from the upper class – 21.4% with monthly household expenses above USD 191 to 255 – more often buy organic food. Among the male population of the respondents, most of them got to know about organic food products from newspapers, followed by TV programs and ads, word-of-mouth, magazines and books, markets and superstores, educational institutions, promotional or educational events and through radio channels. Among the female population of the respondents, a maximum number got to know about organic food from TV programs and ads, followed by magazines and books, word-of-mouth, markets and superstores, promotional and educational events, educational institutions, and radio channels. It is important to know the media from which the consumers learned about organic foods so that an optimum promotional plan for Dhaka Dough can be suggested.

When asked since how long the respondents have been having organic products, 25% said between 1 and 2 years, 19% below 1 year, 12% for 2-4 years, and 8% for more than 4 years. This shows that there is room for increasing the consumption of organic foods if the benefits are promoted sufficiently and if availability is made easy. Thus, Dhaka Dough can increase the category by creating awareness and at the same time, create and increase its own brand awareness, increase its online presence, and open more branches to capture a wider market.

The respondents place most importance on the health and safety factors of organic foods, followed by taste and environmental concerns. 32% buy specific brands from specific superstores to verify that they are purchasing organic food, 30% buy from shops that they know sell organic products, 27% check the labels, 1% have their own organic farms, and 10% were not sure or did not know. Asked whether the respondents checked the label to see where the organic products they are purchasing are grown, 24.3% always check, 18.6% check frequently, 20% check sometimes, 5.7% seldom check and a huge percentage of 31.4% never check. Therefore, Dhaka Dough can gain greater credibility if their product labels carry the source of the ingredients. Most respondents are willing to pay a premium price for organic foods, which means that the

business for Dhaka Dough should see more profits. Majority of the respondents also think that the incidence of organic food consumption will rise due to food insecurity. After learning about organic food products, most of the respondents and even those who never tried organic foods opined that it is quite important to consume organic food products. Again, this proves that a huge awareness program about organic foods can change the perception of people. Thus, the key findings of this report prove that Dhaka Dough can achieve its business objective of increasing organic food consumption by creating and increasing category awareness (Nupur, 2011).

Another research has found a link between age, education, income and the purchase decision regarding organic food products. The older male population holding a higher academic degree and with a higher income are more willing to pay a premium for organic food products. Thus, Dhaka Dough can target the older male customers with marketing communications. The three main reasons for buying organic food products are that consumers want tastier food products, they want food that are good for the health as there is no danger of pesticide residue on organic foods, and that they want to try something new, trendy and fresh. More than half of the respondents of this research are very concerned about the pesticide residues on food products. Those who are very concerned on this parameter are also the highest purchasers of organic foods. They do not exactly know what organic farming is. Dhaka Dough can play a role in spreading awareness of why organic agriculture is good for the environment and the well-being of people and thereby achieve their business objective of increasing the consumption and the marketing objective of increasing the category. It is interesting to note that although most of the respondents are satisfied with the range of organic food products that are available in supermarkets, a large portion of them would like to see more variety of organic food products, especially organic fruits and vegetables (Iqbal, 2015). Therefore, product development and diversification are areas that Dhaka Dough should look towards for future market growth. Also, Dhaka Dough should keep a database of their customers with demographic and purchase details so that they can be sure of the 20% of their loyal customer base and their buying habits that generate 80% of their business. These loyal customers can be influenced to become opinion leaders for the category and for Dhaka Dough.

#### 4.4.5 Channel Analysis

The source of organic food products for the retailers are 68% wholesalers, 10% supermarkets, 10% from local retailers, 8% from their own farms, and 4% from specialized shops. For setting the price, most follow competitive pricing strategies, followed by brand image, production cost, lower than competition and other strategies. To verify the quality of the organic food products, majority of the retailers check for quality themselves, others ask about the quality to the suppliers, 16% are educated on quality checking by their management or officials, while others use alternate means or no means at all. Right quality and right price are the two main reasons the retailers get their organic products from their suppliers. A small percentage of the retailers never keep non-organic food products along with organic ones. As a certification system, the retailer community would most trust an agro or green producers' association, followed by government and private institutions. The main reasons for not getting a steady supply of organic products are natural calamities, lack of transportation, political unrest, diseases that have affected the crops and crops not getting harvested at the right time. Low quality and insufficient supply are the major complaints the retailers get from their customers.

Of the wholesalers that were surveyed, most of them supply only organic products, while an equal proportion supply only non-organic and both organic and non-organic ones. About a quarter of the wholesalers interviewed termed organic products as natural foods, while others defined organic foods as those produced without pesticides and chemicals, herbal food, and indigenous food produce. Most of the wholesalers go to local or national sources for their supply. The consistency of quality and supply of organic products are the main issues faced by the wholesalers. To develop their existing business of organic food products, the wholesalers offer new products to new and existing customers, offer the same products to new markets, use new technologies for greater satisfaction and engage new suppliers on a regular basis.

The key respondents stated that regarding organic food products, the main issues are: product quality, customer demand, inconsistent supply, affordability, and variety.

Most farmers and producers started their organic food business between 2000 and 2005 as that was the beginning of the organic food consumption consciousness among the consumers. So, most of the organic food farmers surveyed have more than 15 years of experience in this field. Many of them produce vegetables, followed by other crops and seeds, leaves and crops. The difficulties the organic farmers face are: high labor cost, difficult access to organic agricultural inputs, high cost of organic inputs, and insufficient land for farming.

All the surveyed farmers agreed that there should be international standard quality assurance systems and that financing is needed to develop this sector. To ensure the quality and standard, the farmers follow the rules and regulations provided by the government agricultural officials, use organic seeds and manure, follow seasonal cultivation, purchase seeds from selected traders, use natural pest control, and 4% use all these guidelines. They follow some of their own methods to ensure the quality of their organic produce: giving intensive care pre- and post-harvest, using no chemical fertilizers, sticking to the guidelines, using proper irrigation and good quality seeds. These farmers supply their produce through supply contracts, on spot commodity markets, through selected suppliers or directly to the local markets. For organic inputs, most of the farmers opt for organic seeds, while a lesser percentage gives priority to organic manure, seed nutrition and humidity, and irrigation. Most of them use organic pest control measures (Nupur, 2011). The implication for Dhaka Dough is to ensure a steady supply and high quality of their products.

#### 4.5 Dhaka Dough

Dhaka Dough was launched in November 2015 by a group of environment and outdoor activist friends.

##### 4.5.1 Product Analysis

Dhaka Dough is a newly established business that is just above a year old. Within this short time, it has built a loyal base of customers who frequently buy organic food products from Dhaka Dough.

On the product list are different varieties of rice grains, lentils, whole-wheat flour, edible oils (coconut, peanut, mustard, flaxseed, black cumin), preserves made

from indigenous fruits, peanut butter, honey collected from the Sundarbans (the largest mangrove forest), powdered spices (cumin, turmeric, coriander, red chili), whole spices (cardamom, cinnamon), freshly baked whole wheat bread (made to order), native mustard sauce, non-baked energy bars, fruit and nut smoothies, pickles, cookies, almond milk for lactose intolerants, flaxseed, beeswax lip balm, cold coffee brew, healthy snacks like puffed rice with lemon leaves – all sourced from carefully selected vendors from outside Dhaka or made with local produce.

Dhaka Dough sources the raw materials directly from small-scale farmers and some of the farms are owned by the management members. Some of the products are only found at Dhaka Dough. The benefits of the products from Dhaka Dough are that they are organically produced, hygienically processed without any human touch, and are of high quality. The prices of some of the products are on the higher end as Dhaka Dough believes in giving a fair price to the farmers and factors in their profit. A short distribution channel is involved to ensure low distribution costs and good quality of products. The upstream channel members that take products from Dhaka Dough have been successful in selling their products, especially mustard oil. Dhaka Dough has positioned itself as 100% local as they use mostly locally grown and native products. There are no promotional programs conducted by Dhaka Dough as word-of-mouth has organically spread good words about them. They have money-back offers when customers are not satisfied with their products, which is a rare incident. Dhaka Dough also offers price-offs when their customers bring back the glass jars to be refilled. The packaging of Dhaka Dough is in sync with their environment-friendly approach. Brown paper bags are used and shopping bags made from jute are sold to customers to discourage the use of plastic shopping bags. All containers are made from either glass or other recycled materials. The glass jars help the customers to look at the color and texture of the product before making the purchase decision. Dhaka Dough also offers the customers a taste of its ware before they make a buying decision. This is unique as their competitors do not offer this service to prospective customers. Some of the products of Dhaka Dough need to have the seal from Bangladesh Standards and Testing Institute but most can be sold without the seal from BSTI.

The products are sold under their generic brand names with the containers having the label of Dhaka Dough, product weightage and the website address. The brown paper bags and the clear glass jars reflect the clean, simple and organic personality of the brand.

Besides offering organic products, it offers friendly and customer-centric services, building relationships that go beyond a business-client relationship. Other retail outlets that sell organic food products do not offer an ambience that is enticing enough for the customers to sit and chat over coffee. Whereas the competition brands man their retail outlets with sales staff, Dhaka Dough's owners themselves cater to the customers. Since this group of owners are highly educated with different professional backgrounds, customers often find themselves drawn to a conversation that ranges from cross-country cycling in the USA to gastronomic matters. While the competition brands fulfill the functional needs of the customers, Dhaka Dough appeals both to the functional and the emotional needs.

The top selling products of Dhaka Dough are non-baked energy bars, almond milk, peanut butter, coconut oil, whole-wheat bread, flaxseed, mustard oil, whole-wheat flour, lip balm, butter cookies, turmeric powder and free-range hen eggs.

#### 4.5.2 Target markets

Dhaka Dough aims to reach a niche market currently as appealing to a wide market will not be feasible because they cannot meet the demands of a large market yet. The target market for Dhaka Dough are both male and female, aged above 35 years old, from upper middle and upper classes. They have 60% loyal customers who are repeat customers that buy certain organic products only from Dhaka Dough. 90% of their customers are female. Most of them are married and have children. These customers are minimum graduates and engaged in own business or private service. They are aware of the goodness and health benefits of organic products and buy these not only for self-consumption but also to give as gifts. Buying organic food is a decision jointly taken by a married couple. Adulterated food products have received huge coverage in the media and these customers are rightly concerned about the quality of the food available commercially. They are discerning and know the quality of food by their taste. The customers of Dhaka Dough come from locations that are not convenient to commute

from but they still visit because of specific products like mustard oil, peanut oil, almond milk, cold brew, free-range hen eggs and others. They buy in bulk monthly. Some of them like to come to Dhaka Dough because of the personal relationship they have with the owners. Others send their chauffeur with a list of the items to be bought when they do not have the time to do so themselves. A large group of the Indian community regularly buys the whole-wheat flour from Dhaka Dough. Some of the customers take free-range eggs for their children. Other foreigners and expat members also form a part of the target customers. One customer takes the cold brew from Dhaka Dough every morning on her way to work. The target market enjoys the relaxed, down-to-earth and natural ambience of Dhaka Dough as well as the diverse conversations that they can have with the owners who manage the store. They trust Dhaka Dough and their continued relationship with the store is a manifestation of the product quality. Primary research has shown that when buying organic products, the only way the customers can ensure they are buying good quality products is their trust on the retailer. This trust is gained from the personal relationship they have with the store. The transaction at Dhaka Dough usually lasts from 3 – 5 minutes if the purchase is made in the store. For online shopping, the customers have the choice of getting the delivery either on the same day or the next day. Dhaka Dough offers a taste of the product to the customers before they make the purchase decision. Customers can taste honey or oil or any other product that is ready to taste before they decide to buy. Primary research has further shown that the most important factor when buying organic products is the quality, followed by retailer trust and brand name.

Table 4.3 below shows Dhaka Dough's customer profile:

**Table 4.3** Customer Profile of Dhaka Dough (cont.)

<b>Age</b>	<b>Gender</b>	<b>Education</b>	<b>Location</b>	<b>Lifestyle</b>	<b>Values</b>	<b>Activities, Interests, and Opinions</b>
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not grown in Bangladesh and are therefore, bought from wholesalers. The finished products are sold at the Dhaka Dough outlet, another outlet called Deshal that sells clothes and homeware products made from local materials, and two online grocery shopping outlets called [directfresh.com](http://directfresh.com) and [chaldal.com](http://chaldal.com)

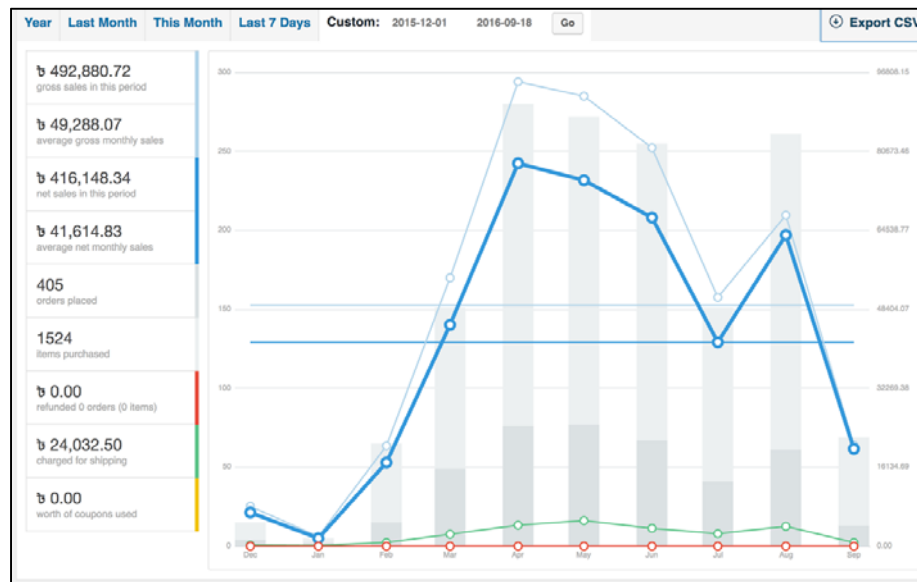
Another large superstore is currently in discussions with Dhaka Dough about keeping their products on their shelves.

To the organic farmers, it is important that they get the right price for their products. Therefore, to keep them motivated and satisfied, Dhaka Dough gives them the right price and in return, get the assurance of high quality products. [Directfresh.com](http://Directfresh.com), [chaldal.com](http://chaldal.com) and Deshal strive to give the best local and international products to their customers. Hence, their need is to keep those brands in their portfolio that reflect their values of purity and honesty. While it is beneficial for these outlets to keep products of Dhaka Dough, it is also beneficial for Dhaka Dough since their products can reach a wider market as Deshal has seven outlets in Dhaka, [chaldal.com](http://chaldal.com) has 400 daily customers and [directfresh.com](http://directfresh.com) has a customer base of 20,000 households (review, n.d.; The Independent, 2015; Direct Fresh, 2016). However, it cannot be ensured that the sources from where [chaldal.com](http://chaldal.com) and [directfresh.com](http://directfresh.com) are entirely reliable.

#### 4.5.4 Financial Analysis of Dhaka Dough

Dhaka Dough engages several small scale organic farmers to ensure high quality of the products. These farmers are given a fair price by Dhaka Dough so that they do not mix other inferior elements in the products. Dhaka Dough builds in a profit of between 25 – 35% before setting the retail price. They share 10-15% of the profits from sales in other retail stores like Deshal, [chaldal.com](http://chaldal.com) and [directfresh.com](http://directfresh.com).

Figure 4.3 below shows Dhaka Dough's gross and net average monthly sales figures in Bangladeshi currency for the period of ten months, December 2015 to September 2016.



**Figure 4.3** Monthly Sales of Dhaka Dough: Dec 2015 - Sept 2016

**Source:** Mamun, 2015; Online

The ingredients, packaging and logistics costs are respectively, 60%, 10% and 2% of the selling price. The number of items sold and the variable costs are considered to arrive at the break-even sales point. Table 4.4 below shows the variable and fixed costs of Dhaka Dough based on the monthly average net sales.

**Table 4.4** Variable and Fixed Costs of Dhaka Dough (cont.)

Variable costs	Fixed Costs
Ingredients cost = 60% of average net monthly sales of BDT 41,615 = BDT 24,969	Rent expenses = BDT 27,000
Packaging costs = 10% of average net monthly sales of BDT 41,615 = BDT 4,161.50	Salaries expenses = BDT 10,000
Logistics cost = 2% of average net monthly sales of BDT 41,615 = BDT 832.30	Internet bills = BDT 2,000
<b>Total variable costs = BDT 29,963</b>	Utilities expenses = BDT 2,000
	Miscellaneous expenses = BDT 2,000
	<b>Total Fixed Costs = BDT 43,000</b>

**Source:** (Mamun, 2015)

**Table 4.5** Unit Variable Cost and Average Selling Price Per Item of Dhaka Dough

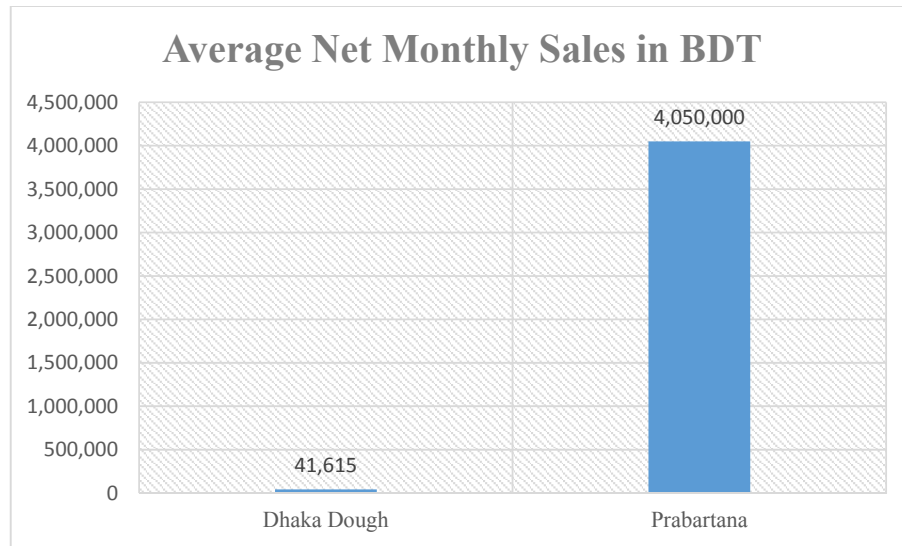
<b>Total Variable Costs</b>	BDT 29,963
<b>Number of Items Sold</b>	1,524
<b>Unit variable cost = Total Variable Costs/Number of Items Sold</b>	20
<b>Average selling price per item = Monthly average net sales/Number of Items Sold</b>	27

**Table 4.6** Break-even Analysis for Dhaka Dough

<b>Contribution = Selling price – Variable Cost</b>	BDT 27 – BDT 20 = BDT 7
<b>Break-even level = Total Fixed Costs/Contribution per unit</b>	BDT 43,000/BDT 7 = 6,143 items

Table 4.6 above shows that to break even, Dhaka Dough must sell at least 4.03 times more items than they are currently selling.

When compared to its closest competition, Prabartana, Dhaka Dough lags in sales. Figure 4.4 below is a graphical presentation of this difference.



**Figure 4.4** Comparison between Average Monthly Net Sales of Dhaka Dough and Prabartana

Dhaka Dough has slightly over 1% of the average net monthly sales that Prabartana has. However, the figure shows combined sales from Prabartana's three outlets. If only their flagship store is taken where monthly average sales is BDT 2,100,000, the average sales of Dhaka Dough is close to only 2% of Prabartana's flagship store average monthly sales. To narrow the gap, Dhaka Dough needs to adopt a more aggressive marketing strategy that encompasses educating the target market about organic food to increase the category, creating their own brand awareness through effective promotional efforts, and increasing their market share through market penetration, product development, market development and diversification strategies. As corroborated by the break-even analysis, the business must increase its sales volume considerably before it can generate profits. It can do so either by selling more numbers of items as shown in the break-even analysis to reach the desired sales volume or it can target a higher profit margin so that even if it cannot sell more volumes, it can generate profits through selling products of higher value.

#### 4.5.5 External Forces Analysis

##### 4.5.5.1 PESTEL Analysis

Table 4.7 below summarizes the PESTEL Analysis for Dhaka Dough.

**Table 4.7** PESTEL Analysis for Dhaka Dough (cont.)

	<b>Issues</b>	<b>Implication for Dhaka Dough</b>
<b>Political</b>	<p>Political stability is currently presiding though there can be minor upheavals at times.</p> <p>Terrorist attacks.</p> <p>15% VAT on consumer goods.</p> <p>Corporate tax rate of 37.5%.</p> <p>Bureaucracy and corruption are high and prevalent.</p> <p>Low interest of the government in organic farming.</p>	<p>Strikes and road blocks can affect Dhaka Dough as supply chain would be disrupted and timely delivery would not be possible, resulting in lapsed or lost customers.</p> <p>Any terrorist attack can cause expat customers to decrease, causing the business lost customers.</p> <p>End-consumers must pay the 15% VAT.</p> <p>Dhaka Dough pays taxes on their income.</p> <p>Obtaining BSTI seals is a long process for Dhaka Dough.</p> <p>Government interest can help flourish interest and demand for organic food products.</p>
<b>Economic</b>	<p>6.6% GDP growth in 2015.</p> <p>Growing middle income class.</p> <p>Inflation currently stands at 5.53% and is forecasted to be 4.8% in 2020.</p> <p>Increasing public and private investments.</p>	<p>Better business for Dhaka Dough as better economy means more disposable income.</p> <p>Growing middle income families can afford to buy organic products.</p> <p>Reduced inflation can make it more comfortable for consumers to spend more money.</p> <p>More competition for Dhaka Dough with increasing investments.</p>
<b>Sociocultural</b>	<p>Organic food demand growth.</p> <p>Health-consciousness on the rise.</p> <p>More conscious of the environment and its preservation among a small group.</p> <p>Higher tendency to travel abroad and get more exposure.</p> <p>Traffic jam in capital city makes commuting difficult.</p>	<p>Positive impact on the business in terms of current and potential customers.</p> <p>Environmentally-conscious customers likely to champion Dhaka Dough's packaging and business processes.</p> <p>With greater exposure to the outside world, higher tendency to try new things, which is positive for the organic food industry and Dhaka Dough.</p> <p>To avoid traffic jams, people opt for online shopping.</p>

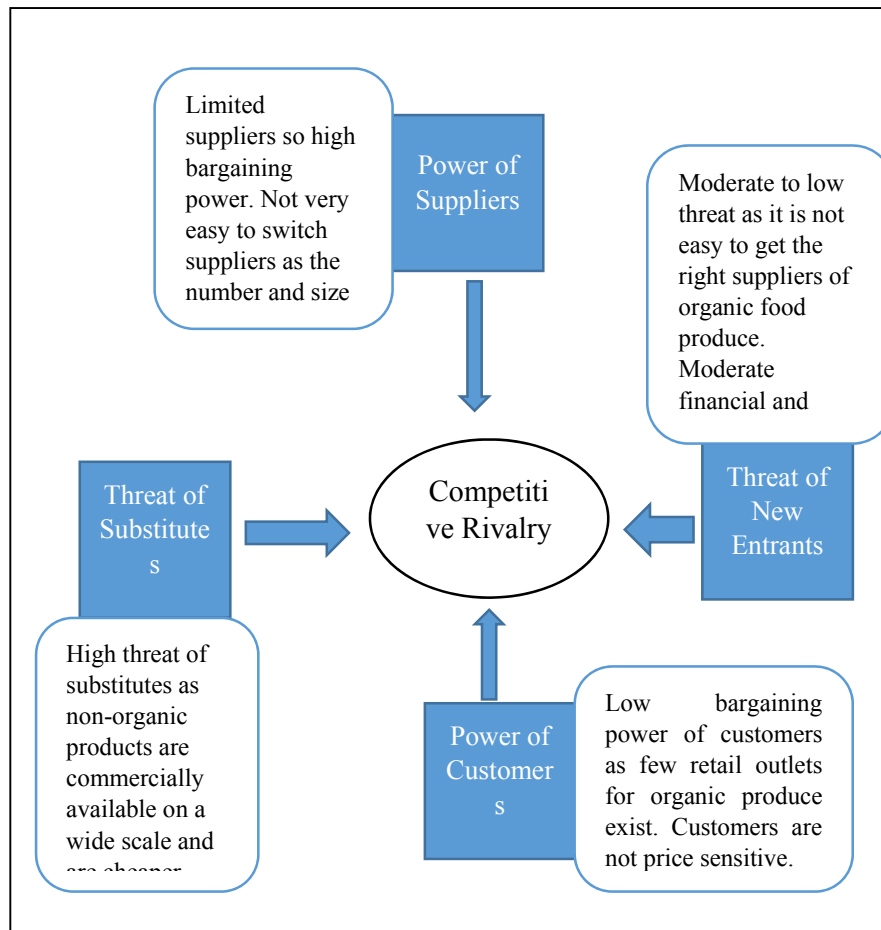
**Table 4.7** PESTEL Analysis for Dhaka Dough (cont.)

	<b>Issues</b>	<b>Implication for Dhaka Dough</b>
<b>Technological</b>	High interest of the government to develop information and technology sector.	People are adopting technology to make life more convenient.
	The Internet has penetrated 13.2% of the total population.	They prefer shopping online and can do so directly from Dhaka Dough or order their products from chaldal.com and directfresh.com. Dhaka Dough can use technology to manage their supply chain and inventory management. With more informed consumers, persuading the goodness of organic food products will be easier for Dhaka Dough.
<b>Environmental</b>	Some increase in the awareness of the importance of preserving the environment.	Dhaka Dough's processing, packaging, store interior and recycling policies can be highlighted to build company image.
	Widespread diseases caused by air, water and sound pollution, industrial waste and unhealthy sanitary.	Dhaka Dough can disseminate information about how organic farming preserves the environment

**Source:** Asian Development Bank, n.d.; Khan, 2015; Online

#### 4.5.5.2 Porter's Five Forces Analysis

For Dhaka Dough, the Porter's Five Forces Analysis is applied to gauge the strength of buyers, suppliers, competition, substitutes and the ease of entering or exiting the organic food retail business. Figure 4.5 below sums up Porter's Five Forces for Dhaka Dough.



**Figure 4.5** Porter's Five Forces for Dhaka Dough

**Source:** Mamun, Owner, Dhaka Dough, 2016

Competitive rivalry from direct competition is low as there is a handful of competitors of Dhaka Dough and the organic food market is not very organized. The loyal customers of Meena Bazar, Dhaka Dough and Prabartana seldom switch to other brands because it is not easy to access other brands and there are so few in the first place. The threat of the substitute products is very high as non-organic food products are widely available at a cheaper rate. Therefore, Dhaka Dough should have a robust plan to establish the case for organic food products so that those who can afford can be convinced to opt for these. At the same time, they must beef up their marketing and brand management exercise to establish themselves as the preferred choice for organic food products.

There is room to grow the organic food product market and as mentioned earlier, Dhaka Dough being one of the few that sells organic food products, can increase the consumption and thereby grow the category. They have already established themselves among a niche clientele as sellers of high quality organic food products and they have very few competitors to contend with. The customers have a high demand for organic foods but the current supply is not sufficient and therefore, they pay a price premium for these products. Although there are few suppliers of organic food produce, Dhaka Dough has forged a win-win relationship with the suppliers of organic produce by giving them the right price for their labor. The financial motivation keeps these suppliers committed to Dhaka Dough and they are thus more inclined to maintain the high quality of their produce.

#### 4.5.5.3 SWOT Analysis

##### Strengths and Weaknesses

The main strengths of Dhaka Dough over its competitors is its strength of authentic sourcing, hygienic processing of raw materials using imported machines that negate human touch, keeping the tradition of offering products that are modified or refined to a minimum, involvement of family members to oversee the processing of raw materials, processing in small quantities to ensure high product quality, range of products, quality and novelty of these products, transparency about their sources and ingredients, stellar customer service, online retail option, seating arrangement with option of having drinks, Ethiopian coffee, and snacks, organic word-of-mouth that brings in customers, 60% loyal customers, good relations with channel members, financial ability to run the business, high involvement of owners, no dependence on importers, clear delegation of responsibilities, using almost 100% native ingredients, and the practice of their eco-friendly philosophy reflected in the packaging and the store interior.

The main weaknesses of Dhaka Dough against their competition are their store location which can be inconvenient to reach for a large segment of their target group, customers not aware that they can order their products online, their scale of production and sourcing which can make some products unavailable sometimes, lack of any certification from a regulatory body which cannot strengthen the authenticity claim,

expensive process of disposing perishable and expired items, inconsistent positioning and low brand awareness.

#### Opportunities and Threats

The rising health and food safety concerns, campaigns against adulterated food and chemical fertilizers, rising demand for organic food, the growing middle class, the willingness to spend more money on organic food, increasing awareness of the importance of environment preservation, and the interest of channel members to stock organic food products, and increasing use of technology are the opportunities for Dhaka Dough. Another area that the business can look at in the long term is meal delivery services in Dhaka. The category of catering services in Bangladesh consists of 18,011 catering service providers with 5,502 (30.5%) based in Dhaka alone (LangkaBangla Financial Portal, 2015).

The threats for Dhaka Dough are its direct and indirect competition, new types and wider lines of organic products that may be offered in future, and non-availability of their products in the downstream chain of channel, price hike by suppliers, and suppliers not meeting delivery deadlines.

Table 4.8 below is a comparison of SWOT Analysis for Dhaka Dough and Prabartana, its main competitor.

**Table 4.8 SWOT Analysis Comparison of Dhaka Dough and Prabartana (cont.)**

	<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
<b>Dhaka Dough</b>	Authentic sources.	Store location.	Rising health and food safety concerns.	Direct competition.
	Hygienic processing.	Absence of organic product certification.	Increasing awareness of preserving the environment.	Indirect competition.

**Table 4.8** SWOT Analysis Comparison of Dhaka Dough and Prabartana (cont.)

<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
Minimum modification.	Low awareness of online shopping option.	Increase in organic food consumption.	New types and wider product lines.
High owner involvement during processing.	Out of stock situations.	Growing middle class with more disposable income.	Price hike by suppliers.
Closely managed by owners.	Wide gap in sales with main competitor.	Campaigns against adulterated food and chemical fertilizers.	Delivery deadline misses from suppliers.
Small quantity processing to ensure high quality.	Branding inconsistency and lack of concrete positioning.	Willingness to pay premium for organic food.	
Transparency about source and ingredients.	Not associated with a formal organic farmers' body.	Booming catering business.	

**Table 4.8** SWOT Analysis Comparison of Dhaka Dough and Prabartana (cont.)

Strengths	Weaknesses	Opportunities	Threats
<p>Excellent customer service by owners themselves.</p>		<p>Increasing interest of channel members to stock organic food products.</p>	
<p>Online shopping option.</p>		<p>Increasing use of technology to make life easier.</p>	
<p>Seating arrangement.</p>			
<p>Ready-to-serve drinks and snacks.</p>			
<p>60% loyal customers.</p>			
<p>High customer reference.</p>			
<p>Good relations with channel members.</p>			
<p>No dependence on importers.</p>			
<p>Clear delegation of responsibilities.</p>			

**Table 4.8** SWOT Analysis Comparison of Dhaka Dough and Prabartana (cont.)

	Strengths	Weaknesses	Opportunities	Threats
<b>Prabartana</b>	<p>Usage of native produce.</p> <p>Eco-friendly processes, packaging and store interior.</p> <p>High product quality.</p> <p>Wide product range.</p> <p>Ten production centres.</p> <p>Three outlets in Dhaka.</p> <p>Financial strength.</p> <p>Online store.</p> <p>Strong backward integration with organic farming communities.</p> <p>Eco-friendly packaging.</p>	<p>Limited outlets.</p> <p>No seating arrangements for customers except for in flagship outlet.</p> <p>Typical salespersons.</p>		

*Implications of SWOT Analysis*

Dhaka Dough's internal strengths can help the business overcome threats and leverage the opportunities from the external environment. To counter the location of their physical store, they have already offered the online shopping option and have tied up with downstream channel partners to reach a wider target market more conveniently. Dhaka Dough needs to let customers know that they have an online shopping format and that their products are also available at Deshal, chaldal.com and directfresh.com. Instead of putting out of stock on their online shop, they should give a tentative time within which the products would be available. Dhaka Dough should also keep a customer database so that when products become available, they can send out personal notes to the customers. Although the current customers of Dhaka Dough do not complain about the price of their products, to tap into new markets, the business must justify their premium pricing through demonstrable proof of their quality. For example, as opposed to commercially available powdered spices, the ground spices of Dhaka Dough can produce better results with lesser quantity, thus saving costs for the customers in the long run. Such consumer benefits should be informed so that people see the value and not price in the products of Dhaka Dough.

Dhaka Dough should maintain the quality of their products and their eco-friendly approach to doing business as these factors will help them to stand in good stead even when more competition joins the organic food industry.

The opportunities available to Dhaka Dough and the entire organic food market can be leveraged by increasing the consumer awareness of the benefits of organic farming and consumption of organic products. Organizations like Dhaka Dough can take the lead by informing consumers what organic is, why organic farming is beneficial for the environment and the reasons why organic food produce are better for human health.

Dhaka Dough opines that it will be difficult for competition to meet their standards as they are ahead in ensuring high quality of products, offering new types of organic products that competition cannot, and a myriad of advantages not offered by others. However, they should continue product development to prevent fatigue, plan diversification with new services and products in the catering market, and target the

growing middle income classes with market development to give more value to the customers and remain relevant to them.

Dhaka Dough's main challenges when compared to Prabartana are their low brand awareness and the absence of any concrete organic farming community to lend more credibility to their products. Moreover, the product range of Dhaka Dough is not as wide as that of its main competitor's. In addition, whereas Prabartana has a strong brand association with organic, Dhaka Dough does not.

#### 4.5.5.4 TOWS Analysis

	<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. Rising health and food safety concerns.</li> <li>2. Increasing awareness of preserving the environment.</li> <li>3. Increase in organic food consumption.</li> <li>4. Growing middle class with more disposable income.</li> <li>5. Campaigns against adulterated food and chemical fertilizers.</li> <li>6. Willingness to pay premium for organic food.</li> <li>8. Booming catering business owing to busy urban lifestyle.</li> <li>9. Increasing interest of channel members to stock organic food products.</li> <li>10. Increasing use of technology to make life easier.</li> </ol>	<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Direct competition.</li> <li>2. Indirect competition.</li> <li>3. New types and wider product lines.</li> <li>4. Price hike by suppliers.</li> <li>5. Delivery deadline misses from suppliers.</li> </ol>
<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. Authentic sources.</li> <li>2. Hygienic processing.</li> <li>3. Wide range of products.</li> <li>4. Minimum modification.</li> <li>5. High owner involvement during processing.</li> </ol>	<p><b>Maxi-maxi strategy:</b></p> <ul style="list-style-type: none"> <li>- Promote organic food consumption habit to grow the market and create brand awareness.</li> <li>- Smaller SKUs and</li> </ul>	<p><b>Maxi-mini strategy:</b></p> <ul style="list-style-type: none"> <li>- Establish clear positioning to differentiate itself from competition.</li> <li>- Maintain and enhance quality to minimize threat from current and potential competitors.</li> </ul>

<p>6. Closely managed by owners.  7. Small quantity processing to ensure high quality.  8. Transparency about source and ingredients.  9. Excellent customer service by owners themselves.  10. Online shopping option.  11. Seating arrangement.  12. Ready-to-serve drinks and snacks.  13. 60% loyal customers.  14. High customer reference.  15. Good relations with channel members.  16. No dependence on importers.  17. Clear delegation of responsibilities.  18. Usage of native products.  19. Eco-friendly processes, packaging and store interior.</p>	<p>appropriate products to target middle class families.  - Grow market shares through more channel partnerships.  - Take advantage of price insensitivity to make greater profits.  - Create brand awareness and enhance brand image by stronger association with environmentally sustainable processes.  - Use own ingredients to diversify into catering business.</p>	<p>- Emphasize relevant points of difference with competition to gain an edge.  - Continue to do product development to give more value and product variations.  - Develop relations with new suppliers to go from moderately dependent to low dependent stage and prevent missed delivery timelines.</p>
<p><b>Weaknesses</b>  1. Store location.  2. Absence of organic product certification.  3. Low brand awareness and awareness of online shopping option.  4. Out of stock situations.  5. Wide gap in sales with main competitor.  6. Branding inconsistency and lack of concrete positioning.</p>	<p><b>Mini-maxi strategy:</b>  - Spend on promotion to create brand awareness, establish positioning and narrow the gap between itself and the main competitor.  - Inform current and potential customers about work-in-progress of getting certification.  - Enhance online presence by more channel partnerships.  - Create awareness among TG about online shopping availability.  - Minimize out of stock situations by using technology for inventory and supply chain management.</p>	<p><b>Mini-mini strategy:</b>  - Get organic product certification from authorized bodies to minimize threats from direct and indirect competition.  - Redirect customers to downstream channels when Dhaka Dough is out of stock and vice versa.  - Inform customers of non-availability beforehand in the case of seasonal products and create urgency to make sales while stocks last.  - Give links on own website to downstream channels so customers who cannot come to the physical location have alternate means of getting their products.</p>

**Figure 4.6 TOWS Analysis for Dhaka Dough**

#### 4.5.5.5 Ansoff's Matrix for Dhaka Dough

Currently, Dhaka Dough combines the two strategies of product development and market penetration.

In the market penetration strategy, Dhaka Dough offers its existing products to its existing clientele to increase its market shares and increase usage by the existing customers. The business does so by personal selling where the customers are given the benefits of the products by the owners of Dhaka Dough. These benefits are also posted on their Facebook page. Dhaka Dough's policy of money-back guarantees, price-off offers on returning bottles, and tasting products before purchasing are all values for customers and this is how the business ensures the customers use more Dhaka Dough products.

Dhaka Dough takes some degree of risks in its product development strategy. They offer fruit smoothies mixed with nuts or almond milk. These drinks are not familiar to the culture of Bangladesh. They also present traditional snack items in new forms by adding some other native ingredient. Their product development strategy has been successful because it widens the product range, giving the customers more choices and more chances to taste something new. Dhaka Dough's lip balm made from natural ingredients is also a part of their product development strategy.

#### 4.5.5.6 BCG Matrix for Dhaka Dough

The BCG Matrix for Dhaka Dough is applied to the product portfolio only as Dhaka Dough does not have separate strategic business units. Some of the partners of Dhaka Dough own the organic farms but these are not under the aegis of Dhaka Dough.

The product lines of Dhaka Dough can be divided into rice grains, lentils, edible oils and ghee, peanut butter, fruit preserves, pickles, flour, free-range eggs, snacks (energy bars, butter cookies and molasses-covered popped rice), honey, whole-wheat bread, spices, mustard sauce, molasses, lip balm and almond milk. In the absence of organic food industry market information, as mentioned earlier, the figures provided by Meena Bazar in Figure 4.1 and the growth figures in Table 4.1 above have been used to match the market growth for specific organic products that are also offered by Dhaka Dough. In this way, an assumption has been made about the market growth of specific

products and whether these are high- or low-selling ones for Dhaka Dough, thus pointing to the segment in the BCG Matrix where they are likely to belong. Meena Bazar information shows demand growth for organic rice, oil, molasses, wheat flour, and spices. If the highest selling and slow products of Dhaka Dough are matched, it is seen that rice and molasses are not a part of the high selling items. Thus, rice and molasses fall in the Question Mark segment. Primary research with Prabartana also indicates that there is growth potential for organic rice. Meena Bazar and Dhaka Dough match on oil, wheat flour and spices. Therefore, these products can be categorized as Star products of Dhaka Dough. For those products that are not in common with Meena Bazar, information from secondary research have been used to segment them in the BCG Matrix.

Honey production increased from 2013 to 2014 by more than 30% (Wardad, 2014), indicating its market growth. Honey, although one of the top-earning products of Dhaka Dough, is not of one of their top selling products and therefore, belongs in the Question Mark segment.

Ghee or clarified butter is part of the dairy category. Growth and demand for milk and dairy products is 10% per year and more than 24,000 tons of ghee was produced locally in 2013 (Bangladesh Investment Development Authority, n.d.). Although ghee is one of the top earners for Dhaka Dough, it does not feature as a high-selling product and hence, has been placed in the Question Mark segment.

To meet the domestic demand, the production of pulses or lentils have exceeded the set targets and thus points to a growing demand for the product type (The Independent, 2016). However, for Dhaka Dough lentils or pulses are not a part of their high selling items and therefore, takes its place in the Question Mark segment. This is further supported by the primary research with Prabartana where it has been shown that organic lentils have the potential to grow.

There is no research that exists on the demand of whole-wheat baked bread, peanut butter and almond milk. An assumption can be made since these are not a part of the regular food habit of Bangladesh. It is only in urban, high-income households in metro cities that whole-wheat bread and peanut butter are consumed and hence, can be

assumed to have low market growth. However, these products from Dhaka Dough have high sales. The case is the same for almond milk. Since these are new products and are at the Introduction stage of the Product Life Cycle, these have been placed in the Question Mark segment.

Pickles are a regular item in Bangladeshi households and are in a growth stage where there is increasing demand (Parvez, 2008). Although pickles do not feature as one of the top selling items of Dhaka Dough, nevertheless the small quantity they stock are sold out fast. Therefore, pickles have been placed in the Star segment. Both mustard sauce and fruit preserves are regular food items and can be presumed to be on the growth stage as there is no study that shows market growth figures. These items are not high selling but move from the shelf at a medium rate and thus, occupy the Star segment of the BCG Matrix.

The market demand for eggs is booming (novogen, n.d.) and the free-range variety is one of the top selling products of Dhaka Dough. Hence, it has been placed in the Star segment.

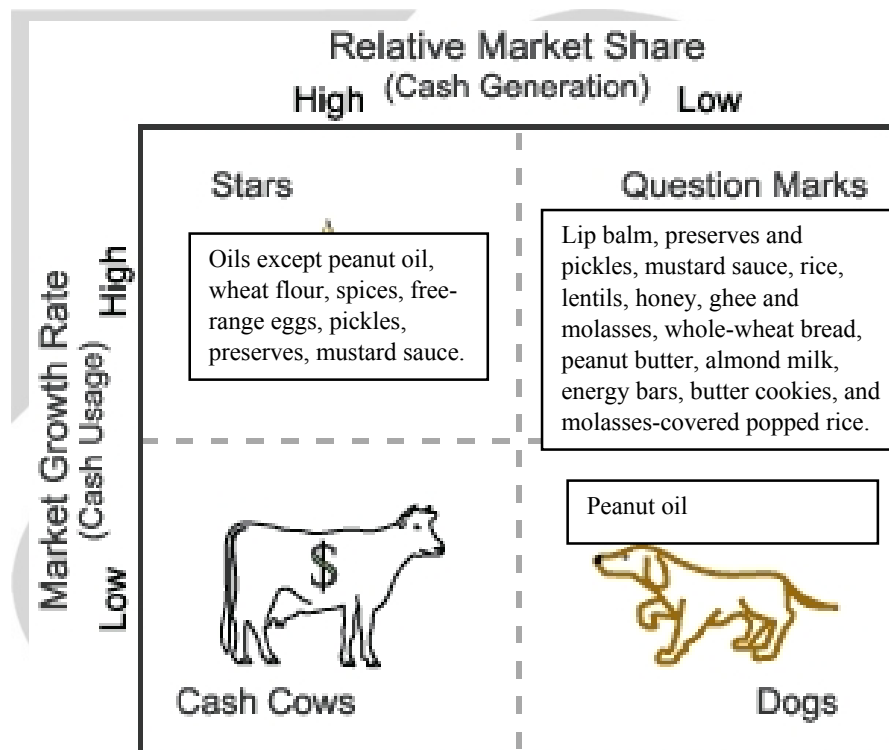
The market for lip balm picks up during the winter season. There are commercially available brands of lip balm in the market. The lip balm from Dhaka Dough is made from natural products and is yet to capture a significant share of the market compared to the ones that are already established. Therefore, it occupies the Question Mark segment.

Dhaka Dough does not have any products that can be termed as a Cash Cow one because the products are all either on the Growth or Introduction stage and although some of the products generate profits, these profits have not been enough to reach the breakeven point.

In the Dogs segment, the peanut oil from Dhaka Dough has its place. Peanut oil is not at all a familiar product for Bangladeshis and its usage in cooking or otherwise is little known. It is the slowest item that moves from the shelf.

Local snacks like energy bars and butter cookies are not a part of the daily diet of the average Bangladeshi. These are at the Introduction stage of the Product Life

Cycle and fall in the Question Mark segment of the BCG Matrix. Molasses-covered popped rice is a novelty product for the target group of customers. Its more common variation is popped rice but Dhaka Dough has given this a twist by having it covered with molasses to enhance the flavor and taste. Though the basic product is not new in the market, the variation offered by Dhaka Dough is. Considering this, it has been placed in the Question Mark segment. Figure 4.7 below shows the placement of Dhaka Dough's products on the BCG Matrix.



**Figure 4.7 BCG Matrix for Dhaka Dough**

Source: QuickMBA, n.d.; Mamun, 2015; Online

(Hossain, Sugimoto, Ueno, & Huque, 2007)

#### 4.5.5.7 Idea Adoption Model and Product Life Cycle

There is very little existing data on the organic food industry in Bangladesh. There are indications that the demand for organic food is on the rise but owing to the lack of any formal and concrete studies, it is difficult to put down the numbers of Innovators, Early Adopters, Early Majority, Late Majority, Late Adopters, and Laggards for organic food consumption (Hossain, Sugimoto, Ueno, & Huque, 2007).

The 60% loyal customers of Dhaka Dough can be taken as the Early Adopters. This loyal base of customers does not fall in the Innovator category because they have already had an experience with organic food products before. These customers talk about Dhaka Dough with their friends and family of their own will. This is because it is very hard to find good quality and honest retailers of food products so when one comes across retailers like Dhaka Dough, they let their close relatives and friends know at the earliest. Once these customers get the right product quality, service and some privileges, they would be natural brand amplifiers for Dhaka Dough.

If we look at the overall organic product category, it is still at the early Growth stage of the product life cycle.

#### 4.6 Key Findings from Primary Research

The respondents constitute approximately half male and half female, with 47.8% in the age bracket of 31 – 40 years and 39% in 41-50 years. About 48% have a Masters level education followed by 43.5% with a Bachelor degree. More than 50% are engaged in private service, while 26% are homemakers and 13% run their own business. More than 90% of the respondents have a monthly household income of above BDT 50,000 which is equivalent to USD 633. More than 90% of the respondents are married with 61% having children. All the respondents live in Dhaka city and all of them are consumers of organic food products.

70% of the respondents correctly said that organic food is without chemical pesticides while the rest claimed these to be natural food. Whereas there is a difference between organic food and natural food in that the former is produced without the use of modern synthetic inputs like chemical pesticides and fertilizers, while the latter are plant or animal derivatives that have not been transformed in any way (Ahmed & Rahman, 2015). About 78% of the respondents said they eat organic food because these are healthy while 56.5% said they do so because these are free from chemical pesticides.

Oil and spices are the most consumed organic food products although some respondents also mentioned whole-wheat flour. These indicate that people care most about the oil and spices they use in their daily cooking and are hence more careful about these being as non-adulterated as possible. Another reason people are extra careful

about oil and spices may be because of the wide media coverage that adulterated food received in recent years, particularly regarding spices and oil (The Daily Star, 2011; The Daily Star, 2014).

Purchase decisions are mostly joint decisions taken by the respondents and their spouse. The actual purchase is done mostly by the respondents themselves or along with their spouse. Consumption is done in most cases by both the husband and wife. Children and parents are included in larger households.

Information looked for at the time of the purchase is the source of the organic food products for 65%, ingredients for 39%, and another 39% mentioned that they look at the product appearance and feel these before making the purchase decision. Around 22% of the respondents look for expiry date of the products.

Afternoon and night are the main consumption occasions of organic food, pointing that these are mostly had for lunch and dinner.

None of the respondents are sure of what they buy is organic. They trust or depend on the retailer's word.

About 48% of the respondents buy organic food products once a month while 26% buy once in two months. About half of the respondents spend below BDT 500 per month on organic food shopping.

When the respondents cannot get their choice of organic food product brands, 70% of them purchase substitutes in small quantities as a stop-gap measure. 35% wait for their preferred brand, while another 35% look for another brand.

In terms of attitude and knowledge towards the organic food category, maximum respondents opined that there should be more consumption of organic food because these are healthy. Only 13% of the respondents mentioned that the reason why more organic food consumption should be there is because it is healthy for the environment. 91% of the respondents said that it is not easy to buy organic food products. 95.7% of the respondents said that there should be more outlets selling organic food products.

Problems regarding the purchase of organic foods include out of stock situations, insufficient sellers, high prices, lack of authenticity, and limited product lines. Once again, among other things, having an authorized seal on the organic range of food products is essential.

Among the factors of price, quality, availability, location, trust and brand name, the top three most important factors are quality, availability and retailer trust. The least important factor is price, followed by location and brand name.

About 70% of the respondents prefer to go to a physical store to shop as they want to touch, feel and in some cases, taste the products before buying. In addition, they want to have a trusted relationship with the retailer and therefore, prefer the human angle. Also, some of them do not trust buying online. 30% of the respondents prefer online shopping as it saves time because it is more convenient and saves them from facing the city traffic.

Media habit of the respondents reveal that roughly 95% watch TV and the programs range from global news to English movies to sports to Indian soaps, travel and cooking shows, and music programs. Local channels are not a favorite among the respondents. There is no specifically favored radio channel but Radio Foorti has been mentioned by some of the respondents. About 61% of the respondents read the leading Bengali national newspaper, Prothom Alo. Some read the news online on Dhaka Tribune and Prothom Alo websites. Social media and other websites frequented daily include Facebook, which tops the list. Other sites include Instagram, Google, Gmail, LinkedIn, news and job sites.

Around 48% of the respondents have not heard about Dhaka Dough. The research has revealed that respondents are more aware and familiar about organic retail brands that are in the neighborhood.

Table 4.9 below shows a comparison of the mean score of five factors of Dhaka Dough and its closest competitor, Prabartana, where 1 = very good, 2 = good, 3 = neutral, 4 = poor and 5 = very poor. On all factors, Prabartana rates higher than Dhaka Dough. Therefore, Dhaka Dough needs to improve on all counts and reach a wider target audience.

**Table 4.9** Comparison of mean scores between Dhaka Dough and Prabartana

	Quality	Price	Product variety	Packaging	Customer Service
<b>Dhaka Dough</b>	2.1	2.3	2.5	2.1	2.2
<b>Prabartana</b>	1.6	1.6	1.5	2	2

When the respondents were asked how likely they were to recommend Dhaka Dough, 56.5% of them marked Neutral, showing they have had no experience with the business. 21.7% are highly likely and an equal percentage are likely to recommend Dhaka Dough. This reveals that Dhaka Dough enjoys a good stand among their regular customers. Customer loyalty for Dhaka Dough has shown that 26.1% are highly likely to continue using them, while 17.4% are likely to do so. 52.2% are neutral, thus showing that they have not had much experience with the brand. On the satisfaction parameter, 56.5% marked neutral as they have had little or no experience, 13% marked highly satisfied and 26.1% marked satisfied. Dhaka Dough has a small group of loyal customers but needs to reach out to a wider audience with better quality, price, product lines, packaging and customer service to score higher on loyalty and satisfaction scales.

Some of the suggestions from those respondents who know Dhaka Dough on how the business can make the customers' lives easier are home delivery, avoiding out of stock situations, extending product length and depth. One key comment has been that their online shopping format has not been promoted well enough.

To identify if people talk about brands and what triggers them to do so, 91% of the respondents said they do talk to others about their brand experience. 82.6% talk about brands with their friends, while 78% does so with their family, 34.8% with colleagues and only 2% do not talk about their brand experience. Majority of the respondents said that good quality triggers them to talk about brands. Other triggers include good customer service, good price and brand honesty. Taking these points into

consideration, Dhaka Dough should ensure enhanced quality, customer service, and justify the price of their products.

The primary research with Dhaka Dough revealed their strengths, weaknesses, opportunities, threats, their equation with suppliers, buyers, substitutes, competitors, and how easy it is to enter or exist the organic food business, already covered in SWOT and Porter's Five Forces analyses. The business feels that they have not put enough focus on the staple food of our country – rice. More varieties of rice are an area that Dhaka Dough needs to strengthen. They have mentioned that a potential target segment is the growing middle income group who are not current customers of Dhaka Dough as this group perceives them as expensive. Dhaka Dough would like to change this perception by showing them the value of using their products that are needed less in quantity and hence bring more value to the consumers in the long run. Value-added services can also be offered by the business through gift hampers and gift wrapping services as many of their customers give their products as gifts.

During personal observation at Dhaka Dough, customer behavior was noticed. Some of the key observations are that they like to linger at the store because of the seating space and Ethiopian coffee. They enjoy going from one room to another to look at the different products on the shelves and spend a good half an hour picking products of their choice before making the final purchase. They like to chat with the owner-manager team at Dhaka Dough and get pleasantly surprised when offered to taste readily edible products before making their purchase decision. Some of them end up buying more than they had intended to. Another type of customers send their drivers to make the purchase for them. These transactions are usually short, lasting a maximum of five minutes. The owner-manager team of Dhaka Dough suggest and show both new and existing products to their customers to get them interested.

#### 4.7 Objectives and Marketing Strategy

The main financial objective of Dhaka Dough is to reach breakeven point by the second year of operation and gradually increase their sales and profit margins.

The marketing objectives of Dhaka Dough are related to their mission and business objective of increasing the consumption of organic food products. The main

marketing objectives are to increase the category and increase market shares. Compared to its main competition, Prabartana, Dhaka Dough's market share is only 1% of Prabartana's. In three years' time, Dhaka Dough aims to increase this to 16.5%. The communication objective is to create 25% brand awareness among the target customers in Dhaka within November 2017.

#### 4.8 Segmentation, Targeting and Positioning

The market for organic food products can be segmented per geographic variables (location, type), demographics (age, gender, occupation, income, education, ethnicity), psychographics (attitude, lifestyle, personality, values), behavioral (heavy or light user, brand loyal, buying status), usage occasion (breakfast, lunch, evening snacks and dinner), benefits sought (health, taste and environment-friendliness).

A concentrated marketing approach is taken by Dhaka Dough whereby they target high-income urban male and female who are consumers of organic food products and a secondary group of people who are lactose-intolerant. The primary target market for Dhaka Dough is provided in Table 4.10 below:

**Table 4.10** Target Market of Dhaka Dough (cont.)

<b>Geographi c</b>	<b>Demographi c</b>	<b>Psychographi c</b>	<b>Behaviora l</b>	<b>Usage</b>	<b>Benefits</b>
Dhaka	Age: 35+ years.	Saves time by online shopping.	Buys organic food products monthly, in bulk.	Regula r usage of organic spices, oils and whole- wheat flour.	Health and taste. Good for the environment

Gender: Like to touch, Pays  
Women, taste and feel premium  
men. the products for organic  
before making products.  
a purchase  
decision.

Occupation: Hectic  
Working, lifestyle.  
homemaker.  
Household Think that  
income: there should  
Minimum be more retail  
BDT 50k. stores selling  
organic food  
products.

**Table 4.10** Target Market of Dhaka Dough (cont.)

Geographic	Demographic	Psychographic	Behavioral	Usage	Benefits
		<p>Cautious about hygiene and chemical residual in food.</p> <p>Trust the retailers on product authenticity.</p> <p>Conscious about health of self and family.</p> <p>Aware about the importance of preserving the Nature.</p>			

**Source:** Mamun, 2015; Online

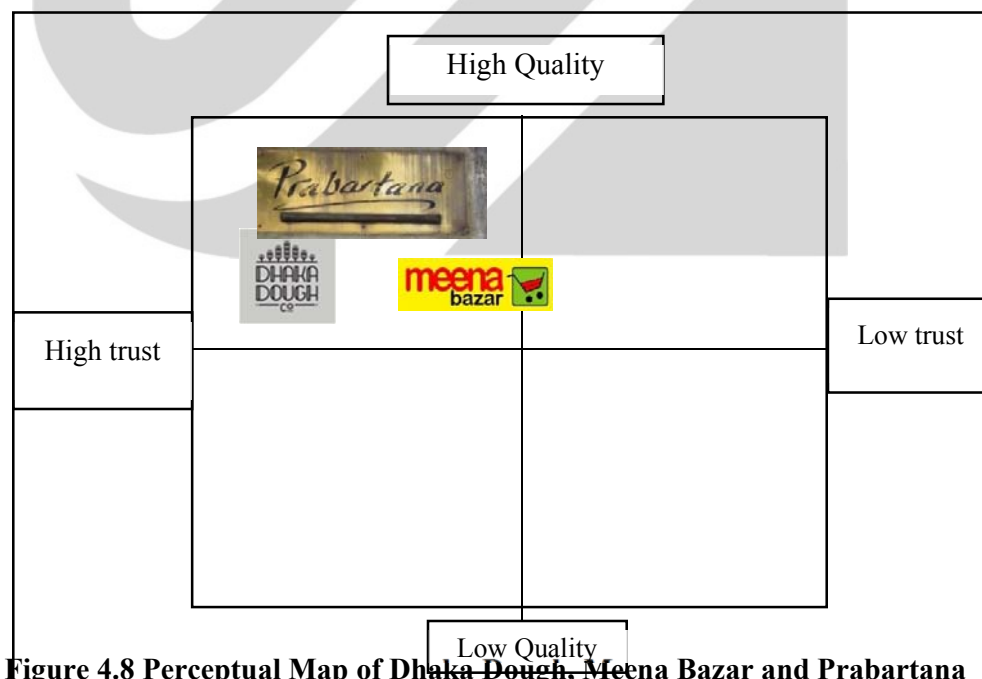
A secondary target market of Dhaka Dough consists of people who are lactose-intolerant. Almond milk from Dhaka Dough is specifically targeted to this group of people.

The current positioning of Dhaka Dough is based on product attributes of 100% local and fresh. Their positioning can be further honed by adding the customer benefits and value and comparing with the competition. A better version of the positioning of Dhaka Dough is that they source authentic organic food products from their own farms and process them under strict supervision to give the highest quality to the customers.

Dhaka Dough's range of new types of organic food products, money-back and price-off policies, store ambience and seating space, and environment-friendly processes are valuable to the customers. The points of parity with competition are their promise of high quality whereas the points of difference are that Dhaka Dough offers seating space, new types of products, money-back guarantee, price-off on recycling containers, customer service from the owners themselves, and environment-friendly processes and philosophy.

The closest competitors of Dhaka Dough are Meena Bazaar and Prabartana. Meena Bazar positions its organic line of products on natural, safe and healthy platform (meena bazar, n.d.). Pioneers in providing chemical-free, unadulterated food through organic farming is the positioning taken by Prabartana (Prabartana, n.d.).

A perceptual map for Dhaka Dough, Meena Bazar and Prabartana can reveal market gaps for Dhaka Dough. As shown by primary research results, consumers place the highest importance on quality, retailer trust and availability, in that order. Figure 4.8 below shows a perceptual map which has been done as per the customers' needs and wants, and not per the brands' actual or desired positioning. Therefore, the two dimensions are quality and trust.



**Figure 4.8 Perceptual Map of Dhaka Dough, Meena Bazar and Prabartana**

Dhaka Dough scores lower than Prabantana on quality as shown in the primary research. However, customers who buy organic products from the same retail outlet are used to these as they have already built a rapport with the salespeople. Hence, none of the retail outlets score low on trust. Another variable that is important to the customers of organic food products is availability. With fifteen outlets, Meena Bazar can make their organic food products more easily available. Prabantana has three outlets in key locations of Dhaka, making it convenient for customers to access their products.

#### 4.9 7Ps Marketing Mix Strategy

##### 4.9.1 Product

As PESTEL analysis has revealed, 6.6% GDP, an expanding middle class, and inflation slated to reduce from current 5.53% to 4.8% in 2020 translate to higher disposable income and higher consumer spending. Hence, there are more potential customers for organic food products and therefore, Dhaka Dough should target the middle-income group by extending their current product line length and depth, particularly the food groups that are staple – rice and lentils. Civil life in Dhaka can be disrupted by sudden political or terrorist situations. Such situations result in expat community members leaving the country. Dhaka Dough, to handle the dwindling expat customers, should look at new segments, the middle class for example, as mentioned before. Increased investments and increase in demand mean more competition in all areas including the organic food industry. Dhaka Dough should focus on offering more products and services to their customers and enhance their service quality to stave off competition.

The SWOT analysis shows that when compared to the main competitor, Prabantana, Dhaka Dough has a narrower product range. Customers of organic food products look for a wide product range that include not only oil, spices and other dry products, but also dairy, meat, fruits and vegetables. Hence, Dhaka Dough should plan for a more diversified product portfolio in future that would include all food types. Such a step would help organic food consumers to shop from under one roof.

Product diversification is an essential business strategy for Dhaka Dough. As the TOWS analysis has shown, a busy urban lifestyle has given rise to a booming catering industry. Coupled with this, an increase in health awareness can be another

reason why Dhaka Dough should aim at providing healthy meal delivery services in future.

As per Ansoff's Matrix, Dhaka Dough currently practices market penetration and product development strategies. In future, for the growing middle class, Dhaka Dough should go for market development strategy whereby they target them with smaller SKUs to encourage purchase and keep products that appeal more to this segment of customers, for example, more varieties of rice grains. Moreover, they should diversify their business by launching new products for new markets, for example, healthy meal delivery services for health-conscious corporate executives and for people who are too busy to cook.

BCG Matrix has revealed that most of the products of Dhaka Dough fall in the Question Marks segment. To turn these to Star products, the business should invest in these. For example, Dhaka Dough has already redesigned the traditional popped rice to make it more appealing to the target market. Similarly, they should relaunch, give a new image or redesign the Question Marks products to turn these into Star products.

As seen from the Idea Adoption model, the Early Adopters group of Dhaka Dough are the 60% of their loyal customers. They should be offered special privileges like free home delivery or free food taste to encourage them to speak more to others about Dhaka Dough. The business should also start loyalty cards to keep their loyal customers close to them. They can be given points on a minimum purchase amount, which can be redeemed after a certain time.

From the primary research, it has been shown that information looked for at the time of the purchase is the source of the organic food products for 65%, ingredients for 39%, and another 39% mentioned that they look at the product appearance and feel these before making the purchase decision. Hence, packaging is very important for such products as these should give the customers a clear idea of the color and texture. The labels on the packaging should have the ingredients and/or their source along with the expiry date as around 22% of the respondents look for this piece of information. Afternoon and night are the main consumption occasions of organic food, pointing that these are mostly had for lunch and dinner. Thus, consumption occasions of morning

and evening can be encouraged with appropriate products to grow the category and market shares. None of the respondents are sure of what they buy is organic. They trust or depend on the retailer's word. Therefore, Dhaka Dough should get a certification authority to grant the seal of authenticity on the organic food products they sell so that customers get more confidence and satisfaction in knowing that what they are paying for is genuine.

One of the reasons why respondents do not shop online is that they do not trust this format of shopping. To help customers who do not trust making purchases online, Dhaka Dough should offer money-back and goods return guarantees.

#### 4.9.2 Price

As can be seen from Porter's Five Forces Analysis, supply situation of organic food products is inadequate to meet the demand. The bargaining power of customers is low and they have low price sensitivity. Thus, organic food products are price inelastic. Therefore, Dhaka Dough should test price points of all products among customers and revise product prices to generate higher profits. A higher profit generation would help them to meet the breakeven point earlier.

Primary research has shown that among the factors of price, quality, availability, location, trust and brand name, the top three most important factors are quality, retailer trust and availability. The least important factor is price, followed by location and brand name. Hence, for organic food products, customers are willing to pay a higher price and do not mind doing so, provided they are ensured of the best quality. Dhaka Dough should increase its customers and have more purchases from their current customers by ensuring consistent quality and by testing price points of their products among customers to check the highest price they can charge and still make profits.

#### 4.9.3 Place

PESTEL analysis has revealed that commuting within Dhaka City is difficult owing to traffic jams. This causes major inconvenience in shopping. Hence, Dhaka Dough should secure more online channels so that their products reach a wider target audience and help them to increase their customer base, create brand awareness and increase market shares. Another finding from PESTEL is the increasing middle-income

group. With greater purchasing power comes greater social mobility and a tendency to relocate to better neighborhoods. Therefore, Dhaka Dough should also make their products accessible in areas where there is a concentration of middle-income families for example, Badda, Mirpur, and Maghbazar.

Porter's Five Forces analysis has shown that there is a widespread presence and easy accessibility to non-organic or substitute products. Therefore, the threat from substitutes is high. Under these circumstances, Dhaka Dough should enable easier access to their organic products by being present across more downstream channels than they are present currently.

The results of the TOWS analysis point out that superstores and other retail outlets are showing an increasing interest to stock organic products as these lend a good image to the store in question. Hence, the demand for organic food products is growing and as more people are willing to try new products, it is essential that Dhaka Dough takes advantage of the situation and make their products present in both online and offline channels.

Primary research findings show that 91% of the respondents said that it is not easy to buy organic food products, indicating that access to the category is not sufficient and the supply does not meet the demand. Dhaka Dough can look at this opportunity and make their products more accessible to more people by partnering with more online and offline retail formats than they are doing currently. In addition, 95.7% of the respondents said that there should be more outlets selling organic food products and therefore, Dhaka Dough should have their products in alternate channels that are either online or offline or both.

Around 48% of the respondents have not heard about Dhaka Dough. Primary research has revealed that respondents are more aware and familiar about organic retail brands that are in their neighborhood. Dhaka Dough should have their products stocked in retail stores or superstores in the southern part of the city so that it does not remain confined within a certain geographic area. They should also plan to have physical outlets in future in other parts of the city where there is likely to be a concentration of

organic food consumers. This will help them to increase their market shares and create their brand awareness.

#### 4.9.4 Promotion

As PESTEL analysis has revealed that there is a rising concern about health and the environment, Dhaka Dough can leverage this trend by promoting the goodness and benefits of organic agriculture and the consumption of organic products as well as their green operational processes that would be highly appreciated by formal organizations and the public alike. The business can participate in the annual event organized by HSBC and The Daily Star to recognize and reward businesses that have environment-friendly practices. Dhaka Dough's packaging practices and recycling policies can be the subject of bloggers who write on environmental sustainability and thus help them get publicity. Another factor that also calls for a more aggressive promotion of organic farming and food products include expansive media coverage on food adulteration and food safety concerns. Traffic jams in the capital city cause difficulty in commuting and cause shopping inconvenience. Therefore, Dhaka Dough should promote their online shopping and home delivery services to rope in a wider target market. The Government of Bangladesh has taken initiatives to make the country more digitally savvy and hence, the propensity to use communications technology has increased with the increased Internet penetration of 13.2%. Hence, Dhaka Dough should have targeted communication on the digital media to appeal to, attract and communicate effectively with their current and potential customers.

Although Porter's Five Forces analysis has shown that there is a low threat currently from direct competition as these are still few in numbers, Dhaka Dough faces a tough situation from cheaper and more readily available and accessible substitute products. To have an edge over the substitute products, Dhaka Dough must be a strong champion for organic farming and organic food consumption by actively promoting these causes. To distinguish itself from direct competition, they should craft more consistent and concrete brand positioning and marketing messages to create a stronger association with the organic and eco-friendly philosophy.

Secondary research has shown that organic food products are higher priced than the non-organic ones. A premium price acts as a deterrent for potential customers as

Bangladesh has still not reached the middle-income level stage and hence, is a price-sensitive market. Dhaka Dough can justify and alleviate this situation by marketing messages targeted at the middle class which should talk about the lesser quantity of Dhaka Dough products needed and thus save costs in the long run. Showing the customer value will take the focus away from the premium price.

SWOT analysis lists out of stock situations as one of the weaknesses of Dhaka Dough. Customers are lapsed or lost through such situations and they reach out for another brand or a substitute product. To counter this, instead of putting out of stock on their own website, they should specify tentative timelines when products would be available. Out of stock in big letters is a put-off and should be avoided. Another weakness of Dhaka Dough is its low brand awareness. Primary research shows that half the respondents have never heard the name. Besides advertising on relevant websites and social media sites, Dhaka Dough should rope in their loyal customers and opinion leaders to promote their name in their respective ecosystems.

As BCG Matrix has revealed, for the Star products consisting of oils, whole-wheat flour, spices, free-range eggs, pickles, preserves and mustard sauce, it is recommended that Dhaka Dough focus and invest on these in terms of promotion to increase sales and market shares.

For peanut oil, Dhaka Dough must identify the customers who buy this product and focus on this niche group and educate their target consumers on the usage and benefits of peanut oil so that it can move from Dogs to the Question Marks segment.

From the Idea Adoption Model where it was mentioned that Dhaka Dough's loyal customers are 60%, it can be deduced that these are the Early Adopters. Dhaka Dough should nurture these Early Adopters, who are also the opinion leaders among their social circle, so that they can spread the word about organic food and about Dhaka Dough to influence the Early Majority. Dhaka Dough can ask for their reviews and publish these as customer endorsements on their website and Facebook page. Dhaka Dough can look beyond their group of loyal customers and tap opinion leaders in the larger society whose words are valued. Personalities like Shykh Seraj, media personality and agriculture development activist (Tritiyo Matra, n.d.), food bloggers

and culinary experts can also be roped in to talk about organic food products and Dhaka Dough. As mentioned earlier, the organic food category in Bangladesh is at an early growth stage. To give some traction to the category, organic food products must be advertised heavily to create awareness and inform target customers about the benefits of consuming organic food products. Dhaka Dough is at the Introduction stage of the product life cycle. Therefore, it must spread word about its existence to create brand awareness and inform the customer about the benefits they offer.

From the primary research with Prabartana, the main competitor of Dhaka Dough, it has been revealed that oil and honey are at the fast growth stage of the product life cycle and at the Early Majority curve on the Idea Adoption model, whereas organic rice and lentils are at the Early Development stage on PLC or Early Adopters stage, and almonds are at the Innovators or Introduction stage as this is the slowest-moving product. Hence, Dhaka Dough should promote their honey which, for them, is not a top-selling product. Same goes for their organic rice and lentils. These are slow moving for Dhaka Dough but has the potential to grow and therefore, needs more varieties to be stocked and promoted. They should also promote their oil range more as this category is at the growth stage.

Primary research has revealed that 70% of the respondents know what organic food is while the rest claimed these are natural foods. Hence, Dhaka Dough should educate the current and potential customers about what organic food is and thus help to increase the category. Moreover, about 78% of the respondents said they eat organic food because these are healthy while 56.5% said they do so because these are free from chemical pesticides. Therefore, the target audience should be educated about why exactly organic food is healthy.

Oil and spices, and to a certain extent whole-wheat flour, have been mentioned by most of the respondents as the most bought organic food products. This indicates that Dhaka Dough should educate and inform their customers about the benefits of other organic food products to increase both the category and their market shares.

Purchase decisions are mostly joint decisions taken by the respondents and their spouse. So, Dhaka Dough's communications should target both the husband and wife.

The actual purchase is done mostly by the respondents themselves or along with their spouse. As decision and purchasing are two key activities in the consumer behavior funnel, communication should target both the household head and the spouse who are in these stages of the funnel.

48% of the respondents buy organic food products once a month while 26% buy once in two months. About half of the respondents spend below BDT 500 per month on organic food shopping. Purchase frequency and purchase amount can be increased by showing new usage and more usage occasions of the organic food products. This will help in both increasing the category and market shares. In addition, incentives like discounts on bulk purchase or on purchase of minimum BDT 1,000 can trigger a higher spend by consumers.

In terms of attitude and knowledge towards the organic food category, maximum respondents opined that there should be more consumption of organic food because these are healthy. Only 13% of the respondents mentioned that the reason why more organic food consumption should be there is because it is healthy for the environment. Here, Dhaka Dough has the scope to educate the target consumers about what organic farming is so that people become more aware about how it affects not only their own health but also the health of the environment. Knowledge about the category will trigger the increase of the category.

Maximum respondents opined that there should be more consumption of organic food because these are healthy. Only 13% of the respondents mentioned that the reason why more organic food consumption should be there is because it is healthy for the environment. Dhaka Dough should educate the target customers that organic food is not only healthy for the self but also for the environment.

About 70% of the respondents prefer to go to a physical store to shop as they want to touch, feel and in some cases, taste the products before buying. In addition, they want to have a trusted relationship with the retailer and therefore, prefer the human angle. Also, some of them do not trust buying online. 30% of the respondents prefer online shopping as it saves time because it is more convenient and saves them from facing the city traffic. Hence, Dhaka Dough should promote both their online and

offline shopping formats to cater to both types of shoppers. Also, to help customers who do not trust making purchases online, discounts on first online purchase should be offered to help them gain trust in the retailer and online shopping.

For the primary research respondents, local television channels are not a favorite. There is no specifically favored radio channel but Radio Foorti has been mentioned by some of the respondents. About 61% of the respondents read the leading Bengali national newspaper, Prothom Alo. Some read the news online on Dhaka Tribune and Prothom Alo websites. Social media and other websites frequented daily include Facebook, which tops the list. Other sites include Instagram, Google, Gmail, LinkedIn, news and job sites. For Dhaka Dough, promotion on mass media is not recommended, especially on television since the target customers are not tuned into local TV channels. There can be targeted promotion on Radio Foorti only when specific campaigns can be run on other media like search engines, news sites, job sites and social media sites for a more integrated approach. Paid display advertisements, search engine marketing and search engine optimization should be adopted by Dhaka Dough so that they show up both organically and otherwise on search engines and other sites. For social media sites, Dhaka Dough should target customers who can view their advertisements by careful filtering based on demographics and psychographics.

When the respondents were asked how likely they were to recommend Dhaka Dough as a measure of customer loyalty, 56.5% of them marked Neutral, showing they have had no experience with the business. On the satisfaction parameter, 56.5% marked neutral as they have had little or no experience. Dhaka Dough should reduce the percentage of Neutral scores on satisfaction and loyalty scales by letting people know about themselves to create brand awareness and by promoting their online shopping facility so that more people try their products and help to increase their market shares. Without providing an experience, Dhaka Dough will not be able to improve on loyalty and customer satisfaction. Experience will follow when the business has been promoted enough so that it occupies a top of mind position among the current and potential customers.

#### 4.9.5 People

Through the PESTEL analysis, one of the key findings is the prevailing bureaucracy and corruption in Bangladesh. This kind of a situation makes the process of getting the seal of approval from Bangladesh Standards and Testing Institute a long one. This delays the sales at Dhaka Dough and thus results in lost or lapsed customers. Therefore, Dhaka Dough should appoint people in their team who have the relevant contacts to expedite the process. Another data is that the Government of Bangladesh is yet to show an adequate interest to propagate organic farming. Without such support, the cause for organic farming and consumption of organic food products fail to catch the eye at a national level. This slows down the potential growth of the organic food industry. Hence, Dhaka Dough should lobby with the right people who can draw the attention of the Government to the cause.

Porter's Five Forces analysis has shown that the number of organic food farmers is limited. This translates to a high bargaining power by suppliers and renders Dhaka Dough moderately to highly dependent on them. Therefore, they should create a stronger backward integration with more farmers of organic food products to reduce the dependency.

As seen from the primary research, 70% of the respondents prefer shopping from physical outlets as it gives them not only a chance to touch and feel the products before making the purchase, but also helps to build a trusted relationship with the store. Therefore, Dhaka Dough should enhance the customer experience through meaningful interaction for those who prefer human interaction. They should invest in proper HR training so that the quality of customer service is consistently high even if the same people may not serve the customers all the time.

#### 4.9.6 Process

As PESTEL analysis has shown that political unrest and instability leads to road blocks and shut-downs, which lead to non-delivery of products and loss of customers. To counter such situations, Dhaka Dough should do proactive inventory management. Same recommendation is made in cases to avoid out of stock situations. Dhaka Dough should manage inventory better with more specific forecasts of product availability.

They should maintain a customer database with purchase trends to remind them when products become due for purchase or when products become available.

Primary research has revealed that when the respondents cannot get their choice of organic food product brands, 70% of them purchase substitutes in small quantities as a stop-gap measure. 35% wait for their preferred brand, while another 35% look for another brand. These figures show that substitute products are an easier solution rather than waiting for the preferred brand or going to another outlet. To prevent organic food consumers from reaching for substitute products, Dhaka Dough should do better inventory management, inform customers beforehand of possible stock-out situations, give incentives to buy in bulk, and give personal reminders to customers about when to buy the next batch of products. For example, if Dhaka Dough maintains a customer database with dates of purchase and good purchased, they can send a personal note to each customer right before their next purchase cycle, get a confirmation from them whether they will buy or not and then order these from the sources keeping the timeline in mind.

#### 4.9.7 Physical Evidence

Dhaka Dough should have a signboard outside their entrance so that it is easier to spot their physical store location. This would also help to create brand awareness, which, as revealed by the primary research, is low. That they are an organic food retail outlet cannot be gathered either from their website or from their brand. They should add a product descriptor that specifically mentions that their products are organic. This would help them create a strong association with organic farming and products and establish points of parity with competition, which are currently missing. Their brand tagline should be changed to reflect the organic nature of their products and to distinguish it from its competitors by highlighting their unique selling proposition – an experience that is more than just mundane grocery shopping.

Primary research has shown that among the factors of price, quality, availability, location, trust and brand name, the least important is brand name. To elevate the position of brand name from being the least important to a more important factor, Dhaka Dough can develop a brand management strategy so that their brand stands for high quality.

#### 4.10 Implementation

Dhaka Dough's business objective is to lead the growth of organic food consumption and to achieve this objective, the marketing strategies are to increase category awareness, create brand awareness, and increase its market share. To increase category awareness, specific marketing program actions and budgets will be set and the same exercise will be done for the other two marketing strategies.

To meet the breakeven point, Dhaka Dough must sell 4 times more volume than they sell currently. Therefore, for 2017, the sales target without built-in profit margin has been set at BDT 2 million to reach the breakeven point. For the next two years, a sales increase by 100% has been set. The 3-year sales and profit projections are shown in Table 4.11 below.

**Table 4.11** Dhaka Dough's Sales and Profits Projections for 3 Years in BDT (cont.)

	2017	2018	2019

**Table 4.11 Dhaka Dough's Sales and Profits Projections for 3 Years in BDT (cont.)**

	2017	2018	2019
Sales	2,000,000	4,000,000	8,000,000
Ingredients expenses	1,200,000	2,400,000	4,800,000
Packaging expenses	200,000	400,000	800,000
Logistics expenses	40,000	80,000	160,000
Rent expenses	29,700	32,670	35,937
Salaries expenses	10,500	11,025	11,576
Internet expenses	2,040	2,081	2,122
Utilities expense	2,040	2,081	2,122
Marketing expenses	200,000	400,000	800,000
Miscellaneous expenses	3,000	4,000	5,000
<b>Total expenses</b>	<b>1,687,280</b>	<b>3,331,857</b>	<b>6,616,758</b>
Income before taxes	312,720	668,143	1,383,242
Corporate tax	117,270	250,554	518,716
Net Income	195,450	417,590	864,526
Profit margin %	10	10	11

The promotion expenses are taken as 10% of gross sales. The total promotional expense for 2017 is BDT 200,000, for 2018 it is BDT 400,000 and for 2019 the amount is BDT 800,000. The strategy is to start promotion on the digital media with a limited budget and in the subsequent years, when sales and promotion budgets can be increased, promote on the leading national daily for greater brand awareness as well as hold events and festivals to create the hype and impact necessary to spread the benefits of organic food consumption, increase brand awareness and market shares. Promotion on the digital media will be increased in the following years as this would be the main medium of communication. However, depending on feedback and market conditions, the promotional budgets and tactics will be modified.

Figure 4.9 below shows the implementation plan for Dhaka Dough from 2017 to 2019. The business objective is broken down into marketing objectives, which in turn, are broken down into tactics. Budget and timeline for executing these tactics are also given.

Business Objective	Marketing Objective	Strategies	Task	Timeline & Budget in USD		
				2017	2018	2019
Increase organic food consumption.	Increase organic food category.	Educate benefits of organic agriculture and organic food consumption among target audience of Dhaka. Create preference for organic versus non-organic substitutes.	Blogs and content on own website and Facebook page by agriculturalists. Recipes using Dhaka Dough products by culinary experts on Facebook page. Ads on local news and job websites. Educate TG on lesser bought organic food groups.	500	600	700
			Print ads in Prothom Alo		1,500	1,000
			Organic food fest			3,000
		Generate publicity and create association with green marketing and organic.	Participate in HSBC-The Daily Star Climate Awards event.	0	0	0
			Engage bloggers to write on Dhaka Dough's eco-friendly business practices.	100	150	250
			Organic food fest PR.			1,000

		Acquire more customers.	Promote online shopping facility on website, Facebook page and ads on search engines, local news and jobs websites.	150	250	350
	Increase market share.	Target middle income groups.	Promote smaller SKUs with marketing message of Less is More through newspaper inserts in specific areas and leaflet distribution at culinary schools.	150	200	500
		Prevent lost or lapsed customers.	Inform limited stock situations and stock availability beforehand on own website and Facebook page.	0	0	0
		Focus on Star products.	Promote availability and benefits of Star products on Facebook page and own website.	0	0	0
		Attempt to recover products in the Dogs segment.	Educate on the usage of peanut oil on targeted profiles on Facebook and through blogs on benefits of peanut oil.	200	200	200

		Increase use and usage occasions.	Post novel ways of having different products and at different times of the day. Offer discounts on bulk purchase.	300	400	500
		Increase users of online shopping.	Offer discount on first online purchase.	100	200	300
	Create brand awareness among 25% of TG in Dhaka by Nov 2017.	Create top of mind awareness.	Search Engine Marketing, ads on Google, local news and job websites, Instagram ads, ads on targeted profiles on Facebook. Incentivize loyal customers to promote Dhaka Dough on their personal Facebook page. Publish reviews from loyal customers on website and Facebook page.	1,000	1,500	2,200
				<b>2,500</b>	<b>5,000</b>	<b>10,000</b>

**Figure 4.9 Implementation Plan for Dhaka Dough**

The implementation plan will be carried out by the owners themselves as employing agencies will incur incremental costs. As most of the promotional efforts will be carried out on the digital space, the management members of Dhaka Dough will be able to implement these. For non-digital exercises, the business can contact the

relevant authorities directly. Independent consultants and freelancers should be sought out for carrying out the organic food festival.

#### 4.11 Evaluation and Control

As a small business organization, Dhaka Dough cannot commission market and consumer research to measure the metrics that would indicate their progress and success. However, they can undertake free online surveys to get some indication. To measure market size and brand penetration, Dhaka Dough should try to gather market intelligence from Prabartana and Meena Bazar. If they can get their monthly sales data, they can have an inkling of the market size of organic food in Dhaka as well as how they fare against the main competitors.

Table 4.12 below shows the key marketing metrics for Dhaka Dough.

**Table 4.12** Marketing Metrics for Dhaka Dough (cont.)

<b>Metrics</b>	<b>Factors to be measured</b>	<b>Method and Timeline</b>
Category Development Index	Percentage of organic versus non-organic food products consumption in Dhaka.	As soon as such research is available. Alternately, research among consumers can be conducted in 2017 to gauge proportion of organic versus non-organic food products in their weekly grocery basket.

**Table 4.12** Marketing Metrics for Dhaka Dough (cont.)

<b>Metrics</b>	<b>Factors to be measured</b>	<b>Method and Timeline</b>
Market penetration	Availability of organic foods in wet markets and retail outlets to indicate popularity.	Conduct research in 2017 among leading wet markets and retail stores in Dhaka.
Brand penetration	If Dhaka Dough features as a choice among organic food consumers in Dhaka.	Same research for category development index to be used to find out where the respondents purchase their organic food products from. Research should be repeated each year to see increase or decrease of brand penetration.
Penetration share	How Dhaka Dough competes against main competitors.	Brand penetration research will reveal penetration shares of Dhaka Dough vis a vis competitors.
Brand awareness	Monitor brand awareness percentage change, if any.	Online surveys conducted among organic food consumers residing in Dhaka within Q4 of 2017. Should be repeated every six months.

**Table 4.12** Marketing Metrics for Dhaka Dough (cont.)

<b>Metrics</b>	<b>Factors to be measured</b>	<b>Method and Timeline</b>
Consumer beliefs and customer satisfaction	Measure attitude toward organic food category and Dhaka Dough on attributes like quality, authenticity, price, location, customer service and stock situations.	Conduct focus group discussions among consumers of organic food products in Dhaka in Q2 2018.
Purchase habits	Measure customer loyalty based on degree of usage.	Conduct focus group discussions among consumers of organic food products in Dhaka in Q2 2018.
Willingness to search and recommend	Measure brand loyalty for Dhaka Dough.	Online survey by end of 2017 and to be repeated every six months.
Net Promoter Score	Measure brand loyalty taking a wider group of organic product consumers.	End of 2019, by which period there will be a larger number of organic food product consumers and Dhaka Dough customers.

**Table 4.12** Marketing Metrics for Dhaka Dough (cont.)

<b>Metrics</b>	<b>Factors to be measured</b>	<b>Method and Timeline</b>
Channel margins	Measure value added in context of selling price.	Every quarter the business should look at channel profits as a percentage of channel selling price to determine the worth of each channel used.
Volume projections	Plan production and inventories.	Combine trial volume or first-time users as a percentage of the target population and repeat volume, which is repeat buyers multiplied by the number of products they buy in each purchase, multiplied by the number of times they purchase per period. This should be done for each month.
Year-on-year growth	Plan production and budgeting.	Annual measurement of percentage change from one year to another.

**Table 4.12** Marketing Metrics for Dhaka Dough (cont.)

<b>Metrics</b>	<b>Factors to be measured</b>	<b>Method and Timeline</b>
Customers	Measure how well the business is attracting and retaining customers.	Keep database of people or businesses who bought from Dhaka Dough during a specified time. The database should be updated every time a purchase is made.
Out-of-stock	Tracks the ability of logistics to match supply with demand.	Percentage of products listed or stocked but not available for sale. Dhaka Dough should track out-of-stock situations every month so they can plan their inventory better.
Page views	Track the design, traffic and popularity of Dhaka Dough website.	Measures the number of times a web page is served.
Click-through rate	Measure the effectiveness of web ads by counting those customers who are interested to click through it.	For thematic and tactical campaigns, this should be done by Dhaka Dough throughout the year monthly.

**Table 4.12** Marketing Metrics for Dhaka Dough (cont.)

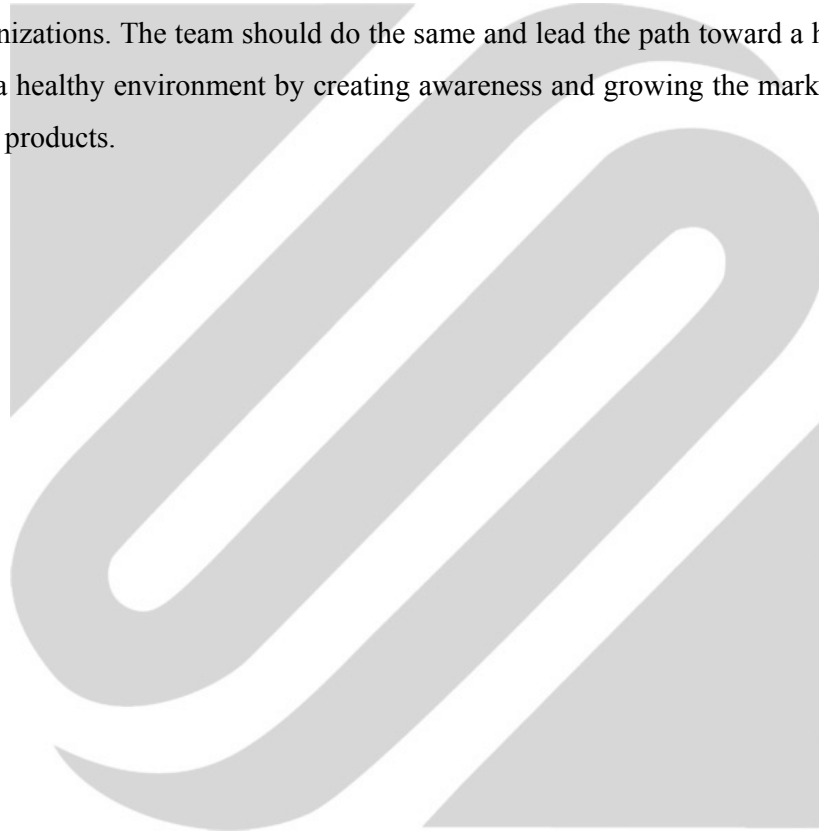
<b>Metrics</b>	<b>Factors to be measured</b>	<b>Method and Timeline</b>
Visits	Measure audience traffic on Dhaka Dough website and if the viewers are investigating multiple pages on a website.	Dhaka Dough should track this monthly to see where the viewers are lingering on their website so they can put more focus on key areas by changing the layout or design.
Friends/followers/supporters	Measure the number of individuals joining or liking Dhaka Dough's Facebook page to track the size.	Count the number of likes on the page.

#### 4.12 Conclusion and Recommendations

The organic food products industry is at a nascent stage in Bangladesh. The sector is not organized and no market data exists. Only very few farmers undertake organic agriculture as this is more expensive than using chemical fertilizers. The retail sector dedicated to organic food products, consequently, is limited in scope. However, with rising concerns about food adulteration and food safety, consumers are getting more aware of the health benefits of consuming organic food products. Some of the consumers are even aware that organic food is healthy for the soil and environment. The consumers of organic food products are still a niche group. They do not mind paying a premium price for organic food products. The demand of organic food products cannot be met sufficiently. Another concern of organic food consumers is the authenticity claimed by organic retailers. Organic food certification and government

involvement are solicited by farmers, retailers and consumers to give traction to the organic food revolution.

Dhaka Dough, being one of the small-scale pioneers of organic food retailing business, should take a more active role to disseminate information about the benefits of organic agriculture and food products. The management team have been successful in creating environmental concern and awareness through their annual coastal clean-up exercise in Cox's Bazar, Bangladesh, that is sponsored by socially conscientious business organizations. The team should do the same and lead the path toward a healthy nation and a healthy environment by creating awareness and growing the market for organic food products.



## **CHAPTER 5**

### **REFLECTIONS**

The key learning of the independent study is to learn how to do a marketing plan for any product, service, or idea belonging to any type of industry.

It has been challenging to draw a marketing plan for a business that operates in a nascent industry where there is very little organized and pertinent information available. In the absence of market and competitor information, the marketing plan for Dhaka Dough has not been as concrete as desired. Coupled with it, the difficulty in finding many respondents for the primary research hampered the measurement of brand loyalty. In addition, it is not easy to find out sales turnover as these companies are privately held and do not reveal such data. Although overall sales figures have been gathered from Dhaka Dough, it has not been possible to get sales figures and trends for individual products, which would have been valuable for drawing sales forecasts, market trends and profit projections.

However, attempts have been made in recommending ways to measure market shares and brand penetration shares through alternate means.

When doing a marketing plan for academic purposes, it is better to pick a business and industry for which sufficient information can be accessed. But, in real-life situations, it can be expected to create marketing plans for businesses like Dhaka Dough that exists in a very new industry. Therefore, this independent study has been a journey where although some constraints existed, it still forced the cognitive faculty into finding alternate methods to arriving at reasonable analyses.

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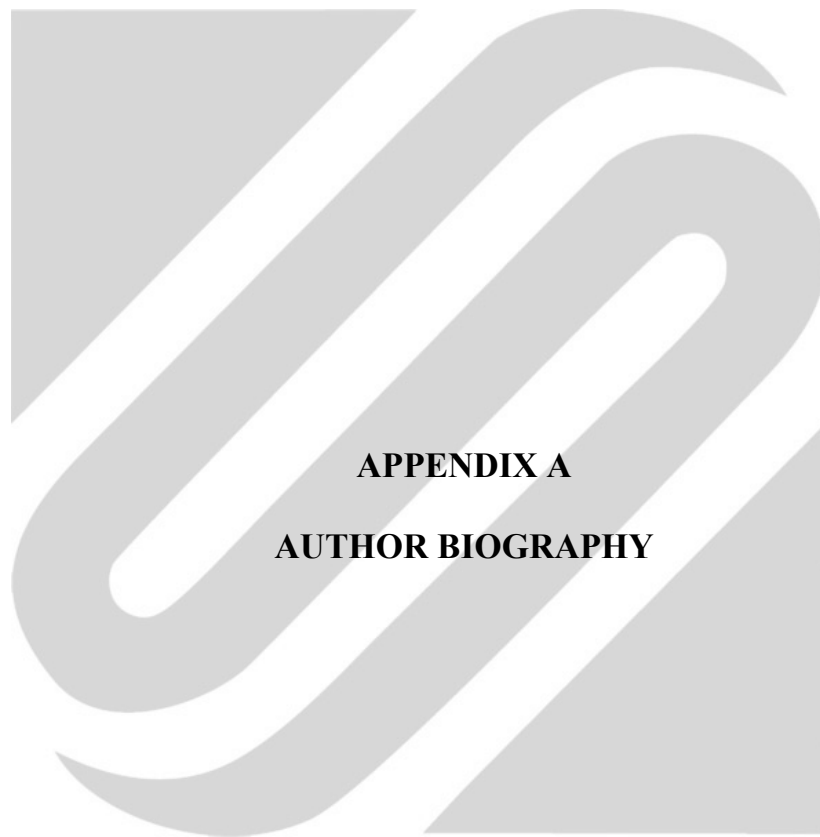
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**APPENDIX A**

**AUTHOR BIOGRAPHY**

**BIOGRAPHY**

**NAME** Zertab Quaderi .Ms

**DATE OF BIRTH** 1975 ,August 23

**NATIONALITY** Bangladeshi

**EDUCATION**

2017 Master of Business Administration  
Stamford International University  
Asoke Campus Learning Centre

2001 Bachelor of Business Administration  
Bangladesh ,University of Dhaka

**HOME ADDRESS** Dhaka ,Baridhara DOHS ,(West) 3 Road ,239 House ,1 Flat  
Bangladesh ,1206

**WORKING ADDRESS** Not Applicable

**POSITION** Academic Writer

**EMAIL ADDRESS** com.gmail@zertab



**APPENDIX B**  
**QUESTIONNAIRE FOR ORGANIC FOOD CONSUMERS IN**  
**DHAKA**

## 1. Sex

- Male
- Female

## 2. Age

- 21 - 30
- 31 – 40
- 41 – 50
- Above 50

## 3. Education

- H.Sc./A'Level
- Bachelors
- Masters
- Postgraduate

## 4. Occupation

- Business
- Government service
- Private service
- Homemaker
- Others, please mention

## 5. Monthly Household Income

- Tk.20,000 – Tk. 30,000
- Tk. 30,000 – Tk. 40,000
- Tk. 40,000 – Tk. 50,000
- Above Tk. 50,000

## 6. Marital status

- Married
- Single
- Other

## 7. Do you have children?

- Yes
- No

## 8. Children's age, if applicable

- 0 – 1 year
- 1 – 5 years
- 6 – 10 years
- 11 – 15 years
- Above 15 years

## 9. Where do you live?

## 10. Do you eat organic food?

- Yes
- No

## 11. What do you think organic food is?

- Food without chemical pesticides
- Herbal food
- Natural food
- Other

## 12. Why do you eat organic food?

- Free from chemical pesticides

- Healthy
- More tasty
- Reasonable price
- Environment friendly
- If others, please mention

13. What are some of the organic food products you buy?

- Rice
- Lentils
- Oil
- Sugar
- Snacks like muri, kholi
- Spices
- Vegetables
- Fruits
- Milk
- Poultry and meat
- If others, please mention

14. Where do you buy organic food from?

15. Who makes the decision to buy organic food?

16. Who purchases the organic food?

17. Which family members eat organic food at your home?

- Self
- Spouse
- Children
- Elderly parents
- Others

18. At what time of the day do you consume organic food?

- Morning
- Afternoon
- Evening
- Night
- If others, please mention

19. How do you know that what you buy is organic?

20. How many times a month do you buy organic food?

- Less than once a month
- Once a month
- Twice a month
- Once in two months

21. How much do you spend monthly on organic food?

- Below BDT 500
- BDT 500 – BDT 1,000
- Above BDT 1,000

22. When you cannot get your choice of organic food product brand, what do you do?

- Wait till the outlet gets the brand or product
- Look for it in another outlet
- Buy substitutes in small quantity, just enough to last till you get your desired brand or product
- If others, please mention

23. In your opinion, should there be more consumption of organic foods? Why or why not?

24. Is it easy to buy organic foods?

- Yes
- No

25. Should there be more shops selling organic food in Dhaka?

- Yes
- No

26. What kind of problems do you face when purchasing organic food products?

27. Please indicate if you agree or disagree with the statement that price is the most important factor when making your purchase decision about organic foods?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

28. Please indicate if you agree or disagree with the statement that quality is the most important factor when making your purchase decision about organic foods?
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
29. Please indicate if you agree or disagree with the statement that availability is the most important factor when making your purchase decision about organic foods?
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
30. Please indicate if you agree or disagree with the statement that location is the most important factor when making your purchase decision about organic foods?
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
31. Please indicate if you agree or disagree with the statement that brand name is the most important factor when making your purchase decision about organic foods?
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree
32. Please indicate if you agree or disagree with the statement that retailer trust is the most important factor when making your purchase decision about organic foods?
- Strongly disagree
  - Disagree
  - Neutral
  - Agree
  - Strongly agree

33. How long does it take from placing the order to getting the products in your organic food retail?

34. What information do you look for before purchasing organic food products?

- Ingredients
- Source
- Date of manufacture
- Date of expiry
- If others, please mention

35. Do you prefer shopping online or going to a physical store to buy organic food products?

- Online
- Physical outlet

36. If you prefer shopping online over going to a physical store, why?

37. If you prefer going to a physical store over online shopping, why?

38. What is your media habit?

- Watch TV
- Read newspaper
- Read online newspaper
- Listen to the radio
- If others, please mention

39. Which is your favorite TV channel and program?

40. Which is your favorite radio channel and program?

41. Which newspaper do you read?

- Prothom Alo
- The Daily Star
- Dhaka Tribune
- If others, please mention

42. Which websites do you visit every day?

43. Have you heard about Dhaka Dough?

- Yes
- No

44. How would you rank these outlets on the following parameters where 1 = Very Good, 2 = Good, 3 = Neutral, 4 = Poor and 5 = Very Poor?

	Quality	Price	Customer service	Product variety	Packaging
Dhaka Dough					
Prabartana					
Proshika					
Meena Bazaar					

45. How likely are you to recommend Dhaka Dough on a scale of 1 – 5 where 1 is highly likely and 5 is highly unlikely?

46. On a scale of 1 – 5 where 1 is highly likely and 5 is highly unlikely, how likely are you to continue using Dhaka Dough?

47. How satisfied are you with Dhaka Dough on a scale of 1 – 5 where 1 is highly satisfied and 5 is highly dissatisfied?

48. Is there any other service or product Dhaka Dough can provide to make life easier for you?

49. If you like a product or brand, do you tell anyone about it?

Yes

No

50. If the answer to the above question is Yes, whom do you tell?

Friends

Family

Colleagues

If others, please mention

51. What would make you talk about your experiences of brands and products with others?



**APPENDIX C**

**QUESTIONNAIRE FOR DHAKA DOUGH**

1. What are the strengths of your business?

To be probed on the following:

What do you do well?

- Sourcing
- Processing
- Customer service
- Others:

What are your unique skills?

Do you have any specialized knowledge?

- Knowledge about organic foods
- Knowledge about benefits of organic food

What experience do you have in your field of business?

- How do you know you are getting good quality products from your suppliers?
- How do you choose your suppliers?

How are you better than your competition?

- Products have better quality
- Pricing reflects better value for customers
- Convenience of shopping
- More variety of products
- People facing customers are not typical salespersons
- Provide seating arrangement
- Provide snacks and drinks on order
- Provide food products that competitors do not
- Others

2. What's the source of your highest profits?

3. What are your marketing strengths?

- Organic spread
- Good relations with upstream and downstream channel members
- Customers bring in more customers
- Others

4. What are your production strengths?

- In-house processing
- Highly hygienic
- Small quantity ensures high quality
- Others

5. What are your financial strengths?

- Can borrow easily from banks and other financial institutions
- Regular profits running the business
- Owners having high financial solvency
- Others

6. How strong is your organization and its structure?

- Closely managed
- High involvement of owners
- Clear delegation of responsibilities
- Others

7. Any other strengths?

8. What are Dhaka Dough's weaknesses?

Lacking in financial or HR or marketing or any other resources?

Do you need HR training?

Which part of your business is not profitable?

- Sourcing
- Processing
- Selling
- Marketing
- Customer service
- Waste disposal
- Perishable item disposal
- HR training

□ Others

9. How do you know that what you source is organic?
10. How does the political climate affect your business?
11. How will the growing economy affect Dhaka Dough?
12. What are the changes in the social and cultural behavior that impact your business?
13. What more can you offer to your current customers to help them with their lifestyle?
14. Can technology enhance your business? How?
15. How is your business affected by the grave environmental conditions?
16. Any legal restrictions that affect your business?
17. Is the organic food market growing?
18. What do you think is the image of Dhaka Dough with the current customers?
19. What is the image you have among those who are not your customers?
20. What are the threats you encounter in terms of:
  - a. Current competition
  - b. Potential competition
  - c. Substitute products

- d. Price increase by suppliers
- e. Suppliers unable to meet deadlines
- f. Government regulations

- g. Economic downturn
- h. Consumer behavior change

21. How many suppliers do you use?

- 1- 3
- 1 – 6
- More than 6

22. b. Are you heavily dependent on them?

- Very heavily
- Moderately heavily
- Not very heavily

23. Can you switch easily from one supplier to another?

24. How easy is it to bargain with them?

- They always agree to our proposal
- They bargain a lot but finally agree to our proposal
- They bargain a lot and force us to agree with them

25. How easy is it to start an organic food business in terms of:

- a. Financial investment
- b. Infrastructure development
- c. HR
- d. Getting the right suppliers
- e. Getting the right location

26. What are the factors that can be a barrier to enter the organic food business?

- Financial investment
- Getting the right suppliers
- Getting the right people to manage the business
- Infrastructure investment
- Packaging costs
- Logistics costs
- Processing costs
- Operational costs
- Others:

27. Describe the customers of your business in terms of:

- a. Age
- b. Sex
- c. Occupation
- d. Socioeconomic status
- e. Location

28. Are they aware of what organic food products are?

- Yes
- No

29. What percentage of your customers are loyal to Dhaka Dough, that is, how many keep coming back to buy from you?

30. Who comes to buy from Dhaka Dough?


31. How often do they come?

32. How much time do they spend here?

33. Do you see any potential new segment to target?

34. What is the future of Dhaka Dough?





**APPENDIX D**  
**LETTER OF CONDUCT**

To:

Mr. Muntasir Mamun

Owner

Dhaka Dough

Dhaka

Bangladesh

July 15, 2016

Subject: Permission to conduct research in Dhaka Dough

Dear Mr. Mamun,

I would like to take permission from you to conduct a research in your retail outlet, Dhaka Dough. This research is a requirement for my Independent Study, a partial requirement for fulfilling an MBA program in Marketing from Stamford International University, Bangkok, Thailand. I will take two hours of your time to know the details about your business. During this time, I will also observe the shopper behavior of the customers that come to your outlet.

Sincerely,

Ms. Zertab Quaderi




**APPENDIX E**  
**REPORT OF PROGRESS**

 **Writing Progress Report** 

<b>Basic Information</b>			
1.	<b>Name-Surname of the Student</b>	<b>Student ID no.</b>	<b>Name of Advisor</b>
	Zertab Quaderi		Scott Roach, PhD
2.	<b>Title of IS Paper</b>		
	Marketing Plan Dhaka Dough		

<b>Advisor's Comments</b>	
3.1.	<b>Advisor's Comments – 1<sup>st</sup> Meeting</b>
	Few meetings. Lots of e-mail. Student progressed well and was driven to produce an excellent product. Has now successfully defended before the IS Committee.

Advisor's Signature: 

Date: 14 MAR 2017