FOODMARK, INC.

The Way To Market™

CASE STUDY

IDENTIFYING AND SECURING GROWTH VEHICLES FOR A 3RD GENERATION ICE CREAM MANUFACTURER OUTSIDE ITS CORE MARKET

Business Type: Ice cream novelty manufacturing
Manufacturing Capability: Limited
Financial Strength: Good
Relevant Retail Category: Ice cream novelties

The Challenge: **Growing sales with limited products and funding**

Located in the western U.S., this relatively small ice cream manufacturer had been in the same plant for 65 years and no truly "new items" had been offered in the last 12 years. Over 80% of sales were generated from the local market. The company wanted to grow, yet there was an aversion to the payment of slotting. And lately, even though business remained relatively stable, its mildly competitive product niche was being invaded by Unilever (Klondike).

How could Foodmark assist the company to grow beyond their local market without a deep product lineup and without offering slotting dollars?

Solution One: **Expand the product line and pursue private label**

Foodmark recognized that the company, despite its modest size, possessed tremendous manufacturing skills. Although the product lineup was very limited, the manufacturing lines in place allowed the company to be positioned as both a low cost producer and a custom packer…a very rare combination, one created by years of dedication to making a select group of products.

We also recognized that the company needed to pursue some larger accounts in order to allow the required volume for new items and additional pack sizes. Therefore, national supermarket chains and club stores became the primary target accounts.

From the outset, Foodmark worked with the manufacturer to identify new items that could be run on the existing lines with little or no major expenditures for additional processing or packaging equipment. While the manufacturer was receptive to some spending for equipment, there wasn't a large appetite for risk. It was a clear case of "walk before you run."

At the same time, Foodmark reviewed data for the novelty category to determine where there might be product opportunities. Understandably, the high volume segments were fairly well covered by existing suppliers. However, one particular national brand novelty enjoyed very limited private label competition. The brand's highly automated packaging system appeared to be the major barrier to entry. Foodmark's response to this obstacle was straightforward: provide a suitable and more cost-effective alternative package.

Foodmark approached two national supermarket accounts with the product concept for private label development. Fortunately, one of the chains became a very receptive partner in the development process. We jointly worked

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to refine the ice cream, inclusions and chocolate used in each product. As well, we worked closely with the account's design staff to shepherd the packaging through the various phases. Eight months after the process begun, the product line started shipping. Now in its second year, the product line is enjoying extreme growth and the chain is working to identify and add new varieties to the shelf.

Solution Two: **Introduce the product line to new accounts**

Due to the limited size of the manufacturer, the reach of the sales effort had been regional in scope. The company's products were unknown in the eastern and southern parts of the country.

Foodmark recognized that the appeal of the company's products probably transcended the regional boundaries established. Foodmark also recognized that the transportation of ice cream was a specialized business that really required truckload accounts or the utilization of regional cold storage facilities for LTL distribution.

With the above in mind, Foodmark targeted club stores as a necessary part of the sales puzzle. The club volume would allow shipment consolidation and the ability to move product east (or south) on a regular basis. As it happened, the club stores were eager to take on the items due to very good value and limited availability among competitive outlets This new sales channel enabled our manufacturer to expose its product and brand to many new consumers at a fraction of the cost relative to supermarket expansion. Additionally, the brand awareness allowed us to sell a unique co-branding opportunity to a large account. This deal had the desired effect of building sales and exposing the brand, while preserving slotting capital.

The Results: **National Presence, New Products and a Diversified Customer Base in a Consolidating Industry**

In a short time, we have both extended the product line and expanded distribution for the manufacturer. The company is now positioned in three distinct sectors: brand, private label and co-brand. The sales are also spread across multiple channels including club store, supermarket and convenience store. The challenge was formidable, but we succeeded with new products and additional equipment, rather than the more risky path of slotting branded items in conventional chains.