

BSB 126 MARKETING PLAN



(n.a., 2016)

TOTAL WORD COUNT: 1996 words

1.0 Situational Analysis

Milo is an iconic Australian chocolate malt powder brand which is produced by Nestle (Nestle, 2016). Nestle recorded a sales revenue of \$2.2 billion in 2017, with Milo having a 92% value share in the malt-based drinks industry (IBISWorld, 2017 & Anonymous, 2016).

Appendix 1 and **2** contain a SWOT analysis and CDSTEP that were created to analyse the potential for Milo to launch a new product in the Australian market.

1.1 Social Trends

Research shows that health consciousness is an increasing trend in Australia, particularly in young Australians (Lucio, 2018). This is a threat to Milo, as at the beginning of 2018, the brand had their 4.5 health star rating revoked and downgraded to a 1.5 health star rating (Han, 2018). With Australians seeking healthier food and beverage options, consumers may move away from Milo in exchange for healthier options (IBISWorld, 2015). However, this presents an opportunity for Milo to target this health-conscious market with a healthier beverage. Another social trend is the movement in consumption of milk from regular and low-fat milk to alternatives such as soy, lactose free and A2 milk. This is consistent with the health trend, as these products are advertised as being healthier options that are suitable for people with a variety of dietary requirements (Thomson, 2018). Australia is also a time-poor society, meaning Australians are choosing to buy ready to consume products to save time in their busy lives (Dalley, 2014). Currently, the only prepared beverage offered by Milo is the 200ml MILO 2 GO liquids (Nestle, 2016). With a variety of other ready to drink dairy (e.g. Breaka and Ice Break) and non-dairy beverages (e.g. Coca-Cola and Red Bull) on the market, time poor customers may be likely to choose more convenient options than Milo (Woolworths, 2018).

1.2 Technology

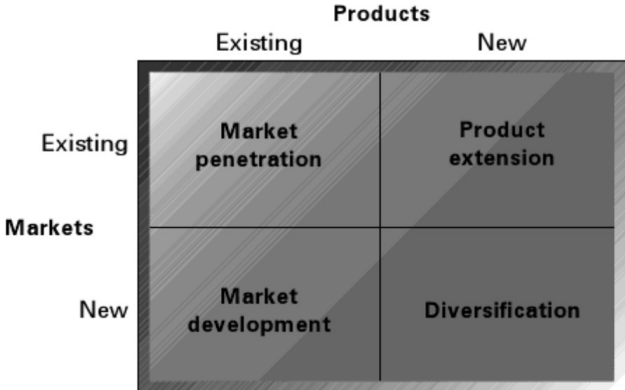
In recent years, social media has been becoming an increasingly popular medium of marketing, particularly for a young target audience (Mitchell, 2012). Milo has taken advantage of this, boasting a Facebook page with over 250 000 likes and running campaigns and competitions such as the 2016-17 #itsgottabemilo campaign for Instagram users (Facebook, 2018 & Nestle, 2016). However, Milo does not have an active Instagram account

which is a threat to the brand, as 13-17 year old’s are turning away from Facebook, in favour of Instagram (Solon, 2018). Milo promotes their products as being nutritionally beneficial for both children and adolescents (Nestle, 2011). However, this means Milo is failing to reach adolescents in their marketing, as only 51% of teenagers use Facebook, compared to 72% of this age bracket who use Instagram (Solon, 2018). Milo is able to reach younger children aged 5-12, who are not yet on social media, through their recent partnership with the AFL and AFL Auskick (Nestle, 2018). Milo’s partnership with the AFL also presents an opportunity for Milo to partner with the AFL and specific AFL players in social media marketing campaigns. Milo also runs television advertisements in prime-time slots which are able to reach over 2 million people per ad in Australia (Willis, 2013).

2.0 Marketing Goal

For the Milo Energize Range (MER) of premixed refrigerated energy drinks (Zimmel, Soy or A2 milk Milo mix) to achieve sales revenue of \$3 531 300 (3% of \$117 710 000 industry) in Australia during a 12 month national marketing campaign starting January 2019 to January 2020 (Vuong, 2018). Based on the Ansoff matrix (**Figure 1**), this is a product development strategy for Milo.

Figure 1: Ansoff Matrix



(Source: McDonald & Meldrum, 2013)

3.0 Marketing Strategy

3.1 Target Market

Table 1 shows a segmentation analysis of the target market for introduction of the MER. As conveyed in the table, the target market for the MER is time-poor families with children aged 12-19, who are in the middle to high income bracket, with a brand loyalty to Milo.

Table 1: Segmentation Analysis

Segmentation Method		Segment	Description
Geographic		Australia	Milo is an iconic Australian brand that has been consumed by Australian's since 1934 (Merkell, 2017).
Demographic	Age	12-19	Milo markets their products as being nutritionally beneficial to growing children and adolescents due to Milo's high content of calcium, protein, iron, vitamin A and other vitamins (Nestle, 2011).
		40-55 (parents of teenagers)	Parents do the grocery shopping for their family and seek to buy healthy, convenient products (Marsh, 2016).
	Income	Middle to high	Higher income earners are more likely to buy high quality, healthy food and beverages (Kenney, 2018).
Behavioural	Brand Loyalty	Customers regular purchasers of Milo	Australians are loyal to trusted, iconic Australian brands, including Milo. As Milo has been in production since 1934, several generations trust the brand (Merkell, 2017).
Psychographic	Lifestyle	Time-poor customers	Time-poor customers do not have time to prepare healthy meals and therefore favour convenient healthy options (Marsh, 2016).

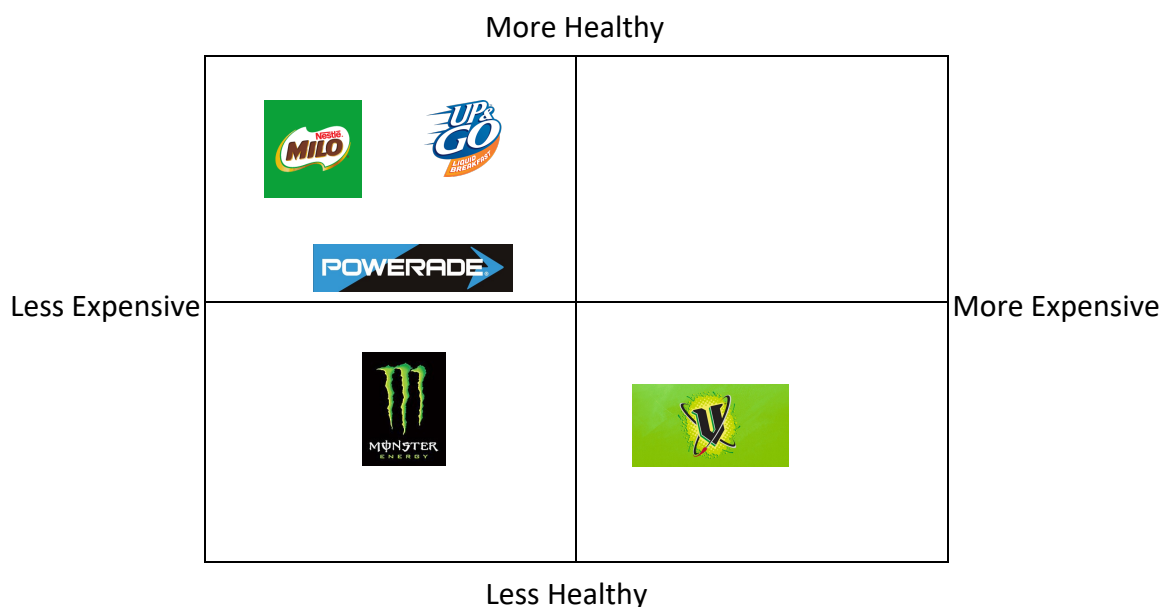
3.2 Value Proposition

In a time-poor society which is increasingly health conscious, the value proposition of MER to the target consumer is a healthy drink which has the added goodness (and choice) of lactose free milk, Soy (vegan) or the goodness of A2 milk, which is stated as being the healthiest of the dairy milks (Dalley, 2014 & Thomson, 2018). MER will be readily available through a large distribution network, which also means that it is available in highly convenient areas to time poor consumers. In contrast to carbonated caffeine energy drinks, such as Red Bull, Milo is a trusted nutritious drink which can be targeted at families and has the added benefits of calcium and protein in the milk (Red Bull, n.d.). As the MER range is premixed to the recipe that earned Milo their original 4.5 health star rating, Milo's high sugar concern is negated. Consumers can rest assured that the energy drink is both healthy and convenient for the entire family.

3.3 Positioning Map

The brand positioning map in **Figure 2** depicts an analysis of the Milo brand and competitor brands which are marketed as selling high energy beverages in the minds of consumers. This shows that in comparison to Powerade, Up & Go, Monster, Red Bull and V, Milo is the healthiest option and also the least expensive energy drink option.

Figure 2: Brand Positioning Map



3.4 Positioning Statement

The Milo Energise Range is a nutritional low sugar drink for the whole family with the added benefit of calcium and protein in your choice of dairy mix. The Milo Energise range is a superior energy drink than carbonated energy drinks as it also includes calcium and protein from milk products. The target audience of families with children aged 12-19 can conveniently buy an individual size (600ml) or a larger size (2L) for the whole family.

4.0 MARKETING TACTICS

4.1 PRODUCT

Milo Energise Range products will include calcium, protein, iron, vitamin B1 and B2 and vitamin A and vitamin C in every serving (Nestle, 2011). Due to the increased trend towards alternative milk products, there will be the choice of;

1. Milo lactose free dairy mix (for people who are lactose intolerant)
2. Milo Soy mix (for vegans)
3. Milo A2 milk mix (a healthier dairy option that contains only the A2 (and not A1) protein) (Thomson, 2018)

By premixing the range, Milo is better able to control the amount of sugar input in their drinks, therefore giving Milo the potential to restore their 4.5 star rating.

The product's packaging will be made from biodegradable materials and will emphasise the iconic Milo branding. This will reflect the growing trends towards environmentally friendly attitudes (Franey, Okrasinski, Schaeffer, 2010). It will also help to restore Milo's reputation of being a trustworthy brand with a social conscience after they faced criticism over losing their health star rating (Dilenscheider, 2010). This packaging will also be consistent with Milo's current environmental packaging initiatives, as the brand is a signatory to the Australian Packaging Covenant which aims to "improve the culture of business to design more sustainable packaging, increase recycling and reduce packaging waste" (Nestle, n.d.).

4.2 PRICE

Figure 3 shows an analysis of the different components of pricing. The pricing strategy that will be used for the MER is a penetration pricing strategy. In a penetration pricing strategy, the price for a product is initially set lower than competitors to appeal to the mass market. Penetration pricing is proven to be the fastest way to create market awareness in the food and beverage industry (Dudu & Agwu, 2014). For this reason, the MER 500ml drink will be sold for \$3.75 and the 2L drink will be sold for \$7.99. This is less expensive than most carbonated energy drinks as dairy beverages are usually cheaper than carbonated energy drinks. The soy, A2, and lactose free options will all have the same pricing as there is not a significant difference in price between the milk options.

Table 2: 5 C's of Pricing

Company Objectives	Reinvigorate the Milo brand, overcome unhealthy perceptions of Milo products, increase sales of Milo range, restore positive brand image
Customers	Families with children aged 12-19, middle-high income, Milo brand loyal, time poor lifestyle. People in the middle to high income bracket are less price sensitive than those with a lower income (Ackbay & Jones, 2006).
Costs	The main fixed cost is wages for Milo staff. Variable costs include electricity and machinery operating at factories, labour, materials and promotional costs.
Competition	The major competitors for the MER are other high energy beverages including Powerade, Red Bull, V, Monster and Up & Go (Boseley, 2018).
Channel Members	Milo will have to source milk from dairy farmers as well as the Milo ingredients from other farmers. The MER will be produced in Milo factories and then distributed through major supermarkets, Coles and Woolworths and 7-Eleven convenience stores.

4.3 PLACE (DISTRIBUTION)

As the MER are low margin, high turnover products, an intense distribution method will be implemented. The range will be distributed through Australia’s two largest supermarkets, Coles and Woolworths, who Milo has an existing relationship with, as well as 7- Eleven convenience stores (Robertson, 2018). As Coles and Woolworths have a combined market share of 67.1% in the supermarkets and grocery stores industry, this channel will be very wide reaching (Youl, 2018). As the MER is targeted at time-poor consumers, the convenience and accessibility of 7-Eleven will be ideal for these customers (Moore, 2018). The range will be positioned alongside flavoured milks in the fridges in stores, making it most desirable to consumers due to its superior healthiness to other flavoured milks.

4.4 PROMOTION

Table 3 details the promotional tools and relevant budgets allocated to achieve the marketing objective for Milo.

Table 3: Promotion Breakdown

Objective	IMC Tool	Budget	Justification
For the Milo Energize Range to achieve sales revenue of \$3 531 300 by January 2020	Instagram: partnership with AFL players	\$12 000	Milo will utilise its partnership with the AFL to advertise on social media. The three most followed AFL players, Dustin Martin (255 000 followers), Lance Franklin (331 000 followers) and Patrick Dangerfield (174 000 followers) will each post two photos on Instagram in the two weeks prior to the Australia Day launch party. Instagram is the most suitable social media platform as this is the most popular platform for the targeted 12-19 age group (Solon, 2018).
	Product launch: Australia Day pool party competition	\$10 000	The product will be released in stores two weeks prior to Australia Day so consumers can enjoy the iconic Australian brand on Australia Day. However, the official product launch will be a pool party on Australia Day which will be attended by 100 lucky competition winners

			who have purchased the MER as well as the three AFL players who Milo has partnered with. This will create hype for the launch of the product and encourage consumers to purchase at its initial release.
	Bus shelter ads	\$28 000	Bus shelter ads will reach the young target audience who use public transport as a means of travelling to school, as well as parents driving along roads.
	Total Budget Spend:		\$50 000

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6.0 APPENDICES

Appendix 1: SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> - Milo is part of the Nestle Australia company which is an established brand in Australia and has large sales revenue of \$2.2 billion in Australia (IBIS World, 2017) - Milo powder has been an Australian product since 1934 meaning many Australians have grown up drinking Milo and are familiar with the product. Therefore, it has strong country of origin benefits. (Merkell, 2017) - Partnership with AFL Auskick promotes healthy lifestyle and community involvement (Nestle, 2016) - Social media activity including competitions such as #itsgottabemilo to share “Australia’s Milo moments” (Nestle, 2016), which correctly targets their current target audience. - Milo were praised for voluntarily changing their health star rating based on the consumption methods of their products. This ensures that Milo preserves credibility of their brand (Han, 2018). - 92% value share in Australian malt-based beverage industry (Anonymous, 2016) 	<ul style="list-style-type: none"> - Despite there being a variety of Milo products, there is only one general flavour. - Currently holds a 1.5 health star rating due to the way consumers consume the product (adding sugar, eating with ice cream or full cream milk) (Han, 2018). - Lack of control regarding how consumers make their Milo, particularly when mixing in added sugar. This has weakened the brand’s health reputation (Han, 2018).
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> - As Milo already has an established range of milo products such as powder, cereals and snack bars, there is further opportunity to increase their current range (Nestle, 2016). - Milo was originally marketed as a health tonic (Nestle, n.d.) This original marketing lends itself to a healthy alternative, particularly if mixing the powder with a healthy product, such as Soy or A2 milk which is increasing in popularity (Thomson, 2018). 	<ul style="list-style-type: none"> - Loss of 4.5 health star rating means that consumers searching for a healthy beverage could defect to brands with a healthier brand perception (Han, 2018). - Indirect competition coming from healthy refreshment beverages such as drinking yoghurt, reduced sugar fruit and vegetable juices and protein/energy drinks (Dalley, 2014). - Milo has suffered a damaged reputation due to their decreased health star rating. Competitors could take advantage of Milo’s poor health

<ul style="list-style-type: none"> - Partnership with AFL players due to current Milo Auskick partnership (Nestle, 2016). - The use of greater social media in Milo's marketing campaigns, which fits in with a limited budget of \$50,000 and aligns with targeting a younger health conscious consumer (Vaterlaus, Patten, Roche & Young, 2015). - Lactose free and non-dairy milks are becoming more popular and hence can be used as a healthier substitute for full cream or low-fat milk (Thomson, 2018). - Milo products stocked in both Coles and Woolworths, Australia's major supermarket players (Robertson, 2018). 	<p>perception by promoting that their drink as a healthier alternative (Sullivan, 2018).</p>
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Appendix 2: CDSTEP

<p>Culture</p>	<ul style="list-style-type: none"> - Milo is arguably an iconic Australian brand. Australian's are very loyal to Australian brands which has largely contributed to Milo's longevity (Nestle, 2014) - Australia is a convenience-based society that desires products which require little preparation. Therefore, Milo would benefit from a ready-made drink (Crino et al, 2018)
<p>Demographics</p>	<ul style="list-style-type: none"> - Milo targets children and teenagers over 6 years old and their parents, as parents are the ones who will be purchasing Milo (Stevens, 2009). - 12-20 year old Australians are high users of social media, spending 1200 hours a year on social media (SBS News, 2017). - Push power of children pushing their parents to buy products promoted by sports celebrities. This is aligned with Milo's potential social media campaign in promotions (Bainbridge, 2013).
<p>Social Trends</p>	<ul style="list-style-type: none"> - People, particularly young Australians are becoming increasingly health conscious meaning Milo's current 1.5 health star rating is undesirable for this target demographic (Lucio, 2018). - Dairy alternatives such as soy and lactose free milk are growing in popularity, with this trend expected to continue (Australian Food News, 2016). - Australia is a time poor society which has seen increased sales of prepared foods (Crino et al, 2018). - Social media usage is growing. Milo can take advantage of this trend (SBS News, 2017).

<p>Technology</p>	<ul style="list-style-type: none"> - Social media is becoming an increasingly popular platform for marketing and Milo has taken advantage of this using social media campaigns (Nestle, 2016). - Milo has a Facebook page with over 250 000 likes but does not have a full social media presence as they do not currently have an Instagram page (Facebook, 2018). This is a weakness as the health conscious, younger consumer is highly active on Instagram (Solon, 2018). Milo uses their Facebook page to post about competitions, community involvement and the AFL who they have a partnership with (Facebook, 2018).
<p>Economic</p>	<ul style="list-style-type: none"> - Australia is experiencing positive economic growth, with GDP increasing by 3.4% in the most recent financial year. This was above the 3% predicted by the Reserve Bank (Letts, 2018). - On average, families with children over 5 years old spend \$334 per week on food and drinks (Australian Securities and Investments Commission, 2016)
<p>Political/Legal</p>	<ul style="list-style-type: none"> - In 2014, the Australian Government implemented the health star rating system to encourage people to make healthier foods choices. However, no studies have been conducted to test the system's impact on food choices (Hamlin & McNeil, 2016). - Protecting Children from Junk Food Advertising Bill 2011 restricts television advertising of junk food in most popular time slots for children. This currently has an impact on Milo due to their low health star rating (Protecting Children From Junk Food Advertising Bill 2011).