

Marketing Plan

AHA Inc. A Healthy Alternative



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TABLE OF CONTENTS

EXTERNAL ENVIRONMENT AND INDUSTRY ANALYSIS.....	3
External Environment	3
Industry Analysis	4
Competition	5
Customer Profile	6
SWOT ANALYSIS.....	7
AHA MISSION.....	8
MARKETING STRATEGY.....	8
Target markets:	8
Points of difference	9
Positioning	9
MARKETING PLAN.....	10
Product strategy	10
Product line	10
Unique Product Quality	10
Packaging.....	11
Price strategy.....	11
Promotion.....	11
Place (Distribution) Strategy.....	11

EXTERNAL ENVIRONMENT AND INDUSTRY ANALYSIS

EXTERNAL ENVIRONMENT

Diet and nutrition is fast becoming a major health concern among Americans. Ten of the leading causes of death in the United States: heart disease, cancer, stroke, diabetes, liver disease, and atherosclerosis, have been linked to diet. A Harris Poll, taken in the United States in March of 2002, found that 80% of adults age 25 or older are overweight. This reflects a 71 percent increase from 1995 (CNNMoney, September 2002).

So why are Americans becoming increasingly overweight? Fast food is greatly contributing to these circumstances. There are over 300,000 different fast food restaurants in the United States. In today's fast-paced society consumers are eating more fast food than ever before. Convenience has been cited as the main reason for this behavior. The food is served quickly and the prices are usually inexpensive in comparison to a typical sit down restaurant. Even though it is known as being greasy, oily, and generally unhealthy, many Americans frequent their favorite fast food chains such as McDonald's, Kentucky Fried Chicken, Wendy's or Burger King on a weekly basis. Research indicates that most Americans eat three burgers a week and that 81% of Americans consume junk food while driving. This report comes as no surprise, since people spend more time on the road than ever before.

Studies have shown that consumers really want to know how many calories certain foods contain. Unknown to many, some fast food meals contain up to 1200 calories in one serving (CNNMoney, September 2002). That is almost half of the recommended daily amount! If one had any doubt as to why we live in an obese society, staring at the 1200 calories wrapped in logo laden paper is a definite hint that most consume way too many calories.

Americans are becoming increasingly concerned about the nutritional value, quality, and safety of their diets. Given these alarming health concerns coupled with consumers' desire for better nutrition, there exist an unprecedented opportunity for the creation of healthy alternatives. This theory is further supported by the fact that many fast food establishments are adjusting their menus to compete in this new marketplace.

INDUSTRY ANALYSIS

In recent months there has been an array of news coverage regarding concerns over the increasing rate of obesity among Americans, especially young children and teenagers. In New York, charges were brought against McDonald's and 2 other fast food chains claiming responsibility for the diseases suffered by overweight children. Although unsuccessful the case did draw much media attention. Government has attempted to address this issue by mandating the quantity and quality of information that must be present on food labels.

Public concern over the rising rate of obesity is causing many food manufacturing companies and fast food establishments to examine their menu choices. McDonald's Corp. is cutting the amount of "bad" fat in its french fries nearly in half, as it moves to make all its fried menu items healthier. "It's a win-win for our customers because they are getting the same great french-fry taste along with an even healthier nutrition profile," said Mike Roberts, president of McDonald's USA" (CNNMoney, September 2002). The new oil will reduce the amount of trans-fatty acids in its french fries by 48 percent and cut saturated fat by 16 percent, the company said. Trans-fatty acids, which are chemically produced from vegetable oil, and saturated fats, which occur naturally, are what significantly contribute to high cholesterol and heart disease. At the same time, McDonald's is "dramatically" increasing polyunsaturated fat in its fries by 167 percent. U.S. dietary guidelines were recently changed to say that moderate amounts of polyunsaturated fats are acceptable. Kraft, in an unprecedented move, has taken a proactive approach and announced a company decision to alter their recipes in an effort to reduce the fat and sugar content.

In order to remain competitive, other fast food companies will have to follow suit. The need for this adaptation may come to fruition rather quickly, especially if the government continues to broadcast the dangers of obesity. If history repeats itself, American's may respond to the warning labels and news reports in a similar manner as they had to smoking (although smoking is still prevalent in our society the amount of Americans who smoke has declined since government intervention). Since healthy food alternatives will be offered, unlike the smoking example above, such menu changes could

rapidly become widespread in response to heightened consumer demand. This could place a heavy burden on companies as they scramble to obtain the product research and expertise necessary to produce healthier product choices. To meet consumer demand for healthier products, companies will have to reposition and upgrade their product portfolio. We believe that consumers are prepared to pay a premium for health, coupled with taste and we are prepared to assist in filling that desire.

The team founding A Healthy Alternative has years of experience in marketing, business and people management. AHA will also have key role players involved in the ever changing and new technologies applied to agricultural products which offer unprecedented opportunities to respond to consumer demands for healthy diets.

COMPETITION

Our research into this industry confirms that there are few competitors offering the services we propose. However, our target market, which involves large to small food manufacturers and food service restaurant chains, may attempt to invest in the research and development of their own product enhancements or creation rather than outsource. To offset this possibility, AHA will have to become distinguished as a specialist in the new health conscious arena. The company's expertise on recipe conversion, marketing research, demographics and product line introduction will be its competitive advantage.

Although the competitors may offer similar services, they have been in existence for sometime and are not considered experts in the healthy alternative arena. As such, AHA should have little barrier to entry as we become known the Company becomes known as a "healthy alternative" specialist, which understands the dynamics of this new consumer marketplace. AHA must become known as the "saver" to companies who are struggling amongst these new market pressures which require them to quickly modify their product line. In response they will aggressively seek AHA's services.

CUSTOMER PROFILE

Prompted by public announcements linking dietary intake to some of the leading health concerns such as diabetes and heart disease, the American population is beginning to modify their food consumption. In response, the mainstream food industry, which in the past has not been concerned about their fat and sugar additives, will now be forced to respond to consumer demand and offer healthy options. AHA's marketing strategy involves capitalizing on this recent consumer trend towards healthier food choices.

As a society Americans typically have a strong addiction to the taste created through the use of sugars and fat. For this reason a new demand exists for healthy alternatives that closely mimic the preferred less-healthy taste. AHA will become a noted authority on nutrition and recipe conversions. Manufactures and restaurants, both large and small, will be in need of AHA's services in order to remain competitive in this new consumer environment.

AHA will assist with both the modification of current recipes and menus, as well as the introduction of new product lines. AHA's long-term growth strategy will involve the introduction of its own health conscious product line, thereby becoming both a product and a service based company

SWOT Analysis

The internal and external factors affecting the market opportunities for AHA are outlined in the chart below and detailed throughout the remainder of this marketing plan. The foundations of the business plan and marketing efforts have been based on the information contained in this analysis.

Internal Factors	Strengths	Weaknesses
Management	Experienced managers with several years of marketing experience and an intense entrepreneurial spirit	Small Company with a lack of reputation in the health food industry
Offerings	New concept within an already developed industry reduces need for consumer education	Companies may choose to develop their own healthier alternatives within their own organizations
Personnel	Can rely on independent consultants which would allow adjustable overhead	Experienced consultants may be difficult to attract from larger companies
Finance	Company requires small amount of start up capital	Limited resources may restrict growth opportunities
Manufacturing	Assist in the modification of current recipes and menus to create alternatives	Lack economies of scale of large competitors
R & D	Government is helping to fuel need	
External Factors	Opportunities	Threats
Consumer/Social	Huge consumer interest in healthy alternatives to today's food offerings	Consumer dislike of taste of the healthy alternatives
Competitive	Expand into different food related industries, fast food, manufacturing and specialty foods	Dietary companies with established reputations. Co may want to work with their own personnel
Technological	Can become recognized for improving quality standards	Larger companies may have the resources to invest heavier in R & D.
Economic	Consumer behavior shift concerning dietary provisions	Healthy alternatives may be a bit more expensive than tradition foods
Legal/Regulator	High U.S Food & Drug Administration standards eliminate unprepared competitors	Company would have to have new products approved prior to placing in the marketplace

AHA MISSION

AHA will help the food industry respond to market demand for better nutritional choices by providing healthy alternative recipes. This will be achieved by manipulating existing recipes and designing new products which promote the health of their customers along with providing good tasting substitutes for unhealthy foods.

MARKETING STRATEGY

Using market segmentation AHA will focus its efforts on these categories:

- Food manufactures in need of product mix additions and modifications. Large manufactures will be the primary target. The secondary target will include companies that are similar in nature, yet smaller in size and scope and are less capable of obtaining in-house expertise.
- Food Service such as restaurant chains and individual establishments that are in need of menu modification. Our focus will be to introduce products that support their current business model, which is based largely on price and fast distribution.
- New Product Development. The second phase of our business model involves the introduction of our product line. Benefiting from the research and experience gained while completing project work in the food manufacturing and service industries, we will produce a product line that satisfies the current social and economic trends. Our reputation and name recognition, which will have been built through projects work for large well-known manufactures and restaurants, will assist us in this endeavor.

TARGET MARKETS:

- Large and small food manufactures (from main meals to deserts and snacks)
- Restaurants-sit-downs, fast food and family buffet

- Individual consumers who desire healthy alternatives products (new product line/2nd phase)

Large manufactures will be individually targeted by name recognition rather than demographics and/or geography. Smaller manufacturers, regional fast-food chains and introduction of our product line will be targeted by geographies. Areas known for displaying the greatest desire for healthy alternatives will be targeted, which has typically been considered to be the Western regions of the United States. Focus groups and surveys will be conducted to conclude this hypothesis.

POINTS OF DIFFERENCE

AHA employs the leading experts in dietary nutrition and world-renowned chefs. Our services involve either modifying an existing product line or new product development. The products revisions will closely resemble the taste of their unhealthy counterpart. Pre-production market research and post-production market testing is done to maintain brand integrity during the redesign phase (example of preferences: texture-crunch, consistency, sweetness or tartness). We offer product launch support including production, packaging and promotion.

POSITIONING

AHA will position itself as:

- A marketing authority on the current social trends affecting the consumers' food choices.
- A leading expert on nutrition, capable of converting popular recipes into healthy alternatives, while maintaining the integrity of the original taste.
- A authority on the entire process involved in recipes and menu conversion, including marketing research, production, packaging and promotion support which allows companies to transition into this new consumer market and ensure a successful product line conversion.

MARKETING PLAN

PRODUCT STRATEGY

AHA will use a three tier approach that will follow a detailed time frame and promotion strategy. The offerings are defined below:

1. Services that assist companies in need of recipe modification.
Communicate the necessity of product modifications due to trends and changes in consumer's preferences towards healthy choices.
2. Services that assist companies in the creation of a new product line
Demonstrate marketing and competitive advantage gained by companies who offer alternative food choices.
3. The development and introduction of AHA's unique product line.
After having gained industry recognition, introduce new product line into the market.

PRODUCT LINE

Services:

Market research
Product research and development
Marketing and promotion

Products:

Healthy snacks and deserts
Main menu items

UNIQUE PRODUCT QUALITY

AHA concentrates on using natural ingredients with limited chemicals and preservatives when creating healthy alternatives that closely resemble the original recipe taste. Prior to product revisions, AHA performs marketing research to learn the consumer's relationship with the product line. Addition taste test comparisons are done prior to product launch to ensure the integrity of the brand has been maintained. Demographic analysis to identify culturally defined taste

PACKAGING

The design of the marketing and collateral material communicates quality and professionalism. The main message highlights the “team” effort, which consists of distinguished chefs, diet and nutrition experts and marketing professionals. The AHA’s name and logo will be built as each project is successfully completed.

PRICE STRATEGY

Flexible pricing indicative of “project work” will be utilized when pricing services. Client may choose product/service combinations in relationship to their specific needs. The price for AHA’s product line will be determined at time of market entry, but overall strategy will reflect that of a mid-priced brand. As a method to increase company value and expand capabilities, AHA may consider the acceptance of stock options as payment within smaller companies, which demonstrate a great growth potential.

PROMOTION

AHA will utilize industry trade shows and publications to promote services to manufacturers and food related companies. Public relations will communicate AHA’s mission to solve the dietary and health problems through healthy alternatives.

PLACE (DISTRIBUTION) STRATEGY

AHA will offer its consulting services on a national level with the main headquarters located in Los Angeles. The distribution of AHA’s product line will be in health food stores, grocery stores and juice bars. AHA will use independent consultants to advance sales, rather than hiring an internal sales force. This move will allow AHA to concentrate in its core competencies, which is recipe conversion.