INTRODUCING NEW RETAIL PRODUCTS INTO THE MARKET

by

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ABSTRACT

House-Autry Mills is a food manufacturing company located in Eastern North Carolina. It produces a variety of products including corn meals, breaders, hushpuppies and biscuits. House-Autry Mills has been producing these types of products for over 200 years and is always looking for ways to promote and expand its business. Before House-Autry Mills decides to add a new line of products, it must conduct a lot of research and evaluate the success in this potential market. The purpose of this thesis is to look at the data available, and determine if grits will be a good fit for House-Autry, and for the market in general.

Chapter I is an introduction to the entire thesis project. Much of the literature I reviewed deals with successfully bringing new products to the market. It also goes through an eight-step decision making process when determining if the project should be worked on, or if the project should be dropped at various stages. This is Chapter II of the thesis.

The Methods and Data Collection section of this thesis is located in Chapter III. This chapter will go through the process of forming a focus group, screening the participants, and determining what types of questions should be asked, based on the feedback that the firm wants to receive. I also look at several data sets collected through Infoscan Resources, Inc. There are two chapters that contain the results. Chapter IV looks at the results found

from the data collected, and chapter V looks at the results that were observed during the two focus groups findings.

The final chapter is where my conclusion and recommendations are listed. I included the action that House-Autry Mills took, and also my thoughts on that action. The section goes through different recommendations including the market first approached, risk involved in the new product, the benefit of keeping the price competitive, and the eventual expansion of the line.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

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I could not have done it without any of you!

CHAPTER I: INTRODUCTION

The company that I will be working with on my thesis project is House-Autry Mills. House-Autry Mills is a dry blend manufacturing company in Eastern North Carolina. The company was established in 1812, and has been grinding corn into cornmeal, as well as making other corn meal-based products for over two hundred years.

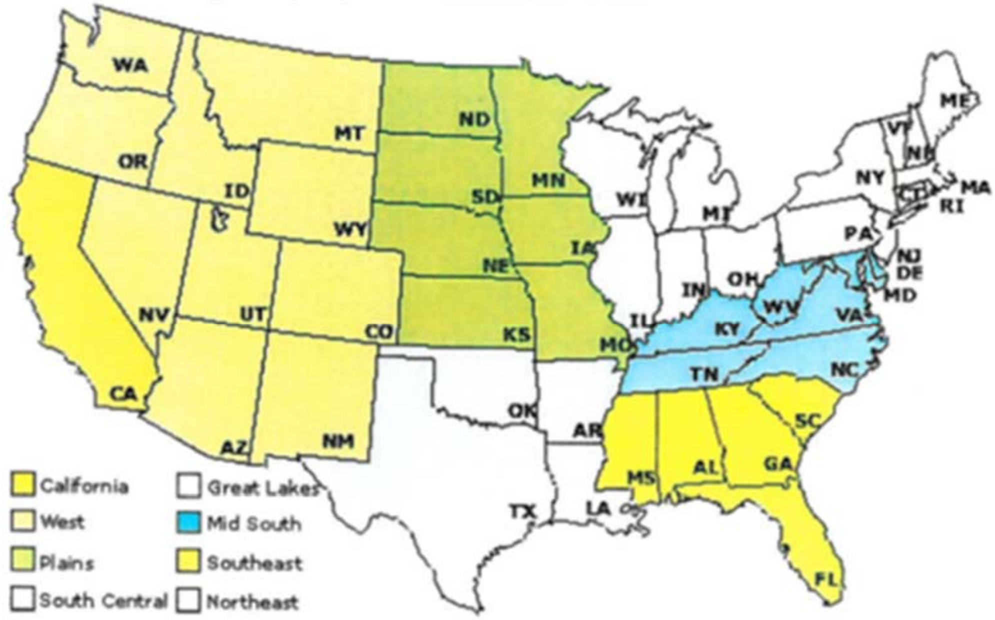
Currently, House-Autry Mills is trying to become more competitive in the retail market by adding several new products and/or pack sizes to the grocery store shelves. In this project, we will be examining grits, a new opportunity for House-Autry Mills. The grits will be developed to target grocery store chains such as Food Lion, Wal-Mart, Harris Teeter, Lowe's and other similar stores. We will package plain yellow and plain white grits, but we will also develop up to four flavored grits to market. To become more competitive in these categories, we need to have a good idea of what our competition is selling and which products they are selling well. House-Autry Mills' ultimate goal is to break even on the lines in six months or less, and becoming profitable from this project. Once we get the first eight products, the two plain breakfast grits for retail, two plain breakfast grits for food service, and four-flavored dinner grits on the retail market, we will then explore the possibilities of the dinner grits items in the food service section of the industry. To gain this understanding of the competition, I will be looking at IRI (Info Scan Resources) Data. Those data sets are presented in an excel spreadsheet that shows amount of dollar sales, amount of units sold, and volume sold for products currently on the market.

The issue that I am looking at for my thesis project is very important because House-Autry wants to become competitive and to excel when they enter a new market.

House-Autry Mills need to be sure that the packaging, product size, and product cost will stand up to the competition. In addition, they must also keep the attention of their loyal customers and hopefully draw in new customers as well. Our packaging will be designed after we look at these data to determine which direction we are going. But before we decide on design, type of packaging (box, pouch, etc.), we will buy competitors boxes and compare them as well. Once we decide on a size, and which packaging material we want to use, we will call a photographer to help us design the box, and then we will proceed to a carton supplier to print the boxes.

The deliverables in this project are a premium brand of grits, and possibly of flavored grits. The information necessary to complete my project consists of Information Resource Scan (IRI) Data from our retail distributors, and also information obtained during focus groups that we held with both retail and foodservice customers. The IRI information that I have access to includes four-week data, twelve week data as well as fifty-two week data. Different spreadsheets are comprised of data from different grocery/retail stores and regions including costs to consumer, volume, pack size, brand, as well as average sold weekly per store. The breakdown of regions is listed in a map below (Figure 1.1). For this project, I will mostly look particularly at the Southeast region, and generally at the United States. This information is stored in a database that House-Autry Mills accesses for a fee. There is a lot of information that is available to the company, so I will have to examine the data, and analyze it carefully to see the whole picture, and decide in which direction the new retail products should go. The IRI Data will help determine where House-Autry Mills' customer's needs and interests are in each market. It should also determine which products are the most profitable, as well as which types of products are sold the most per store and region.

Figure 1.1: Breakdown of Regions (IRI)



My thesis project will have five different sections. They are the Introduction, Literature Review, Methods and Data Collection, Results, and Conclusions and Recommendations. The introduction will outline my entire paper, and explain the background to the project. The Literature Review will go over some previous reviewed material and how the each relate to my project. The Methods section will talk about the Focus Group that we had, how we contacted and selected the participants and the questions that were asked, as well as the data acquired from IRI data. The fourth section is the Results. In this section, I will talk about the findings that we observed during the Focus Group, and any other result that may be relevant. In the fifth and final section, I will talk about our positioning, and distribution choices, as well as other recommendations that I may have.

During this project, I was involved during the entire process, but I had more specific roles in Product Development. I contacted different suppliers to source the new ingredients, and used them along with some existing ingredients to create the flavor profiles we thought would be the most well received in the retail market.

CHAPTER II: LITERATURE REVIEW

2.1 Introduction

During the research process of my project, I had several different resources that I often turned to. There have been several books and articles written on the best ways to launch a new product, or the best ways to market an existing product. I did not find a lot of sources that dealt specifically with the introduction of a new food product into the retail market, but several of the articles I read were still helpful in my research. The following sections in this chapter will take these articles and readings and apply them to my specific situation.

2.2 Introducing New Market Offerings

The amount of literature that addresses the issue of bringing a new product to the market is quite large. A lot of the literature found does not always pertain to the food retail sector, but the basic principles are the same. Business marketing experts play a major role in the development of new products by identifying and evaluating ideas and working closely with research and development while they are in the process of being developed. New products can be completely "New-to-the-world" products, or they can simply be modifications to existing products. They can also be new product lines, additions to an existing line, improvements to an existing product, repositioning, or simply reformulations for cost reductions. The amount of time that it takes to go from idea generation to the store shelf has been reduced by fifty percent (Kotler & Keller, 2012). Some ideas take a bit longer than others, but overall the total time has decreased. To be competitive in today's market, all firms must be able to identify and quickly capture new business opportunities.

In this instance, House-Autry Mills wants to pursue the potential for dinner grits, a product that no other company had created and developed yet. The company has decided to capture this business before there are any competitors fighting for the same business. Most companies have been more focused on incremental innovation, and entering new markets by tweaking to satisfy the needs of their customers. Companies use a variation of a core product trying to stay "on top" of the market, and ahead of the competition. House-Autry Mills has done this with the Seafood Breader and Chicken Breader products for decades. Variations of these two products include the No MSG Seafood Breader, ½ Salt Seafood Breader, Special Seafood Breader, Reduced Salt Chicken Breader, Buffet Chicken Breader, Zesty Breader, and Special Chicken Breader. If all the private labels manufactured were included, the list would go on as these variations are only for the House-Autry Brand. By tweaking the formulas slightly, a product can be customized to meet the customer's needs, therefore creating great customer relations and increasing the chance for sales.

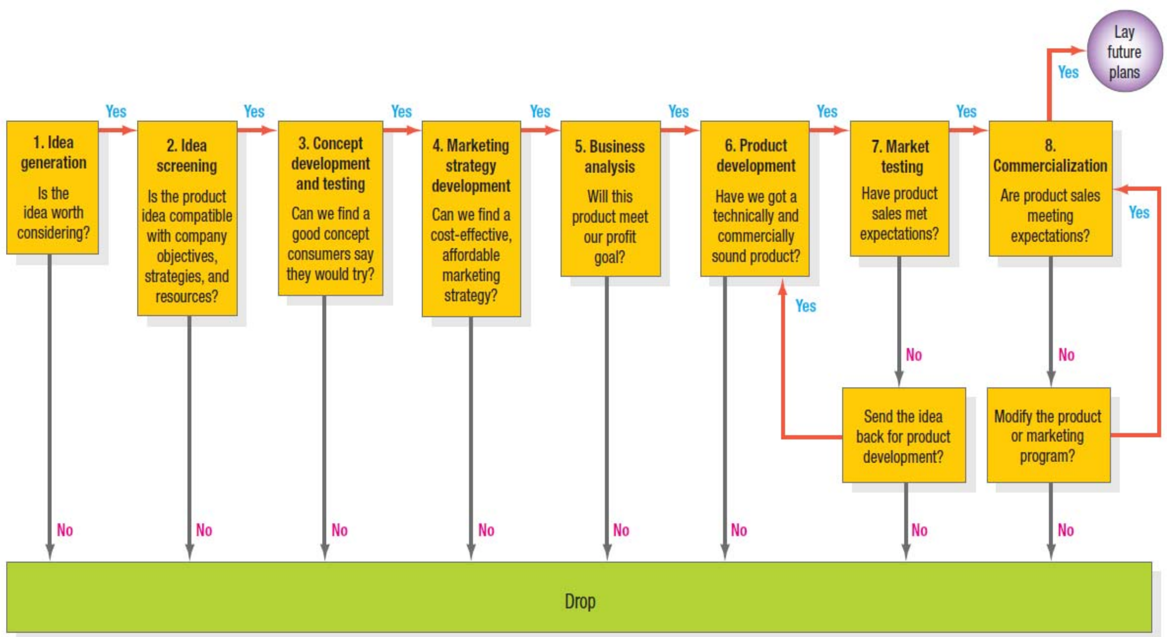
2.3 New-Product Development Decision Process

Kotler and Keller go through an eight step New-Product Development Decision Process. At each step, the firm must decide if the product is still reasonable or if it needs to be dropped. The eight steps in the process are the following:

1. "Idea Generation – Is the idea worth considering?
2. Idea Screening – Is the product idea compatible with company objectives, strategies, and resources?
3. Concept Development and Testing – Can we find a good concept consumers say they would try?

4. Marketing Strategy Development – Can we find a cost-effective, affordable marketing strategy?
5. Business Analysis – Will this product meet our profit goal?
6. Product Development – Have we got a technically and commercially sound product?
7. Market Testing – Have product sales met expectations?
8. Commercialization – Are product sales meeting expectations?" (Kotler & Keller, 2012)

Figure 2.1: New-Product Development Decision Process



(Kotler & Keller, 2012)

Now, each of these steps will be discussed focusing on the ideas that House-Autry Mills used to narrow the four flavors of Dinner Grits that they will market. House-Autry Mills first asked themselves if they had the capabilities of making grits. They decided that with the correct equipment it was possible, so it was an idea that was worth considering. Other employees in the firm can be a source of ideas for improving production, products, and services. A company can motivate their employees to communicate ideas to upper management, and if they think it is a viable idea, then it may become a reality. The Research and Development department can also find good ideas by researching the products and services of the competition. Often a firm buys competitor products to cook up and compare. This was step one of the eight steps in the New Product Development Decision Process. The idea of plain grits is a concept that is compatible with House-Autry Mills and their objectives, since one of the company objectives for the past fiscal year was to grow fourteen percent in retail sales. Introducing a new product for this niche market is a perfect way for the company to grow their sales because the sales from the new line, since it is different from our other products, would not compromise the sales of our existing products. This was step two of the decision process.

House-Autry Mills thought about the possibility of making flavored grits products, but they were not exactly sure how to package it. There was concern about of the nature of the product, primarily settling in the package due to the density of the grits and other added ingredients. House-Autry Mills had the idea of making a product where the final customer would add the protein of their choice to the grits and House-Autry Mills would have different flavor profiles similar to Hamburger Helper, Chicken Helper, Tuna Helper, etc. There is no other product like this out on the market for grits. The most direct competition would be the Hamburger Helper products. Since its not a noodle or rice product, it would be a less direct competition of the traditional grits products that Quaker and others are producing. Step three of the eight-step decision process is making sure that you have a concept that consumers are willing to try.

The Marketing Department and Sales teams have been discussing business and marketing plans for the new projects and the Research and Development team has been busy in the R&D lab working on all types of flavors of grits. We ended up with ten different flavor profiles that upper management narrowed down to four. The ten flavor profiles were Parmesan and Herb, Cheddar and Broccoli, Stroganoff, Creole, Southern Home-style, Southwestern Style, Red Pepper and Corn, Eastern Shore, Low Country and Loaded Baked Potato. The top four products were Parmesan and Herb, and Cheddar and Broccoli, Stroganoff and Creole. We suggested that the customer added chicken to both the Parmesan and Herb, and Broccoli and Cheddar Dinner Grits. We suggested that the customer adds beef tips or ground beef if they choose to the Stroganoff. We also suggested that the customer adds shrimp to the Creole Dinner Grits. During the Research and Development stages, we performed in-house sensory panels to get feedback from our coworkers on the flavor profiles that we were creating.

2.4 Estimating Costs and Profits

The finance department, from the costs that are incurred by Research and Development, Manufacturing, and Marketing, estimated costs of the finished good. To determine a projected selling price, the company must take into consideration the cost of goods, which is the cost of raw materials, cost of labor, cost of overhead, marketing costs, fulfillment costs (which are costs incurred by the warehouse in picking the order and getting it ready to be shipped), shipping and processing costs, and the cost of media. Taking all of these costs into consideration is important as the cost can add up quickly. For example, after all costs are considered, the “cost” of the product may have gone from the Cost of Goods Sold (COGS) price of $5.00 to a final cost of $15.00. In this example, to gain a profit a company might have to charge twenty dollars for the item, which equals four hundred percent of the COGS price. This is due to sunk costs; a cost that has occurred that cannot be recovered. Sunk costs include research and development costs, and variable costs to equal the COGS. Fixed costs are also associated costs that can drive the cost of an item. Fixed costs include utilities and general expenses. In addition to costs, the price setting will need to consider the competitor’s prices and the customer’s ability and willingness to pay. The price can be slightly higher than the competition but the quality of the product must also be better, and the product has to convince the customer that it is better than the competition. This is all part of step five in the eight-step decision making process. House-Autry Mills will look at their costs, the price of the competition and what consumers will be willing to pay for such an offering, when deciding on a price for their new products. This price will need to be high enough to cover all costs and margins, but also enticing to our consumers.

Within this step of the eight-step decision process one must start asking your firm, if this product will meet the firm’s profit goal? The business analyst is the best person to answer this part of the decision-making process. They will look at past data, and data on competitor products to determine how they think the market will feel about the product. This is partly how we determine which flavors we wanted to target. We looked at the competition in packaged dinner meals and looked to see which flavors the consumers were most willing to buy. This information was gathered from the IRI data.

Product Development is the sixth step in the decision making process. House-Autry Mills wanted to compare the top items that our customers prefer. This data came from Info Scan Resources, Inc. The sales team has ideas, and comments that they hear from our customers. Kotler and Keller agree, “Sales teams are great for generating new ideas. They know what the competition has, and what the customer is looking for” (Kotler & Keller, 2012). Product development wants to ensure that the product that is being developed will be a technically and commercially sound product. Steps seven and eight will be discussed later, but they involve market testing, and commercialization.

2.5 Marketing Strategy Development

According to Kotler and Keller, the project manager or project management team will develop an introductory three-component plan for the introduction of the new product or products into the market. The first part is a description of the size of the market, the structure of the market, and behaviors that are present in the market. The second part describes the planned product positioning, and the third component consists of sales, market share, and profit goals that the company wants to achieve in the first few years (Kotler & Keller, 2012).

The process that House-Autry Mills followed was very similar to this. When this project was first being explored, House-Autry Mills pulled as much data as possible from the Infoscan Resources, Inc. database. Once Sales and Marketing reviewed this data, it was determined which direction House-Autry Mills should go. House-Autry Mills saw that the size of the market was quite large, especially in the southeast, and there were trends in the data to suggest that a flavored dinner grits product would succeed in the market. The market has seen that quick and easy "one-pot" meals succeed, and are a necessity for most busy families. The sales and marketing departments then looked at the competition to get a better idea on how best to position them to be competitive in this market. Once they had a good idea of the market (in terms of flavor profiles, target pack sizes, price per unit, etc.) and how they were going to position themselves they were able to set achievable and realistic goals. These goals consisted of sales in volume, percent of market share, and profitability.

2.6 Factors Limiting New Product Development

There are several factors that limit the development of new products in the industry. There may be a shortage of ideas, where researchers in the lab cannot think of a product that is not already on the market, or ways to improve an existing product. There may be a fragmented market that is limiting new product development. A fragmented market is when a market is composed of many small and/or mid-size companies that have a stiff competition against each other. There are both pros and cons to fragmented markets. The pros include the benefit of more competition that open up for new opportunities. Another pro is that there is no one competitor that is more dominating than the other. A con to having a market where there is no one company that has enough of an influence to move the entire industry in a certain direction, is that there could potentially be an erosion of brand loyalty. There may also be social or governmental constraints that can limit development on a new product. This could also include sourcing issues being the limiting factor (Kotler & Keller, 2012).

Another factor that is a deterrent in new product development is the associated cost. If the company has not budgeted wisely, and has not allocated monies to certain areas, then a new product may be put to a halt before it ever begins. Other factors that limit new product development are capital shortages, faster required research and development times, and shorter product life cycles (Kotler & Keller, 2012).

Keeping these limiting concepts in mind, House-Autry Mills has created a new line of products, and developed a concept that is not currently on the market. While there are plain grits and flavored breakfast instant grits on the market, no one has yet implemented flavored dinner grits as a one-box meal. Its biggest competition is against Hamburger Helper, Chicken Helper, Tuna Helper, etc. but according to the data that has been shown to House-Autry Mills there are no flavored dinner grits on the market. This is why they feel as if they are the pioneers of this product, and will be very successful with it. During the focus group that House-Autry Mills conducted to test consumer responses on this project, they found that customers were interested in seeing a one-box meal to make flavored dinner grits.

2.7 Commercialization

Commercialization is the eighth step in the eight-step process of new product decision-making. When a company is trying to introduce a new product to the market, timing is very important. There are different types of timing to be considered in a new product launch. The first type is first entry. This is when a company is the first firm entering a market, and they usually enjoy the "first mover advantage" of capturing key distributors and customers, and also gaining leadership in the market. They gain leadership by being the first, and being the “Pioneer” of the market. They are typically the first brand consumers will try, since they are the only ones out on the market at that point. If consumers are happy with the pioneer, then there is less reason to try other brands when they emerge into the market. There is also a negative aspect to first entry as well. If a company rushes to be first on the market before it has thoroughly thought out their business plan it can backfire on them. A first mover is the approach that House-Autry is trying to take. We would like to be the first on the market, and gain loyalty from consumers before there is any direct competition.

The second type of timing is called parallel entry. Parallel entry is when the firm might time its entry to coincide with the entry of a competitor. The market may pay more attention when two companies are advertising comparable products. With parallel marketing, the packaging will then have a bigger impact, because if two different brands come into the market at the same time, the consumer hasn’t tried one or the other, and they are on equal battlefields. A primary basis upon which the consumer will form their opinion on is what they see in the packaging. They will also form an opinion on products from the same brand in past purchases, even though it was a different product. This is an example of brand loyalty.

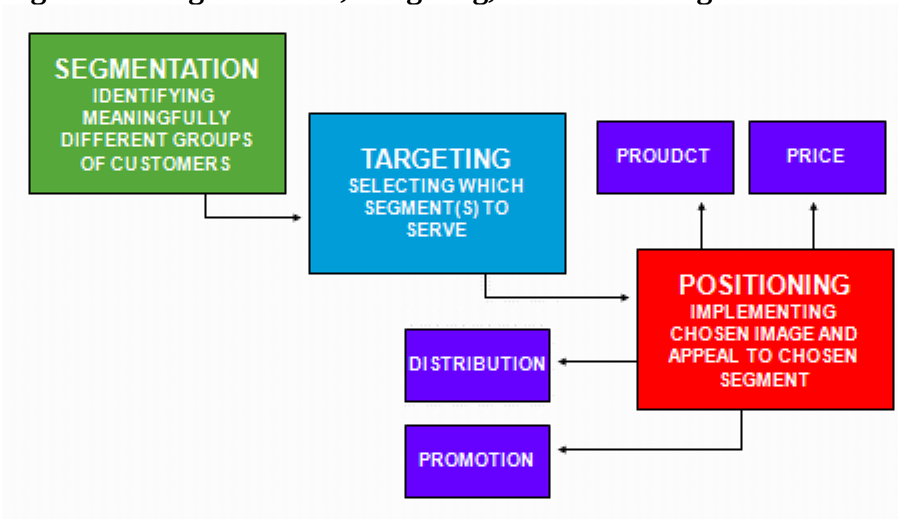
The third and final type of timing is called late entry. Late entry is when a firm might delay its product launch until after the competition has launched. A firm would do this to minimize the expense of educating the customers, and letting the competition take the majority of the expense. Another advantage to late entry is that you find out the flaws of the competition to ensure that your product is better than the competition. There are data available when a comparable product is already on the market.

Commercialization is not just about timing; it is also dealing with where to market, and to whom to market? Depending on the firm it could be marketed locally, regionally, nationally, or internationally. Some firms even pick certain consumer groups to target. If your product is age or gender specific, such a strategy makes sense because the target-market prospects are the ones that are more likely to buy the product. Thus, you are able to reach them at a lower cost.

Our retail Dinner Grits line is targeted to busy families, trying to have the time to sit down for a meal together, while also maintaining the busy lifestyles common among American families. This is why we developed the Dinner Grits as a complete meal once the customer adds the protein of choice. We developed it in a way that the customer would cook the protein, and then once the protein was thoroughly cooked we add our water and flavored grits and simmer in the same pot to create a "one pot" meal.

The last component of commercialization is: How? Firms often underestimate the time and cost of new product launches. Many potentially successful products suffer from under-funding. It is important to allocate sufficient time and resources, while not overspending as your new product gains in the market. House-Autry Mills is addressing this issue by being familiar with the manufacturing process, and knowing what types of labor are going to be involved, as well as knowing the costs of raw materials during the development stages. By knowing those two variables, there will be less chance of a surprise once House-Autry Mills is ready to go to production.

Figure 2.2: Segmentation, Targeting, and Positioning



Segmentation, Targeting and Positioning is an important three-stage process that is used in bringing new products to market. The three stages are (1) determining exactly which types of consumers exist in the market, (2) determining which types of consumers we are trying to serve and (3) applying positioning by optimizing the products and/or services of the firm for the segment that they have chosen to target. Segmentation is finding out exactly what types of consumers exist in the market that the firm is trying to enter. There are three different approaches to marketing. They are undifferentiated, concentrated, and differentiated. The approach that House-Autry Mills will be taking, as true for most other food-manufacturers, is the undifferentiated approach. With this approach, all consumers are treated the same, meaning there is no special pricing for different types of customers, unlike for example, airline tickets. The concentrated approach would be when a firm chooses to concentrate its efforts on one segment and leave the other segments to the competition. The third approach is the differentiated approach where a firm aims to develop products for different customer groups. An example of the differentiated approach would be an airline, when they price airline tickets differently during the week for business people than they do on the weekends for people travelling for pleasure. Different variables can determine what the different segments are. For example, in food manufacturing it may be taste vs. a low – calorie healthier option, price sensitive vs. not price sensitive, and heavy consumers vs. light consumers. These all play a big role in what type of buyer a consumer happens to be (Lars Perner, 2013).

Targeting is picking one or more segments to pursue based on fit with the target market. The segment that the firm chooses should depend on several variables. A target market is a set of buyers sharing a common need that a firm has decided to deliver. As Dr. Perner mentions, "It will be more difficult to appeal to a segment that is already well served than to one whose needs are not currently being served well." (Lars Perner) The flavored Dinner Grits are similar to, but different enough from both the flavored breakfast grits, and dinner meals such as Hamburger Helper. I think House-Autry Mills had a great idea by creating a new idea rather than trying to compete directly with these well-known brands.

Positioning is the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market. The example that Dr. Perner gives is Apple, and how it has created a computer that is user-friendly and has used it to promote Apple through advertising (Lars Perner, 2013).

Michael Treacy and Fred Wiersema (1993) have suggested that the most successful businesses fall into one of the three following categories:

- Operationally excellent firms, which are firms with a strong competitive advantage by maintaining excellent levels of efficiency. This enables the firm to provide reliable services to their customers at a much lower cost than the firms that are less organized.

- Customer intimate firms, which are firms that have excelled in knowing and meeting the specific needs of the individual customers. There is less emphasis on efficiency. The delivery of a more customized product to meet customer needs often means that the company sacrifices on efficiency.
- Technology excellent firms, which are firms that produce the most advanced products currently available on the market with the latest technology, always continuing to keep their leadership in innovation.

They suggest the company must excel not only at one of these categories, but also perform at acceptable levels in the other two. If the firm can do this, then they will be successful in the market. I would say that House-Autry, when it relates to their breader lines, is a customer intimate firm. House-Autry has excelled at meeting the needs of their customers, particularly in food service. The research and development team will customize any breader to the customer’s liking. As House-Autry approaches other product lines, like the dinner grits, I believe they are a technology excellent firm. Recently House-Autry Mills bought a new piece of equipment to measure out the correct amount of particulates in each pouch of dinner grits. Without this advancement in technology, the pouches would have been inconsistent and there would have been a plethora of quality issues. By excelling in both categories, we are continuing to meet the needs of our consistent customers while also being proactive with the Dinner Grits, and ensuring that we can meet the potential demands, and have a consistent quality product.

2.8 How to Create a Brand that Everyone Loves

It is important to make sure that the firm is creating a brand that people will fall in love with. Brian Till and Donna Heckler agree that

> The difficulty with driving marketing strategy is that people live and breathe marketing every day as consumers. People see advertising. People open packages. People try new products. People participate in promotions. In the course of being consumers, people form opinions about what works, or doesn't work, based on their preferences. (Till & Heckler, p. 2).

Successful marketing will not happen unless you have the customer and their wants and needs in mind when developing a marketing strategy. Till and Heckler suggest to keep the brand simple and consistent. "Brand managers want cool, interesting brands. It is this desire that leads to frequent changes to a brand, changes in look, changes in advertising, changes in promotion… the list continues" (Till & Heckler, p. 7). If your brand is not consistent in the way that it looks then customers may not recognize your products, or if they do they will be under the assumption that the product has also changed. In the past House-Autry Mills has seen that if the packaging changes, even when no formula changes have been made then customers will complain about the change in the product. This is why House-Autry felt that the Dinner Grits Packaging needed to be similar to the other retail packaging, so that the image of House-Autry remains consistent. Our loyal customers will recognize the packaging and be willing to try our new product.

Another concept mentioned is, "No one loves your brand as much as you do" (Till & Heckler, p. 5). Consumers want to get the best value when purchasing products. To sell a product at a premium price, it must be the quality of a premium product. The price that is charged for the product reflects the value of the brand, intentionally or not. If the brand does not stand up to the price, brand loyalty will decrease as will total sales. This is why the research and development team at House-Autry sources only the best quality ingredients, but at the best prices to ensure that the finished goods are a value that the customer appreciates. The only thing advertising can do for the brand is to entice a customer to try the product for the first time; after that, it is up to the product to keep the customer coming back for more.

2.9 Buy Now: Marketing That Gets Response

Another book important for my research was *Buy Now: Creative Marketing That Gets Customers to Respond to You and Your Product.* Stereotypically, people despise commercials and try to avoid watching them at all costs. However, Cesari et al. discuss how the traditional assumption, is that

> "The viewer is avoiding advertising, avoiding messaging, and avoiding being sold to…that's just not true. We like advertising that is about us, that tells us about our lives, specifically, and how we can look better, feel better, and live better." (Cesari, Lynch, & Kelly, p. 155)

Advertising has to capture the customer's attention and pull them in. The most efficient way of doing this is by relating the commercials to be about them and about aspects of their lives and especially how your product can improve their life. Cesari et al. also mention about the cost to manufacture a good and the projected price to sell the goods. The projected sales price may need to be four to five times the cost of manufacturing to get a reasonable profit (Cesari, Lynch, & Kelly, 2011). For instance if the cost of materials, labor and overhead and any other manufacturing costs is one dollar per pound, and you realistically think you can only sell it for three dollars per pound, then there would not be enough profit, if any at all, because of all the overhead, or other non manufacturing costs, that need to be considered such as salaries, utilities, and transportation.

House-Autry Mills, and other firms as well, should use the advice of Cesari, Lynch and Kelly when deciding what types of advertising they will use to gain business. If they decide a radio commercial would be more beneficial, then they need to buy airtime on stations that their target markets listens to. If they decide a television commercial is the way to go, then they would need to design a commercial that catches the attention of their target market, air it on their favorite channels and use information that draws them in such as telling them how the product can improve their life.

CHAPTER III: METHODS AND DATA COLLECTION

3.1 Introduction to Methods and Data Collection

House-Autry Mills used two different focus groups to obtain qualitative data for this project. In the first focus group, we had a group of chefs and restaurateurs from local restaurants that came to answer questions, and give us feedback on the project. In the second focus group, we had a group of various ages, both male and female to answer questions and give us feedback regarding the retail market. In the following sections, I will go through the process of screen participants for the focus groups, as well as the questions that the moderator asked, and discussions that were had during the focus group. Employees from House-Autry Mills were able to listen in to the focus group, without the focus group seeing them, or even knowing that they were there.

3.2 Commercial Focus Group Screening

When we first decided to start this project, the idea of a focus group was mentioned to hear the opinions of customers, both in the retail market and the food service market. Two separate focus groups were formed. The first one was for restaurant chefs and/or buyers. Eight to ten area chefs/buyers were targeted. We wanted to get their opinions on stone-ground and organic grits. Participants in this group had to meet the following criteria.

- Chefs, restaurateurs, or restaurant buyers
- Makes purchasing decisions for food supplies
- Makes ingredient decisions and recommendations for menu items
- Uses grits as a menu item or ingredient item, and
- Preference for those who also use oatmeal, steel-cut oats, and/or stone-ground grits

The consulting group contacted to perform the focus group was Ireland Consulting Group. They screened the participants to see if they were a good fit for the focus group. The group that does the screening process is First in Focus. They contacted several well-known restaurants in the area, and asked to speak with the person responsible for making decisions on which products and brands will be purchased for the restaurant. Once that person was on the phone, they told them that they were recruiting for a study involving chefs and restaurant decision-makers who are responsible for purchasing certain types of food products.

The first question was "First, how would you describe your involvement in decisions for menu ingredients or recipes for dishes in your restaurant? They had a choice of three answers: (1) decide on menu items and ingredient by yourself, (2) share the decisions with someone else, or (3) make almost none of the decisions? At this point, no matter which answer they chose, they continued on to question number 2.

Question 2 was: "Next, how would you describe your involvement in the purchase decisions for menu ingredients?" The choices were (1) decide on which brands and items to purchase by yourself, (2) Share the decisions with someone else, Or (3) make almost none of the ingredient purchase decisions. If the first two choices were chosen then the participant continued through the screening process.

In the third question, the screener told the participants that they were going to list several food products and as they read each one they wanted the participant to tell them the frequency of purchasing and using the products for items in their restaurants. The food products were:

- Instant Grits – The kind where you only boil water

- Quick Grits – The kind that cooks in five to ten minutes
- Regular Oatmeal
- Steel-Cut Oatmeal
- Stone Ground Grits
- Traditional Grits – The kind that takes about twenty minutes to cook, including stone ground grits.

A participant would be dropped if they stated that they rarely, or never purchased traditional grits. For informational purposes the last two questions asked the participants to describe their cuisine, and also state their gender. The gender was recorded to make sure there was a good mix of men and women in the focus group. The type of cuisine was noted, so that there would not be an abundance of representatives from similar restaurants.

3.3 Consumer Focus Group Screening

The second focus group was with consumers who purchase grits from retail stores. Participants in this group had to meet the following criteria:

- Home cooks whom occasionally or frequently purchase and consume traditional grits (not instant or other quick-cook products). There was a preference to those who also use oatmeal, steel cut oats and/or stone-ground grits.
- Sole or joint grocery shopper for the household
- Age 25 to 65
- A mixture of males and females

- Mix based on race
- Income of over $50,000

First in Focus also made contact with the consumer group participants to screen them to see if they were going to be a good fit. When they first called the potential participant they informed them who they were and that they were recruiting for a study involving home cooks who are responsible for purchasing certain types of food products. They were asked if they would consider themselves responsible for all of the cooking, some of the cooking, or none of the cooking. If they answered that they are responsible for none of the cooking, the screener asked to speak to someone who was responsible for some cooking in the household, rescheduled the call, or dropped the participant.

The second question that the screener asked was “How would you describe your involvement in shopping for food for your household?” The choices given were: (1) do all of the shopping, (2) share the shopping with someone else, or (3) do almost none of the shopping. If the participant answered with “Do almost none of the shopping” the screener asked to speak to the person who was in charge of the grocery shopping, reschedule the call, or dropped the participant.

The third question that the screener asked the potential participants was a multipart question. The screener told them that they were going to list several food products and as they read each one, to please tell them if it is an item that is purchased frequently, occasionally, rarely, or never. The items mentioned were:

- Instant grits (the kind where you only boil water)
- Cream of wheat
- Quick grits (the kind that cooks in 5 – 10 minutes)

- Regular Oatmeal
- Steel-cut Oatmeal
- Stone Ground Grits
- Traditional Grits (the kind that takes about twenty minutes to cook)

A participant was dropped when they stated that they rarely, or never purchased traditional grits. For informational purposes and to ensure that the group was diverse the last few questions asked about age range, ethnicity, income range, and gender. Participants who were younger than twenty-five years old or older than sixty-five years old were automatically dropped. House-Autry Mills wanted to get a mix of ages to get a good representation of their current customer base. No matter what the participant answered for the ethnicity question they were not dropped. This question was only asked to ensure that there was a mix of races. House-Autry Mills wanted a mix, but we desired participants to be predominantly White and African American. House-Autry Mills wanted a mix of races because it better matches our target market, and current customers. The question about the income was there to understand the income levels of the customers. House-Autry Mills preferred not to use any participants who made less than $50,000 per year. They also wanted to recruit four males and six females to the focus group. If at this point in the conversation, the potential participants had not yet been dropped they were then asked to participate in the focus group.

3.4 Information from a Focus Group

"A focus group is a form of qualitative research in which a group of people are asked about their perceptions, opinions, beliefs, and attitudes towards a product, service, concept, advertisement, idea or packaging" (Henderson). Questions are often asked in a conference room, where there is a two way mirror and those who are listening and observing the focus group can listen and watch the participants without them knowing that they are there. The focus group is more of a discussion about the questions being asked than strictly a question and answer session. Discussion is wanted and encouraged during the focus groups.

Focus groups are an important resource for gathering feedback on new products, existing products and other topics as well. For this project, House-Autry Mills was looking to develop a new product and wanted the opinions of the public as well as the opinions of restaurant chefs and buyers. For instance, House-Autry Mills not only wanted feedback on the product itself, but ways that the product could be enhanced, for instance, by making flavored grits with the customer adding a meat, and also what types of packaging that the consumer prefers.

Much of the discussion that took place during the focus groups for House-Autry Mills would not have taken place if there had been one-on-one interviews. The participants in the two groups were very open and willing to discuss and communicate with each other. In the following chapter, the details of the findings and results of the focus group are discussed in further detail.

CHAPTER IV: DATA RESULTS

4.1 Review of Quantitative Data Results

House-Autry Mills noticed several things when reviewing the data. It was first noticed how much of the market share was controlled by Quaker. There were many items represented with the data. Table 4.1 shows only the top seventy-five of 158 items ranked by dollar sales. The market share information in Figure 4.1 shows the percentage of market share for the entire 158 items. The columns in Table 4.1 are rank in dollar sales, UPC Code; the code that the manufacturer and buyer use to track the product, product description; the manufacturer and name of the product, brand; this is a column I added to make it easier to group by brand name, price per unit; another column I added by taking the dollar sales and dividing it by unit sales to determine the cost per unit, dollar sales, unit sales, volume sales, percent of units sold, and the percent of the market, or market share. The first 8 columns are pretty self explanatory, but the last two aren't as clear.

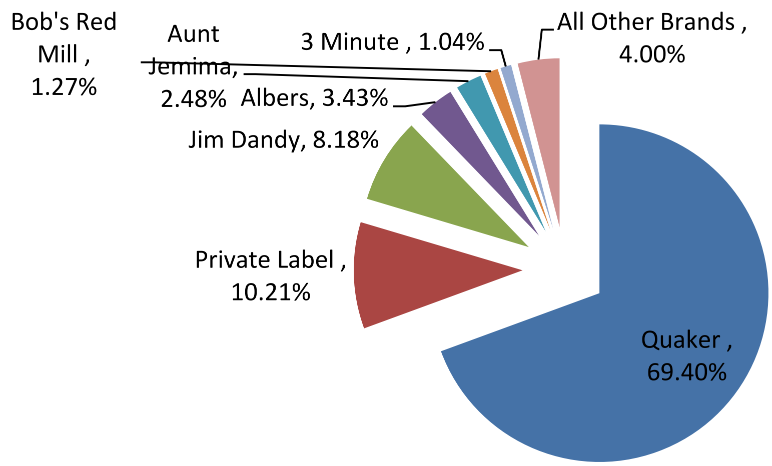
Since there were so many items, and House-Autry Mills was not interested in instant grits, only the full cook traditional grits. For this reason, the instant grit data was removed removed the data set. House-Autry Mills was never concerned with the data of instant grits, because we do not have the capabilities of making instant grits. House-Autry Mills also did not want to compete with the instant grit market, but thought that we could compete with other quick cooking grits. Instant grits are already partially cooked in the manufacturing process, which reduces the time that the consumer must cook them. House-Autry Mills was interested in manufacturing a quicker cooking grits product, which takes longer to cook than instant grits, but are still quicker than the slow cooking coarser grits. The grits House-Autry Mills is manufacturing are the traditional grits but are slightly finer than others on the market, which reduces the cook time. The market share data, excluding instant grits, are listed in Table 4.2. Once the instant grits are taken out of the data, there are only fifty-three items represented. While it is beneficial to look at the entire market of the United States, it is also beneficial to look at specific regions. House-Autry Mills plans to initially target the North Carolina and South Carolina areas with the new dinner grits products. They believe that only targeting one region to begin with will be beneficial "because this is the strongest markets for House-Autry as well as very strong markets for grits in general." (Vines, 2013). Grits are a food item that is traditional in the southeast, and House-Autry Mills is confident that it will do well in the market in this area. By incorporating different flavors from other regions of the country, they see it as a way to branch out and market to other areas in the future.

Table 4.1: Data on the Grits Market (source: Infoscan Resources, Inc.)

$ Rank	UPC	Product Description	Brand	Price Per Unit	Dollar Sales	Unit Sales	Volume Sales	% Units, Any Merch	ACV Wtd Dist
Hominy Grits					**$84,713,144**	**39,249,224**	**58,599,368**	**20.79**	**99.14**
1	3000004760	QUAKER GRITS ORIGINAL INSTANT GRITS 12OZ	Quaker	$ 2.75	$12,519,514	4,550,535	3,412,901	23.88	82.20
2	3000004170	QUAKER REGULAR QUICK GRITS 24OZ	Quaker	$ 2.10	$9,522,694	4,545,070	6,817,605	19.86	53.87
3	3000003790	QUAKER GRITS BUTTER INSTANT GRITS 12OZ	Quaker	$ 2.56	$7,685,679	2,997,356	2,248,017	30.24	43.64
4	3000004430	QUAKER GRITS VARIETY PACK INSTANT GRITS 12OZ	Quaker	$ 2.45	$4,101,958	1,671,040	1,253,280	32.16	30.60
5	3000004090	QUAKER GRITS REGULAR REGULAR GRITS 24OZ	Quaker	$ 2.06	$4,040,594	1,958,775	2,938,162	13.78	29.35
6	3000004370	QUAKER REGULAR QUICK GRITS 80OZ	Quaker	$ 3.08	$3,881,933	1,261,843	6,309,215	19.87	22.41
7	3000004360	QUAKER GRITS REGULAR QUICK GRITS 36.8OZ	Quaker	$ 1.68	$3,625,009	2,155,338	4,957,275	16.83	15.09
8	3000004560	QUAKER GRITS CHEDDAR CHEESE INSTANT GRITS 12OZ	Quaker	$ 2.42	$3,203,407	1,325,950	994,462	31.80	23.43
9	1330012307	JIM DANDY REGULAR QUICK GRITS 32OZ	Jim Dandy	$ 1.47	$2,794,483	1,905,351	3,810,701	13.29	14.12
10	1330012407	JIM DANDY REGULAR QUICK GRITS 80OZ	Jim Dandy	$ 2.87	$2,225,291	775,148	3,875,741	11.03	10.36
11	4144905622	ALBERS REGULAR QUICK HOMINY GRITS 40OZ	Albers	$ 3.91	$1,851,738	473,716	1,184,289	13.86	7.54
12	3000004411	QUAKER CHEESE INSTANT GRITS 12OZ	Quaker	$ 2.52	$1,682,874	667,150	500,363	33.14	14.35
13	9999865550	PRIVATE LABEL BRAND BUTTER INSTANT GRITS 12OZ	PL	$ 2.19	$1,503,115	684,926	513,694	35.56	15.36
14	3000004150	QUAKER REGULAR QUICK HOMINY GRITS 18.4OZ	Quaker	$ 1.33	$1,496,995	1,125,651	1,294,498	3.01	16.18
15	3000004050	QUAKER ORIGINAL INSTANT GRITS 18OZ	Quaker	$ 3.04	$1,479,199	487,244	548,150	1.11	17.96
16	1330012107	JIM DANDY REGULAR 5 MINUTE GRITS 16OZ	Jim Dandy	$ 1.02	$1,361,826	1,328,857	1,328,857	5.43	7.39
17	3000004180	QUAKER REGULAR QUICK GRITS 24OZ	Quaker	$ 1.85	$1,351,310	729,111	1,093,666	2.29	13.67
18	3000004030	QUAKER GRITS COUNTRY BACON INSTANT GRITS 12OZ	Quaker	$ 2.55	$1,296,444	507,918	380,939	32.04	13.83
19	3000004130	QUAKER ORIGINAL INSTANT GRITS 36OZ	Quaker	$ 4.11	$1,073,967	261,059	587,382	2.77	8.27
20	4144905620	ALBERS REGULAR QUICK HOMINY GRITS 20OZ	Albers	$ 2.17	$1,049,899	484,617	605,772	6.57	7.54
21	3000004420	QUAKER GRITS HMGRY INSTANT GRITS 12OZ	Quaker	$ 2.55	$1,010,272	396,605	297,454	30.94	6.58
22	3000004260	AUNT JEMIMA REGULAR QUICK HOMINY GRITS 36.8OZ	Aunt Jemima	$ 1.85	$969,552	523,719	1,204,552	30.40	4.49
23	3997800125	BOBS RED MILL REGULAR FULL COOKING GRITS 24OZ	Bob's Red Mill	$ 3.02	$966,231	319,894	479,841	7.70	42.59
24	9999865525	PRIVATE LABEL BRAND REGULAR QUICK HOMINY GRITS 24OZ	PL	$ 1.48	$893,172	604,469	906,703	59.60	6.87
25	9999865548	PRIVATE LABEL BRAND ORIGINAL INSTANT HOMINY GRITS 12OZ	PL	$ 2.06	$775,771	375,953	281,964	34.39	12.68
26	9999865543	PRIVATE LABEL BRAND BUTTER INSTANT GRITS 12OZ	PL	$ 2.05	$698,118	340,748	255,561	18.40	3.66
27	3000004280	AUNT JEMIMA REGULAR QUICK HOMINY GRITS 80OZ	Aunt Jemima	$ 3.36	$527,180	157,117	785,583	23.77	2.53
28	9166904365	3 MINUTE REGULAR QUICK GRITS 24OZ	3 Minute	$ 1.28	$489,541	382,918	574,376	39.01	3.45
29	3000004190	QUAKER REGULAR QUICK GRITS 40OZ	Quaker	$ 2.86	$482,551	168,749	421,872	1.25	4.28
30	7145105101	LAKESIDE REGULAR REGULAR GRITS 32OZ	Lakeside	$ 1.42	$481,575	338,657	677,313	19.45	8.10
31	7246803390	SUNFLOUR REGULAR QUICK GRITS 16OZ	Sunflour	$ 0.85	$424,622	502,247	502,247	39.24	1.93
32	1330011501	JIM DANDY REGULAR QUICK GRITS 16OZ	Jim Dandy	$ 0.93	$413,412	442,285	442,285	1.83	6.20
33	9999865552	PRIVATE LABEL BRAND ORIGINAL INSTANT GRITS 12OZ	PL	$ 2.21	$393,937	178,107	133,581	35.09	3.61
34	9166904226	3 MINUTE REGULAR QUICK GRITS 48OZ	3 Minute	$ 2.29	$389,502	169,975	509,926	17.08	2.39
35	4133112596	GOYA REGULAR FULL COOKING HOMINY GRITS 15OZ	Goya	$ 1.03	$380,671	367,953	344,956	10.09	14.41
36	3000004220	AUNT JEMIMA REGULAR QUICK GRITS 18.4OZ	Aunt Jemima	$ 1.11	$319,325	288,432	331,697	6.67	3.58
37	9999865526	PRIVATE LABEL BRAND BUTTER INSTANT GRITS 12OZ	PL	$ 2.26	$299,763	132,533	99,399	4.12	3.30
38	9999865551	PRIVATE LABEL BRAND CHEESE INSTANT GRITS 12OZ	PL	$ 2.12	$289,856	136,927	102,695	36.19	3.17
39	3000004270	AUNT JEMIMA REGULAR REGULAR GRITS 80OZ	Aunt Jemima	$ 3.56	$285,317	80,200	401,000	10.41	2.42
40	9999865563	PRIVATE LABEL BRAND CHEDDAR CHEESE INSTANT GRITS 12OZ	PL	$ 1.91	$281,027	147,255	110,441	42.40	2.71
41	9999865566	PRIVATE LABEL BRAND ORIGINAL INSTANT GRITS 12OZ	PL	$ 2.02	$276,571	137,163	102,872	6.28	1.83
42	9999865571	PRIVATE LABEL BRAND CHEESE INSTANT GRITS 12OZ	PL	$ 2.03	$231,933	114,446	85,834	28.68	1.03
43	0566313039	DIXIE LILY REGULAR QUICK GRITS 32OZ	Dixie Lilly	$ 1.16	$220,400	189,897	379,794	69.48	2.81
44	3000003005	QUAKER GRITS HAM AND CHEESE INSTANT GRITS 12OZ	Quaker	$ 2.53	$220,069	86,894	65,170	29.88	4.01
45	9999865544	PRIVATE LABEL BRAND REGULAR INSTANT GRITS 12OZ	PL	$ 2.04	$218,106	106,812	80,109	26.57	1.96
46	0566314639	DIXIE LILY REGULAR REGULAR GRITS 20OZ	Dixie Lilly	$ 1.44	$213,574	148,575	185,719	26.68	4.51
47	9999865581	PRIVATE LABEL BRAND ORIGINAL INSTANT GRITS 8OZ	PL	$ 1.86	$212,283	114,092	57,046	0.60	4.18
48	0566312540	DIXIE LILY REGULAR QUICK GRITS 32OZ	Dixie Lilly	$ 1.63	$195,244	119,909	239,818	19.21	2.10
49	9999865528	PRIVATE LABEL BRAND ORIGINAL QUICK GRITS 24OZ	PL	$ 1.76	$182,853	103,935	155,903	13.75	3.00
50	9999865545	PRIVATE LABEL BRAND REGULAR QUICK GRITS 24OZ	PL	$ 1.64	$165,951	101,439	152,158	6.85	2.21
51	9784870243	CHARLESTONS OWN REGULAR QUICK HOMINY GRITS 28OZ	Charleston's Own	$ 5.02	$163,844	32,653	57,143	69.56	0.24
52	9999865540	PRIVATE LABEL BRAND REGULAR QUICK HOMINY GRITS 24OZ	PL	$ 1.93	$163,234	84,477	126,715	7.98	1.41
53	9999865527	PRIVATE LABEL BRAND ORIGINAL QUICK GRITS 12OZ	PL	$ 2.64	$151,834	57,472	43,104	4.05	2.17
54	9999865555	PRIVATE LABEL BRAND REGULAR QUICK GRITS 24OZ	PL	$ 1.34	$147,284	109,860	164,790	0.35	2.52
55	1330011407	JIM DANDY REGULAR REGULAR GRITS 32OZ	Jim Dandy	$ 1.35	$138,682	103,008	206,015	13.55	1.97
56	9999865534	PRIVATE LABEL BRAND REGULAR QUICK GRITS 80OZ	PL	$ 2.59	$136,894	52,917	264,583	0.24	1.57
57	9999865569	PRIVATE LABEL BRAND ORIGINAL QUICK GRITS 24OZ	PL	$ 1.75	$127,436	72,885	109,327	2.09	0.97
58	9999865561	PRIVATE LABEL BRAND REGULAR QUICK GRITS 80OZ	PL	$ 2.36	$127,315	53,921	269,603	21.58	0.40
59	3000004160	QUAKER REGULAR QUICK GRITS 24OZ	Quaker	$ 2.56	$117,649	45,989	68,984	0.41	0.88
60	7044290010	B L INSTANT HOMINY GRITS 12.3OZ	B L	$ 1.90	$113,506	59,885	46,039	25.96	2.43
61	9999865567	PRIVATE LABEL BRAND VARIETY INSTANT GRITS 12OZ	Private Label	$ 1.99	$108,638	54,696	41,022	2.06	1.20
62	3997800470	BOBS RED MILL REGULAR GRITS 24OZ	Bob's Red Mill	$ 3.49	$105,078	30,102	45,153	18.93	5.08
63	9784870315	GEECHIE BOY MILL REGULAR GRITS 32OZ	Geechie Boy Mill	$ 5.76	$104,949	18,216	36,432	94.18	0.20
64	9999865584	PRIVATE LABEL BRAND REGULAR QUICK GRITS 32OZ	PL	$ 1.53	$100,296	65,629	131,258	39.33	1.66
65	9999865582	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY GRITS 15.5OZ	PL	$ 0.78	$92,521	118,979	115,267	2.08	1.39
66	9999865536	PRIVATE LABEL BRAND VARIETY INSTANT GRITS 12OZ	PL	$ 2.50	$89,801	35,935	26,951	51.04	1.63
67	9999865568	PRIVATE LABEL BRAND ORIGINAL QUICK GRITS 24OZ	PL	$ 1.40	$88,820	63,281	94,922	43.67	2.32
68	5030501003	JUS GOOD OL GRITS SHRIMP GRITS 11OZ	Jus Good Ol Grits	$ 11.20	$88,571	7,911	5,439	82.17	0.21
69	9999817545	PRIVATE LABEL BRAND REGULAR HEAT & SERVE GRITS 21.3OZ	PL	$ 2.36	$87,083	36,974	49,220	25.62	11.84
70	9999865579	PRIVATE LABEL BRAND ORIGINAL QUICK GRITS 32OZ	PL	$ 1.24	$81,046	65,188	130,376	1.36	0.62
71	9999865572	PRIVATE LABEL BRAND REGULAR FULL COOKING HOMINY GRITS 29OZ	PL	$ 1.16	$80,004	68,782	124,668	23.16	0.85
72	0906900041	MILL AT RIVERSIDE REGULAR GRITS 32OZ	Mill at Riverside	$ 6.92	$77,293	11,169	22,338	0.25	0.43
73	1671201610	SAINT MARC HAITI REGULAR GRITS 64OZ	Saint Marc Haiti	$ 3.81	$68,415	17,969	71,878	0.00	0.60
74	9999865580	PRIVATE LABEL BRAND ORIGINAL QUICK GRITS 80OZ	PL	$ 2.37	$67,989	28,627	143,137	0.18	0.60
75	9999865583	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY 15.5OZ	PL	$ 0.78	$65,810	84,212	81,585	2.10	1.22

(Symphony IRI, 2012)

Figure 4.1: Grits Market Share in the United States (in Dollars)



(Symphony IRI, 2012)

In Figure 4.1, the pie chart shows that Quaker has the majority of the market share in the country. Because the Info Scan Resource, Inc. data does not tell us the names of private labels, I have combined all private labels for research purposes on this chart. Since it is a private label, there is no way of knowing who the particular manufacturer is for those products. The brand with the second highest percentage of the market is Jim Dandy.

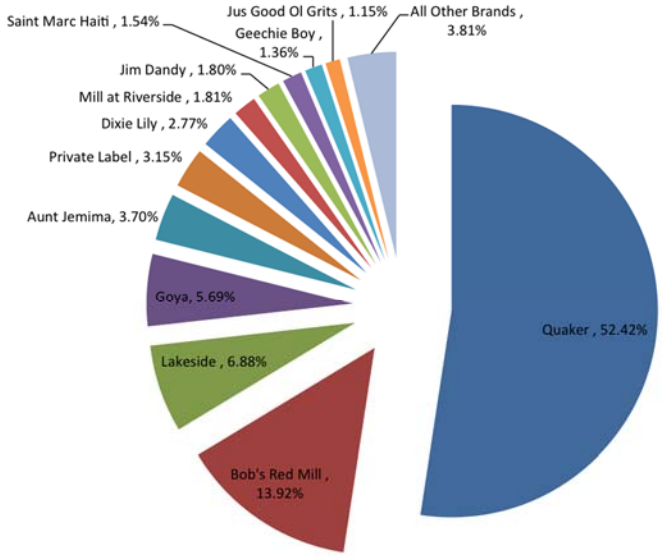
Table 4.2: Data on Non-instant Grits in United States

UPC	Product Description	Price Per Unit	Dollar Sales	Unit Sales	Volume Sales	% Units, Any Merch	ACV Wtd Dist
Hominy Grits			**$50,883,300**	**25,485,225**	**44,867,565**		
3000004090	QUAKER GRITS REGULAR REGULAR GRITS 24OZ	$ 2.06	$4,040,594	1,958,775	2,938,162	13.78	29.35
3997800125	BOBS RED MILL REGULAR FULL COOKING GRITS 24OZ	$ 3.02	$966,231	319,894	479,841	7.70	42.59
7145105101	LAKESIDE REGULAR REGULAR GRITS 32OZ	$ 1.42	$481,575	338,657	677,313	19.45	8.10
4133112596	GOYA REGULAR FULL COOKING HOMINY GRITS 15OZ	$ 1.03	$380,671	367,953	344,956	10.09	14.41
3000004270	AUNT JEMIMA REGULAR REGULAR GRITS 80OZ	$ 3.56	$285,317	80,200	401,000	10.41	2.42
0566314639	DIXIE LILY REGULAR REGULAR GRITS 20OZ	$ 1.44	$213,574	148,575	185,719	26.68	4.51
1330011407	JIM DANDY REGULAR REGULAR GRITS 32OZ	$ 1.35	$138,682	103,008	206,015	13.55	1.97
3997800470	BOBS RED MILL REGULAR GRITS 24OZ	$ 3.49	$105,078	30,102	45,153	18.93	5.08
9784870315	GEECHIE BOY MILL REGULAR GRITS 32OZ	$ 5.76	$104,949	18,216	36,432	94.18	0.20
9999865582	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY GRITS 15.5OZ	$ 0.78	$92,521	118,979	115,267	2.08	1.39
5030501003	JUS GOOD OL GRITS SHRIMP GRITS 11OZ	$ 11.20	$88,571	7,911	5,439	82.17	0.21
9999865572	PRIVATE LABEL BRAND REGULAR FULL COOKING HOMINY GRITS 29OZ	$ 1.16	$80,004	68,782	124,668	23.16	0.85
0906900041	MILL AT RIVERSIDE REGULAR GRITS 32OZ	$ 6.92	$77,293	11,169	22,338	0.25	0.43
1671201610	SAINT MARC HAITI REGULAR GRITS 64OZ	$ 3.81	$68,415	17,969	71,878	0.00	0.60
9999865583	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY 15.5OZ	$ 0.78	$65,810	84,212	81,585	2.10	1.22
0906900042	MILL AT RIVERSIDE REGULAR GRITS 32OZ	$ 6.88	$62,115	9,035	18,070	0.00	0.36
9784860001	BOYKINS REGULAR FULL COOKING GRITS 16OZ	$ 3.78	$53,302	14,104	14,104	24.88	0.24
4133102323	GOYA REGULAR HOMINY 14OZ	$ 1.07	$50,285	47,183	41,285	3.91	2.26
1671200216	SAINT MARC HAITI REGULAR HOMINY GRITS 32OZ	$ 2.16	$50,106	23,158	46,316	0.00	0.81
7145105103	LAKESIDE REGULAR GRITS 32OZ	$ 1.27	$48,684	38,352	76,705	24.91	1.03
7127035073	ZERTO SUNDRIED TOMATO HOMINY GRITS 17OZ	$ 3.84	$36,683	9,554	10,151	16.08	1.91
5158300007	CAROLINA PLANTATION REGULAR GRITS 32OZ	$ 7.72	$24,642	3,192	6,383	56.22	0.20
5158300006	CAROLINA PLANTATION REGULAR GRITS 32OZ	$ 7.81	$24,373	3,122	6,245	11.71	0.20
1671201559	PHOEBE REGULAR REGULAR GRITS 32OZ	$ 1.95	$22,571	11,559	23,118	0.00	0.09
9784870320	CHARLESTONS OWN SHRIMP AND CHEESE GRITS 9OZ	$ 8.43	$20,259	2,404	1,352	62.49	0.23
2053986300	GONSALVES REGULAR HOMINY GRITS 32OZ	$ 2.00	$12,759	6,371	12,741	0.22	0.58
7660612434	MEDFORD FARMS REGULAR QUICK GRITS 16OZ	$ 2.98	$10,756	3,609	3,609	11.34	0.34
7029213205	STIVERS BEST REGULAR QUICK GRITS 80OZ	$ 2.38	$9,994	4,194	20,969	2.96	0.17
7267022098	VITARROZ REGULAR REGULAR HOMINY GRITS 24OZ	$ 1.33	$9,306	7,000	10,501	11.71	0.57
7433338525	ARROWHEAD MILLS REGULAR FULL COOKING HOMINY GRITS 24OZ	$ 4.47	$9,175	2,053	3,080	8.95	0.59
7046400141	ADLUH REGULAR GRITS 32OZ	$ 6.18	$8,327	1,348	2,695	0.00	0.06
4133102864	GOYA MEXICAN REGULAR HOMINY 29OZ	$ 1.95	$7,414	3,806	6,898	0.74	0.94
8616423455	BLACKWELLS REGULAR REGULAR GRITS 80OZ	$ 2.88	$6,002	2,086	10,430	18.57	0.14
7010790902	WEISENBERGER REGULAR FULL COOKING GRITS 32OZ	$ 4.10	$5,835	1,422	2,844	53.45	0.03
7211920377	ATKINSONS REGULAR REGULAR GRITS 32OZ	$ 3.10	$5,590	1,803	3,605	0.00	0.20
3676102300	ANTONIOS REGULAR GRITS 32OZ	$ 1.98	$5,467	2,768	5,536	0.00	0.50
2053986340	GONSALVES REGULAR GRITS 32OZ	$ 1.96	$5,119	2,608	5,216	0.00	0.31
4407001017	BYRD MILL REGULAR GRITS 12OZ	$ 2.89	$4,926	1,702	1,276	39.72	0.23
9999865560	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY GRITS 80OZ	$ 2.40	$4,819	2,010	10,049	2.08	0.09
7046400127	ADLUH REGULAR GRITS 32OZ	$ 6.19	$4,089	660	1,321	0.00	0.05
9784860021	BOYKINS REGULAR GRITS 32OZ	$ 4.99	$3,259	653	1,306	0.00	0.02
1113001085	DIXIE MILLS REGULAR QUICK GRITS 80OZ	$ 2.78	$2,836	1,021	5,104	0.88	0.12
7010790802	WEISENBERGER REGULAR GRITS 32OZ	$ 4.28	$2,322	542	1,084	73.78	0.03
4407001018	BYRD MILL REGULAR GRITS 12OZ	$ 2.66	$2,310	870	652	79.72	0.22
3997800398	BOBS RED MILL REGULAR GRITS 16OZ	$ 3.02	$1,139	377	377	0.00	0.53
0886632212	EL GUAPO REGULAR GRITS 16OZ	$ 1.59	$1,027	646	646	100.00	0.03
7023712000	FRY KRISP REGULAR GRITS 12.5OZ	$ 0.89	$974	1,097	857	16.08	0.18
1671201911	LA VENEZOLANA REGULAR FULL COOKING HOMINY GRITS 14OZ	$ 1.94	$733	377	330	0.00	0.05
3997800142	BOBS RED MILL REGULAR REGULAR GRITS 24OZ	$ 4.93	$654	132	199	0.00	0.12
1113001009	DIXIE MILLS REGULAR REGULAR GRITS 24OZ	$ 2.25	$590	262	393	0.00	0.06
3964300211	GOUVEIA REGULAR GRITS 32OZ	$ 1.98	$426	215	430	0.00	0.10
1113001010	DIXIE MILLS REGULAR REGULAR GRITS 20OZ	$ 0.82	$336	407	509	13.61	0.16
3964300210	GOUVEIA REGULAR GRITS 32OZ	$ 1.18	$7	6	11	0.00	0.01

(Symphony IRI, 2012)

The only difference in the data set in Table 4.2 and Table 4.1is that the instant grits products have been removed. This was done to get a better look at what House-Autry Mills was actually competing against in the market. Since House-Autry Mills is not developing instant grits, it takes away several items, giving House-Autry a better understanding of which companies are House-Autry Mills' true competitors in the market.

Figure 4.2: Market Share for Non-instant Grits in the United States (in Dollars)



(Symphony IRI, 2012)

The pie chart in Figure 4.2 looks slightly different from the previous chart in Figure 4.1. Quaker still has the majority of the market share, over 52 percent, even when you take out all of their varieties of instant grits. The brand that has the second highest share of the market once you only look at traditional grits is Bob's Red Mill at approximately 14 percent. Since grits are a very traditional food item in the Southeastern United States, House-Autry Mills thought it would also be to their benefit to look more specifically at the data collected in those areas. The data in Table 4.3 is the data collected for non-instant grits in the Southeastern United States. The Southeastern region of the United States includes South Carolina, Georgia, Florida, Alabama, and Mississippi.

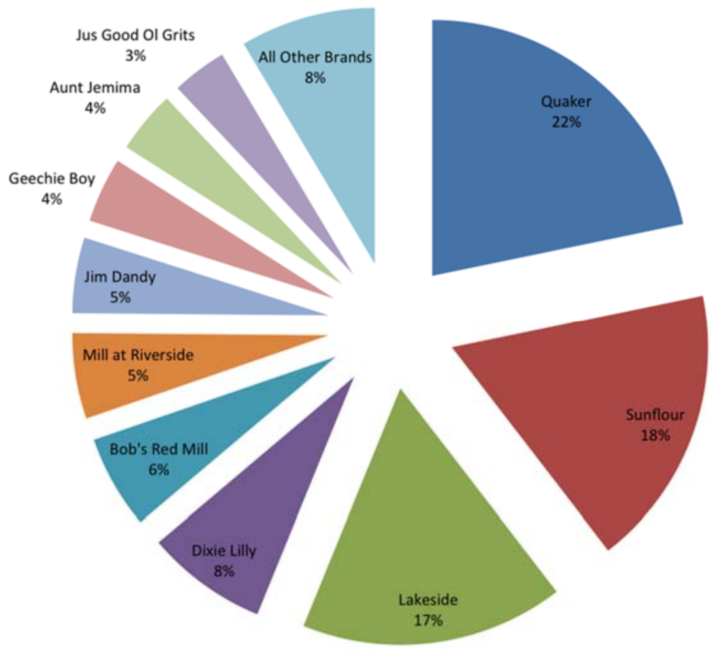
Table 4.3: Non-instant Grits Data in the Southeast

UPC	Product Description	Price Per Unit	Dollar Sales	Unit Sales	Volume Sales	% Units, Any Merch	ACV Wtd Dist
Hominy Grits			**$8,974,029**	**4,778,262**	**7,458,579**		
3000004090	QUAKER GRITS REGULAR REGULAR GRITS 24OZ	$ 2.03	$554,249	272,941	409,411	0.31	50.15
7145105101	LAKESIDE REGULAR REGULAR GRITS 32OZ	$ 1.45	$386,288	265,697	531,395	21.56	46.86
7246803390	SUNFLOUR REGULAR QUICK GRITS 16OZ	$ 0.84	$384,824	456,649	456,649	39.42	9.11
0566314639	DIXIE LILY REGULAR REGULAR GRITS 20OZ	$ 1.43	$195,098	136,249	170,312	26.53	30.66
3997800125	BOBS RED MILL REGULAR FULL COOKING GRITS 24OZ	$ 3.47	$144,656	41,645	62,467	3.24	45.52
1330011407	JIM DANDY REGULAR REGULAR GRITS 32OZ	$ 1.34	$121,644	90,595	181,190	13.87	11.01
9784870315	GEECHIE BOY MILL REGULAR GRITS 32OZ	$ 5.76	$104,949	18,216	36,432	94.18	1.49
3000004270	AUNT JEMIMA REGULAR REGULAR GRITS 80OZ	$ 3.23	$100,413	31,065	155,325	21.19	6.99
5030501003	JUS GOOD OL GRITS SHRIMP GRITS 11OZ	$ 11.20	$88,571	7,911	5,439	82.17	1.58
0906900041	MILL AT RIVERSIDE REGULAR GRITS 32OZ	$ 6.89	$75,985	11,023	22,045	0.25	3.05
0906900042	MILL AT RIVERSIDE REGULAR GRITS 32OZ	$ 6.87	$61,953	9,017	18,034	0.00	2.71
9784860001	BOYKINS REGULAR FULL COOKING GRITS 16OZ	$ 3.78	$53,302	14,104	14,104	24.88	1.81
4133112596	GOYA REGULAR FULL COOKING HOMINY GRITS 15OZ	$ 1.08	$38,994	35,947	33,700	2.80	11.87
7145105103	LAKESIDE REGULAR GRITS 32OZ	$ 1.26	$36,975	29,374	58,748	27.76	5.42
4133102323	GOYA REGULAR HOMINY 14OZ	$ 1.05	$30,657	29,301	25,638	5.40	13.64
5158300007	CAROLINA PLANTATION REGULAR GRITS 32OZ	$ 7.72	$24,642	3,192	6,383	56.22	1.49
5158300006	CAROLINA PLANTATION REGULAR GRITS 32OZ	$ 7.81	$24,373	3,122	6,245	11.71	1.49
9784870320	CHARLESTONS OWN SHRIMP AND CHEESE GRITS 9OZ	$ 8.43	$20,259	2,404	1,352	62.49	1.71
7433338525	ARROWHEAD MILLS REGULAR FULL COOKING HOMINY GRITS 24OZ	$ 4.54	$7,325	1,615	2,422	10.20	2.75
8616423455	BLACKWELLS REGULAR REGULAR GRITS 80OZ	$ 2.88	$6,002	2,086	10,430	18.57	1.04
3997800470	BOBS RED MILL REGULAR GRITS 24OZ	$ 3.36	$5,558	1,655	2,482	28.59	1.94
9999832831	PRIVATE LABEL BRAND BUTTER INSTANT GRITS 12OZ	$ 2.56	$3,885	1,517	1,138	11.92	2.55
9784860021	BOYKINS REGULAR GRITS 32OZ	$ 4.99	$3,259	653	1,306	0.00	0.15
1671200216	SAINT MARC HAITI REGULAR HOMINY GRITS 32OZ	$ 2.01	$1,219	606	1,212	0.00	0.24
1671201610	SAINT MARC HAITI REGULAR GRITS 64OZ	$ 3.76	$1,062	282	1,130	0.00	0.27
9999865582	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY GRITS 15.5OZ	$ 0.62	$727	1,172	1,136	0.00	0.02
7023712000	FRY KRISP REGULAR GRITS 12.5OZ	$ 0.89	$725	812	635	22.16	0.98
1113001009	DIXIE MILLS REGULAR REGULAR GRITS 24OZ	$ 2.25	$590	262	393	0.00	0.48
9999865583	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY 15.5OZ	$ 0.62	$478	773	749	1.13	0.02
1113001010	DIXIE MILLS REGULAR REGULAR GRITS 20OZ	$ 0.82	$336	407	509	13.61	1.19
9999865560	PRIVATE LABEL BRAND REGULAR REGULAR HOMINY GRITS 80OZ	$ 2.47	$72	29	146	0.00	0.05
3997800142	BOBS RED MILL REGULAR REGULAR GRITS 24OZ	$ 4.99	$35	7	11	0.00	0.10

(Symphony IRI, 2012)

There are 32 different items in the non-instant grits category for the Southeast Region. There are 111 items when the instant and quick grits are added to the data. This means that less than 29 percent of all grits sold are non-instant grits. The remaining seventy-one percent of the grits sold on the market are quick and instant grits, and there is no presence of a Dinner Grits product on the market. I feel that this is an item that is needed in the market, and will be successful based on this information. In the past few years there was been success with using grits as a meal at the restaurant level, and House-Autry has taken that idea and simplified it for the end user.

Figure 4.3: Market Share for Non-instant Grits in the Southeast (in Dollars)



(Symphony IRI, 2012)

It is observed that overall, the data does not vary much when looking at only the Southeast region compared to the national data. The same brands are still the major players in the market, although the percentages have changed, and since there are fewer players in this market, the percentages were able to increase, giving smaller manufacturers more of the market share. It is also beneficial to look at this same data but to look at the price per ounce. This way, the prices are all for the same unit of measure. It can be hard to evaluate when the pack sizes are all varying and the data is listed as price per unit. The following data set shows this.

Table 4.4: Price Per Ounce for Non-Instant Grits in the United States

Product Description	Brand	Pack Size (Ounces)	Price per Ounce	Dollar Sales	Unit Sales
Hominy Grits				**$84,713,144**	**39,249,224**
STIVERS BEST REGULAR QUICK GRITS 80OZ	Stivers Best	80.00	$ 0.0298	$ 9,994.19	4,193.82
PRIVATE LABEL BRAND REGULAR REGULAR HOMINY GRITS 80OZ	PL	80.00	$ 0.0300	$ 4,818.68	2,009.73
DIXIE MILLS REGULAR QUICK GRITS 80OZ	Dixie Mills	80.00	$ 0.0347	$ 2,836.02	1,020.76
BLACKWELLS REGULAR REGULAR GRITS 80OZ	Blackwells	80.00	$ 0.0360	$ 6,002.10	2,085.91
GOUVEIA REGULAR GRITS 32OZ	Gouveia	32.00	$ 0.0370	$ 6.67	5.64
LAKESIDE REGULAR GRITS 32OZ	Lakeside	32.00	$ 0.0397	$ 48,683.96	38,352.35
PRIVATE LABEL BRAND REGULAR FULL COOKING HOMINY GRITS 29OZ	PL	29.00	$ 0.0401	$ 80,003.91	68,782.48
DIXIE MILLS REGULAR REGULAR GRITS 20OZ	Dixie Mills	20.00	$ 0.0412	$ 335.58	407.48
JIM DANDY REGULAR REGULAR GRITS 32OZ	Jim Dandy	32.00	$ 0.0421	$ 138,682.20	103,007.53
AUNT JEMIMA REGULAR REGULAR GRITS 80OZ	Aunt Jemima	80.00	$ 0.0445	$ 285,317.03	80,199.92
PRIVATE LABEL BRAND REGULAR REGULAR HOMINY GRITS 15.5OZ	PL	15.50	$ 0.0502	$ 92,520.66	118,979.23
PRIVATE LABEL BRAND REGULAR REGULAR HOMINY 15.5OZ	PL	15.50	$ 0.0504	$ 65,809.88	84,212.18
VITARROZ REGULAR REGULAR HOMINY GRITS 24OZ	Vitarroz	24.00	$ 0.0554	$ 9,306.07	7,000.45
SAINT MARC HAITI REGULAR GRITS 64OZ	Saint Marc Haiti	64.00	$ 0.0595	$ 68,415.48	17,969.39
PHOEBE REGULAR REGULAR GRITS 32OZ	Phoebe	32.00	$ 0.0610	$ 22,571.31	11,558.99
GONSALVES REGULAR GRITS 32OZ	Gonsalves	32.00	$ 0.0613	$ 5,118.76	2,608.04
ANTONIOS REGULAR GRITS 32OZ	Antonios	32.00	$ 0.0617	$ 5,466.69	2,767.89
GOUVEIA REGULAR GRITS 32OZ	Gouveia	32.00	$ 0.0619	$ 425.99	215.19
GONSALVES REGULAR HOMINY GRITS 32OZ	Gonsalves	32.00	$ 0.0626	$ 12,758.96	6,370.74
GOYA MEXICAN REGULAR HOMINY 29OZ	Goya	29.00	$ 0.0672	$ 7,413.67	3,805.98
SAINT MARC HAITI REGULAR HOMINY GRITS 32OZ	Saint Marc Haiti	32.00	$ 0.0676	$ 50,105.78	23,158.12
GOYA REGULAR FULL COOKING HOMINY GRITS 15OZ	Goya	15.00	$ 0.0690	$ 380,670.66	367,953.13
FRY KRISP REGULAR GRITS 12.5OZ	Fry Krisp	12.50	$ 0.0710	$ 974.09	1,096.83
DIXIE LILY REGULAR REGULAR GRITS 20OZ	Dixie Lilly	20.00	$ 0.0719	$ 213,574.17	148,575.39
GOYA REGULAR HOMINY 14OZ	Goya	14.00	$ 0.0761	$ 50,285.03	47,182.57
QUAKER GRITS REGULAR REGULAR GRITS 24OZ	Quaker	24.00	$ 0.0860	$ 4,040,593.50	1,958,774.50
DIXIE MILLS REGULAR REGULAR GRITS 24OZ	Dixie Mills	24.00	$ 0.0939	$ 589.83	261.86
ATKINSONS REGULAR REGULAR GRITS 32OZ	Atkinsons	32.00	$ 0.0969	$ 5,589.57	1,802.56
ATKINSONS REGULAR QUICK GRITS 32OZ	Atkinsons	32.00	$ 0.0982	$ 4,035.47	1,283.67
EL GUAPO REGULAR GRITS 16OZ	El Guapo	16.00	$ 0.0994	$ 1,026.76	645.76
BOBS RED MILL REGULAR FULL COOKING GRITS 24OZ	Bob's Red Mill	24.00	$ 0.1259	$ 966,231.25	319,893.81
WEISENBERGER REGULAR FULL COOKING GRITS 32OZ	Weisenberger	32.00	$ 0.1282	$ 5,835.09	1,421.89
WEISENBERGER REGULAR GRITS 32OZ	Weisenberger	32.00	$ 0.1339	$ 2,322.36	542.17
LA VENEZOLANA REGULAR FULL COOKING HOMINY GRITS 14OZ	La Venezolana	14.00	$ 0.1388	$ 732.94	377.05
BOBS RED MILL REGULAR GRITS 24OZ	Bob's Red Mill	24.00	$ 0.1454	$ 105,077.62	30,102.03
BOYKINS REGULAR GRITS 32OZ	Boykins	32.00	$ 0.1559	$ 3,258.62	653.03
GEECHIE BOY MILL REGULAR GRITS 32OZ	Geechie Boy Mill	32.00	$ 0.1800	$ 104,949.13	18,216.11
ARROWHEAD MILLS REGULAR FULL COOKING HOMINY GRITS 24OZ	Arrowhead Mills	24.00	$ 0.1862	$ 9,174.54	2,053.41
MEDFORD FARMS REGULAR QUICK GRITS 16OZ	Medford Farms	16.00	$ 0.1863	$ 10,755.83	3,609.08
BOBS RED MILL REGULAR GRITS 16OZ	Bob's Red Mill	16.00	$ 0.1887	$ 1,138.85	377.26
ADLUH REGULAR GRITS 32OZ (White Grits)	Adluh	32.00	$ 0.1931	$ 8,327.43	1,347.58
ADLUH REGULAR GRITS 32OZ (Yellow Grits)	Adluh	32.00	$ 0.1935	$ 4,089.39	660.47
BOBS RED MILL REGULAR REGULAR GRITS 24OZ	Bob's Red Mill	24.00	$ 0.2056	$ 653.67	132.48
MILL AT RIVERSIDE REGULAR GRITS 32OZ	Mill at Riverside	32.00	$ 0.2148	$ 62,114.61	9,034.77
MILL AT RIVERSIDE REGULAR GRITS 32OZ	Mill at Riverside	32.00	$ 0.2163	$ 77,292.74	11,168.85
BYRD MILL REGULAR GRITS 12OZ	Byrd Mill	12.00	$ 0.2214	$ 2,310.14	869.53
ZERTO SUNDRIED TOMATO HOMINY GRITS 17OZ	Xerto	17.00	$ 0.2259	$ 36,683.27	9,554.04
BOYKINS REGULAR FULL COOKING GRITS 16OZ	Boykins	16.00	$ 0.2362	$ 53,302.00	14,104.45
BYRD MILL REGULAR GRITS 12OZ	Byrd Mill	12.00	$ 0.2412	$ 4,925.87	1,701.72
CAROLINA PLANTATION REGULAR GRITS 32OZ	Carolina Plantation	32.00	$ 0.2413	$ 24,641.90	3,191.64
CAROLINA PLANTATION REGULAR GRITS 32OZ	Carolina Plantation	32.00	$ 0.2439	$ 24,373.38	3,122.29
CHARLESTONS OWN SHRIMP AND CHEESE GRITS 9OZ	Charleston's Own	9.00	$ 0.9365	$ 20,259.21	2,403.60
JUS GOOD OL GRITS SHRIMP GRITS 11OZ	Jus Good Ol Grits	11.00	#######	$ 88,571.33	7,911.33

When looking at the data in the column “price per ounce”, it shows that Stiver’s Best has the best price per ounce in their five-pound bag. For the most part the majority of the brands of grits are competitively priced. Out of the 53 items in Table 4.4, 51 of them are less than 25 cents per ounce. The two that are significantly more expensive are Charleston's Own Shrimp and Cheese Grits at approximately 94 cents per ounce, and Jus Good Ol Grits' Shrimp Grits at approximately $1.02 per ounce. There are 30 brands that are priced at fewer than 10 cents per ounce. The way that the product is packaged will have some influence on the price per ounce. The larger the bag, the less packaging will theoretically cost per ounce. Looking at the price per ounce seems to be a better way to look at price than by looking at price per unit because you can look at all items and not just the item of a certain pack size. Quaker is by far the leader when looking at sales in dollars, unit sales and also market share. However, they do not have the leading spot when it comes to price per ounce. The cost of Quaker regular grits is approximately nine cents per ounce, which is ranked 26th out of 53 different products.

Table 6.1: Dollar Sales for Prepared Dinners

	Sum of Dollar Sales Product Description	Category	UPC	Total
1	IDAHOAN BUTTERY HOMESTYLE MASHED INSTANT POTATO MIX FLAKE 4OZ	Potatoes	2970000141	$5,891,236
2	KNORR LIPTON RICE SIDES CHEDDAR BROCCOLI REGULAR RICE AND PASTA 5.7OZ	Rice	4100002278	$5,255,706
3	HUNGRY JACK REGULAR MASHED INSTANT POTATO MIX 15.3OZ	Potatoes	1114087102	$4,723,361
4	UNCLE BENS ORIGINAL WILD RICE MIX WHOLE GRAIN 6OZ	Rice	5480002001	$4,218,403
5	BETTY CROCKER SUDDENLY SALAD RANCH AND BACON PASTA SIDE DISH 7.5OZ 1600050940	Dry Pasta	1600050940	$4,086,749
6	IDAHOAN LOADED BAKED BTR SRCRMCHSBCNONCHV MASHED INSTANT POTATO MI 4OZ	Potatoes	2970000148	$3,953,846
7	ZATARAINS NEW ORLEANS JAMBALAYA RICE MIX 8OZ	Rice	7142909523	$3,840,445
8	BETTY CROCKER SUDDENLY SALAD CLASSIC PASTA SIDE DISH 7.75OZ 1600050330	Dry Pasta	1600050330	$3,836,244
9	KNORR LIPTON RICE SIDES CHICKEN REGULAR RICE AND PASTA MIX 5.6OZ	Rice	4100002266	$3,621,295
10	IDAHOAN ROASTED GARLIC MASHED INSTANT POTATO MIX FLAKE 4OZ	Potatoes	2970000147	$3,526,439
11	ZATARAINS NEW ORLEANS DIRTY RICE MIX 8OZ	Rice	7142909535	$3,501,331
12	ZATARAINS NEW ORLEANS YELLOW RICE MIX 8OZ	Rice	7142909945	$3,446,431
13	IDAHOAN FOUR CHEESE MASHED INSTANT POTATO MIX FLAKE 4OZ	Potatoes	2970000145	$3,378,311
14	RICE A RONI CHICKEN REGULAR RICE & VERMICELLI MX 6.9OZ	Rice	1530043023	$3,358,114
15	BETTY CROCKER CHEESE SAUCE AU GRATIN INSTANT POTATO MIX 4.7OZ	Potatoes	1600027488	$3,353,008
16	BETTY CROCKER SEASONED SCALLOPED INSTANT POTATO MIX 4.7OZ	Potatoes	1600027489	$3,280,476
17	IDAHOAN BABY REDS CREAMY BUTTER MASHED INSTANT POTATO MIX 4.1OZ	Potatoes	2970000138	$2,978,139
18	KNORR LIPTON PASTA SIDES ALFREDO PASTA SIDE DISH 4.4OZ 4100002253	Dry Pasta	4100002253	$2,899,968
19	IDAHO SPUDS REGULAR MASHED INSTANT POTATO MIX 13.3OZ	Potatoes	1114042500	$2,756,621
20	KNORR LIPTON PASTA SIDES CHICKEN PASTA SIDE DISH 4.3OZ 4100002246	Dry Pasta	4100002246	$2,587,348
21	VIGO SAFFRON YELLOW RICE MIX 16OZ	Rice	7107201309	$2,544,610
22	KNORR LIPTON PASTA SIDES CHEDDAR BROCCOLI PASTA SIDE DISH 4.8OZ 4100002286	Dry Pasta	4100002286	$2,483,615
23	PASTA RONI PARMESAN CHEESE PASTA SIDE DISH 5.1OZ 1530044049	Dry Pasta	1530044049	$2,374,087
24	KRAFT RANCH W/BACON PASTA SIDE DISH 6.6OZ 2100064936	Dry Pasta	2100064936	$2,295,680
25	MAHATMA SAFFRON YELLOW RICE MIX LONG GRAIN 5OZ	Rice	1740010505	$2,191,963
26	MAHATMA SAFFRON YELLOW RICE MIX LONG GRAIN 10OZ	Rice	1740010507	$1,549,805
27	KNORR LIPTON RICE SIDES CHICKEN BROCCOLI REGULAR RICE AND PASTA 5.5OZ	Rice	4100002263	$1,525,567
28	IDAHOAN ORIGINAL MASHED INSTANT POTATO MIX 13.75OZ	Potatoes	2970000114	$1,450,252
29	IDAHO SPUDS REGULAR MASHED INSTANT POTATO MIX 26.7OZ	Potatoes	1114042400	$1,407,109
30	KNORR LIPTON FIESTA SIDES SPANISH REGULAR RICE AND PASTA MIX 5.6OZ	Rice	4100002268	$1,385,194
31	RICE A RONI BEEF REGULAR RICE & VERMICELLI MX LONG GRAIN 6.8OZ	Rice	1530043028	$1,118,839
32	KNORR LIPTON PASTA SIDES BUTTER PASTA SIDE DISH 4.5OZ 4100002249	Dry Pasta	4100002249	$1,018,063
33	KNORR LIPTON PASTA SIDES CREAMY CHICKEN PASTA SIDE DISH 4.2OZ 4100002298	Dry Pasta	4100002298	$938,943
34	PASTA RONI OLIVE OIL & GARLIC PASTA SIDE DISH 4.6OZ 1530044025	Dry Pasta	1530044025	$932,784
35	KNORR LIPTON PASTA SIDES CHICKEN BROCCOLI PASTA SIDE DISH 4.2OZ 4100002297	Dry Pasta	4100002297	$897,811
36	KNORR LIPTON PASTA SIDES PARMESAN PASTA SIDE DISH 4.3OZ 4100002255	Dry Pasta	4100002255	$847,915
37	PASTA RONI WHITE CHEDDAR PASTA SIDE DISH 6.2OZ 1530044032	Dry Pasta	1530044032	$793,106
	Grand Total			$100,248,809

(Symphony IRI, 2012)

This information shows that there is a market for prepared dinners. Over $100 million dollars of prepared dinners have been sold, according to this data. This data also shows the flavors or varieties of prepared dinners available, and based on the amount of dollar sales, one could determine which flavors are the most popular. Table 6.1 also shows that the top four flavors that House-Autry Mills chose to introduce are consistent with the ones currently on the market. These flavors again were Creole, Broccoli & Cheddar, Stroganoff, and Parmesan & Herb.

CHAPTER V: FOCUS GROUP RESULTS

5.1 Qualitative Data collected from Chef and Restaurateur Focus Group

The participants in the two focus groups offered good opinions and gave House-Autry Mills insight into what the market wanted. The groups were asked the same questions at first, so that the moderator and the executives who were listening and observing could get some information from the focus groups. First, they were asked about several different terms and how they felt about each of them as related to food products. The terms were “stone ground,” “whole grain,” “whole wheat,” and “organic.” Out of these four terms, both groups agreed that the term “stone ground” is the term that has the most positive image and the best acceptance to them. They added that stone ground products are looked at as being a more traditional product and more authentic. They also agreed that taste and texture qualities of stone ground products were suitable for their needs. When “whole grain” was mentioned they agreed that it had a fairly positive image, but there were concerns of its overuse. The consumer group had concerns with the term organic, expressed a lack of understanding, and they were very skeptical of its quality and price. Based on the findings at the focus group, “organic” is not a term that would add appeal to House-Autry Mills’ products.

The chef group commented that stone ground products are looked at as a premium product, and they could tell the difference in quality and texture between stone ground grits and traditional grits. They also mentioned that while stone ground grits may not satisfy every palate, chefs and consumers who buy stone ground and prefer it over traditional grits tend to be more loyal to the product. The chefs also agreed that stone ground grits are the grits of choice for shrimp and grits, both in the restaurant setting and in the kitchen at home.

When asked if a line of grits was something that the focus group participants could visualize from House-Autry Mills, both groups agreed that it fit the brand well. They mentioned that the packaging should be consistent with other House-Autry products and that it has a traditional and artisanal look.

Another point brought up by the chefs in the group was the planning and execution involved in switching suppliers. They agreed that the salesmen associated with House-Autry would have to give them a reason to switch to their product. They would have to prove that the product would taste great, and therefore, enhance their menu options. In order to do this, they suggested that House-Autry Mills do the following:

- Provide samples
- Participate in food shows
- Align House-Autry Mills Sales Staff with food distributors and go with them to visit chefs
- Be competitive in pricing
- Have a different flavor profile than what the chefs are using now

5.2 Decision Process and Selection Criteria for Ingredients

House-Autry Mills was interested in getting feedback from restaurant chefs to see if there was a need, or a want for a local manufacturer to produce grits. House-Autry Mills also wanted their feedback on what pack sizes they prefer as well as best types of packaging. Most chefs have the responsibility for determining what items go on their menu. A few chefs have to follow corporate specifications, but still get to pick what items go on the menu, just not the supplier. But in most non-chain restaurants the chef has the sole responsibility of designing the menu.

There are three main factors that chefs go by to determine the menu item design: availability, expectation, and price. Availability depends on the season of the year, and what foods are available. The chefs that participated in the focus group all agreed that they start with the protein, whether is it chicken, seafood, or steak, and work their way to the "edge of the plate." This means that they pick the main dish and then, using the resources available, determine which seasonal vegetables and starches would go best with the meal.

The next factor, expectation or customer palate, is also very important. A lot of chefs have themes that go along with their restaurants. The themes can be Mediterranean, Mexican, Italian, etc. Many restaurateurs and chefs let their customer's inspire their menus. If a customer asks for a certain dish, the chef would be wise to try to accommodate that, as long as it is available. They are probably not the only customers looking for that particular dish.

The third factor that goes into consideration when designing menu items is the price. Chefs must keep in mind the cost of their ingredients and margins when they are creating their dishes. It helps cost considerably, if the chefs keep a seasonal menu. When items are in season, there is a good supply, which results in lower prices because of supply volume and reduced logistics costs. Chefs and restaurateurs welcome any recommendations from their distributors and food vendors. They all agree that distributors and food vendors have a lot of knowledge about their products, and will know which items are not only a good price but a good quality level as well.

Another key point, chefs do not enjoy taking risks and have a tendency to stick with what they know. One chef said, “A week of something bad in my business can last a year, because we get business by word of mouth. You use samples to try things out first.” The other chefs agreed. If a customer has a horrible experience at the restaurant, they will feel the effects from it for weeks, maybe even months. Word of mouth is very powerful. A chef will not switch to a new product just because a salesman or even his distributor tells him to. He or she still will going to want to try samples in the kitchens, to see if they can put their seal of approval on it. This is why going to food shows is very important, for both the chefs and the suppliers. It is important for the supplier’s sales teams because they can contact a large number of restaurant chefs and buyers in a small time frame, increasing their chances for a connection and a sale. It is also great for chefs because they can see and try a large number of samples in a short period of time. Even though the salesmen are fixing the samples at the show, the chef will still want to try it in their application on their own time before committing to buy.

5.3 Understanding of Stone Ground and Other Terms

There were many different perceptions noted on different ingredient types. As a whole, both groups agreed that the term “stone ground” has the most positive image when compared to “whole grain,” “whole wheat” or “organic.” Stone ground was the only term that left an impact on the chefs as being positive and seen as a premium product or ingredient. Stereotypically, chefs stay away from whole-wheat flour, but they did agree that whole grain was healthier and a more natural product, although they do not see it as a premium ingredient. The word “organic” brought lots of skepticism from the group.

The group of chefs seemed to think that the term stone ground implied that the product was a higher quality product, and almost immediately associated the term with grits. They also informed us that there are many chefs in the world that refuse to prepare Shrimp and Grits without using stone ground grits. They also agreed that stone ground products were more expensive, however in the long run, it wasn't too pricey, and they were willing to pay for stone ground grits.

The moderator also asked them to start saying words or phrases that come to mind when they hear the word stone ground. A few of the words said were

- Higher quality
- Traditional
- Artisanal
- Old-School Method
- Coarser
- Flavor is more intense
- Old Mill with Giant Stone
- Not instant
- You can put this name on the menu

These are all points that House-Autry Mills wants in its products, its what our company has strived on for over two hundred years. It was reaffirming to hear that the restaurant world also sees stone ground the same way we do as manufacturers.

When asked about the term "whole grain," the group commented that it was healthy, trendy, wholesome, and natural. They also stated that it was not a premium ingredient. Another chef said that the term whole grain could mean a multitude of things and he was skeptical in the term. Next, the moderator asked them about the term “whole wheat flour,” all chefs agreed that consumers may think it is healthy, but its not an ingredient that chefs are going to use in their restaurants. The group wasn’t very optimistic on the term “organic” either. They thought that organic meant that the product was overrated and overpriced. They commented that specialty chefs may use organic products in vegetarian or health conscious restaurant settings, but in the average restaurant there is no benefit to buying organic. They saw organic as being more appropriate for the home cook, rather than in restaurants, and one chef even made the comment, “it would get lost on our menu.”

When asked what the term “local” meant to them, the chefs made several different comments. Some said, that the term local was based on the distribution area, and where the item was packaged. Most chefs agreed that as long as it was manufactured in the state of North Carolina, they could claim it as being local on their menus. Some wanted to expand the local spectrum to include the entire southeast. They thought that as long as it was featured as a region it could be considered local. One comment was “as long as it doesn’t look like it was made on a conveyer belt”; it could be classified as being local. I’m not sure all others agreed one hundred percent with that comment.

5.4 Qualitative Data Collected from Consumer Focus Groups

The consumer group was asked similar questions during their time with the moderator. They were asked about their perceptions of ingredient types. When asked about stone ground corn, they responded that it reminded them of an old grist mill, and that there was a good connotation associated with the term. “I think of grits. I think of yellow grits, my favorite.” Others perceived the term as more expensive. Although stone ground had a premium image, they also said that they thought it was worth the extra price. Other words they associated with the term stone ground were oatmeal, grits, hearty, health, chewy and coarse.

They agreed with each other when naming words associated with whole grain. The words they chose were healthy, heart smart, not processed, more expensive, less fat and cholesterol, less sugar, but also less flavorful (sometimes). They were also asked about their perceptions of the term “whole-wheat flour”. When asked, they mentioned, that it used to be a premium product, but now customers are skeptical, its often used as a thickening agent in soups and it is healthier than white flour. They also mentioned that it is not used in your Christmas baking, not bleached, and said when they hear whole-wheat flour, they think of bran muffins or banana bread.

Another term that they were asked about was the term “organic”. Consumers are really unsure of what exactly the term organic means. They mentioned that they were skeptical and were concerned that food processors could pay a fee to be considered organic on their label, meaning that there really was no difference at all between an item that states it is organic, and one that does not. The group also had a small disagreement on whether organic fruits and vegetables are better for you or if they even taste better than fruits and vegetables that were not organic. One of the participants clarified to the others that in order to be considered organic, it depended on how the fruit or vegetable was produced and grown, and it meant that the product was pesticide free. Others then mentioned that it was more nutritious, had a simpler, cleaner label (which was favorable) and the only downside was the difference in price. They all agreed that they were not sure if they thought that it was worth the difference in price.

5.5 Co-Branding on the Restaurant Menu

Another question that was asked of the chefs during the focus group was their thoughts on co-branding on the menu. By this we meant, if they were buying cattle from XYZ cattle farms, they would incorporate that onto the menu in their descriptions of the product. We got mixed reviews on the idea of co-branding. Some chefs were pleased and proud to highlight the brand of the product, especially if it were a local product. It proves to your customer base that you are in fact buying local.

Some chefs stressed that it was a differentiator, and would be looked at negatively on their menus. They felt this was especially true in nicer restaurants. The comment was also made that they felt there was no need for co-branding in casual dining. They felt that the customers that are dining in the more casual restaurants would not be influenced by the fact that there are co-branded items, or even local products on the menu. One chef stated, "The differentiator is the kind of food you serve. For fine dining, you want to showcase it. For a burger joint, I see no point in doing that. It's all about the kind of place you have."

5.6 Usage and Purchase Behavior

All of the chefs in our focus group used grits for one reason or another in their restaurant. All but one of the chefs had some variation of Shrimp and Grits, the one chef who did not feature Shrimp and Grits on his menu did include grits as a seasonal item on his brunch buffet. The items where grits were present included breakfast grits, shrimp and grits, grit cakes, cheese grits, grit bake (which is an item made with grits similar to pancakes), soufflés, and jambalaya.

The majority of the chefs preferred white grits, when compared to yellow grits. The reason was mostly because of the presentation of the end product. They thought for the most part, that white grits look better, and it's what customers are used to seeing. Only one chef preferred yellow because he said that he could taste the difference in the two types of corn.

The majority of the chefs said that they purchase one twenty-five pound bag once every three to four weeks. For the chefs who use less grits, they agreed a case of six - five-pound bags would be easier to keep and store. The reasoning in this was once a bag is opened the Health Department requires that they store the remaining ingredients in a sealed container. By having a five-pound bag, it reduces the amount of space needed for a container to keep the opened grits in.

The chefs also agreed that price would not be a factor when deciding if they would rather purchase traditional grits or stone ground grits. They prefer the flavor and the texture of the stone ground grits over the traditional grits, and with the usage level being minimal the price difference wouldn't make a big impact in the long run.

5.7 More Consumer Data

When the consumer group was asked about their usage levels and purchasing behaviors they stated that the taste of the product was the reason they choose the traditional grits, and time was the reason that they chose the instant grits. Most of them admitted that they use instant grits during the week, when they are trying to eat a quick breakfast before getting the kids ready for school or getting themselves ready for work, but also said that they enjoy cooking traditional grits on the weekend when they are not rushed for time. They mentioned that they like using traditional grits for "breakfast for dinner" as well, since you typically have more time to cook at night, then you do in the morning. Consumers also liked using traditional grits when they prepared meals such as shrimp and grits. It was also agreed that while yellow grits seemed more authentic, white grits were more familiar. Retail consumers also thought a two-pound bag would be more practical for in home use than a five-pound bag. They estimated that a two pound bag would last them roughly two to three months, although one user said a two pound bag would only last her one month.

The retail consumers were very vocal when it came to the questions asked about packaging. They prefer the smaller (two pound) paper bag to the stand-alone plastic pouch. The reasons that they did not like the stand alone plastic pouch range from, lack of familiarity, it does not stand up on the pantry shelf, and most importantly, it does not re-seal. Although, Quaker is the preferred brand, those in the study stated that they are not brand loyal, meaning they would have no problem trying a different brand of stone ground grits, and if they preferred them over Quaker could very easily switch their brand of choice. One limitation with using a focus group is that the selected few that participate may not be a great representation of the market.

When selecting participant guidelines, we tried to get a participant that fit in with our loyal customer base to reduce the risk of this limitation. Although it was reduced, the limitation cannot be eliminated. Results from a focus group should be considered, but considered with caution as there are other segments of the market that were not represented appropriately.

5.8 Reaction to House-Autry and Stone-Ground Grits Concept

Finally, the moderator told the chefs what food manufacturer had sponsored the focus group. They were all aware of who House-Autry Mills was, and seemed to know their products as well. They commented that House-Autry Mills was well known for their flours, meals, and seafood breader. They also characterized the company as being local, since it was located in North Carolina. Some of them were more familiar than others, but they knew that House-Autry Mills was closer in size to a small mill versus a mid-size producer. They seemed to like the fact that House-Autry Mills was a smaller local facility.

They also agreed that grits was a concept that they could see coming from House-Autry Mills, and it would be widely accepted by them and other chefs in the area as well. "If House-Autry has grits that are just as good, there's no doubt I'd buy it," one chef stated. Getting the chefs to switch to a new product will take some work. The chefs agreed that it was hard work to convince a chef that there was a better product then what they were currently using. It was a slow process to convert, and train all personnel on the new product, and it would definitely have to be beneficial to switch. This is when the distributors are beneficial. Chefs give them more time to show products than they do twenty different salesmen from twenty different companies. They'd rather the representative from the distributor show them multiple products to use their time more efficiently.

When the retail consumers were asked about their perception of House-Autry Mills, there first comment was, "the state fair!" This comment was made because for years House-Autry Mills has been a staple at the North Carolina State Fair. Hushpuppies, and other samples are given out to fair-goers to try our products. Other products tested are biscuits, corn breads, a variety of sauces, and hushpuppies. The hushpuppy line is the most popular, and for what House-Autry Mills is most known. Other comments made were:

- “Wait in line & it’s worth it!”
- "Restaurants use those”
- “Corn meal”
- “Fish”
- “Well-known”

They mostly agreed that stone-ground grits was a perfect fit for House-Autry Mills. They agreed that it kept the image that House-Autry is known for, “the old mill.” Only one person thought that it was not a good idea for House-Autry Mills to start producing grits because they would be going against the competition of Quaker and a few other smaller competitors. Quaker is the largest competitor with approximately seventy percent of the market share.

5.9 Reaction to Additional Concepts

An additional concept that was brought up towards the end of the retail focus group was the idea of dinner grits. The idea of a packaged “Shrimp and Grits” where the consumer would add the shrimp (or any other meat of their choice) was appealing to many. Consumers were excited about the convenience of having all the spices already portioned out and ready to be cooked. All participants, even the more skeptical individuals said that they would be willing to try the new product. Flavored grits, appealed to some, while some were skeptical about using artificial flavors in the products. House-Autry Mills tries to stay away from artificial flavors and coloring when formulating their products.

CHAPTER VI: CONCLUSIONS AND RECOMMENDATIONS

The ideas in this thesis give an overall view of how food products get introduced to the market. The data was reviewed carefully, and so the outcomes should be beneficial to the company. As stated previously, House-Autry Mills began by targeting the Southeast and Mideast regions, specifically the states of North and South Carolina. Since House-Autry Mills is located in the heart of Eastern North Carolina, it is very well known in that area and has a very loyal customer base. This is the strongest market for House-Autry Mills to enter. Based on the information gathered from the Infoscan Resources data, the product should sell well in these regions. Since the brand is also recognized best in North and South Carolina, it is best to start selling in these markets, and then branch out into other market territories. We also gathered information on popular flavors currently being sold as flavored breakfast grits, as well as the flavors being sold as prepared dinners. From that study, we decided our top four flavor profiles were Creole, Broccoli & Cheddar, Stroganoff, and Parmesan & Herb. We noticed that these flavors sold well in boxed prepared dinners and decided to put those same flavors to use in a grits product.

To determine the package size, we looked at other products in our data, but we also wanted to ensure that 1 box would be enough to feed at least a family of four. We decided an eight-ounce package, would produce enough cooked grits plus protein for four to five servings. The Research and Development team played around with several different pack sizes, and decided that an eight-ounce package was best for the equipment we had in house, as well as the amount of food we were trying to market.

We also knew while in the developmental stages that we must keep the price of the final product at a level that it would be competitive in the market. We did this by sourcing multiple suppliers, and trying various different ingredients while developing. I recommend that the research and development team, and the purchasing manager keep a close look at the prices of these ingredients, to ensure that we keep our costs down, so that a profit can be made. The research and development team will also keep looking for alternative sources to supply the ingredients. By doing this, we can ensure that we are receiving the best ingredients, but at the best value as well.

I recommend that House-Autry Mills also look into the possibility of providing the dinner grits at the food service level. I think this would be a great addition to the menu, and also help the kitchen staff because of the ease of use of this product. I think gourmet restaurants would still prefer the breakfast grits, so that the restaurant chef can use their expertise in the flavoring, but at the faster service type restaurants I think our prepared Dinner Grits would be a success.

House-Autry Mills also launched a targeted test market in this area with different types and levels of media to see which ways were the most efficient ways to generate revenue. House-Autry has created two television commercials that will air in the North Carolina, and parts of the Southeast region. Also in the past two years, House-Autry Mills has been part sponsor of a NASCAR race team. I think this is a great way to get our logo to thousands of fans in the southeast every weekend. The goal is to be profitable, achieve the highest level of sales and return on investment possible. If the return on investment is high, it shows that investment has done well and was efficient and profitable. The media is needed to generate awareness and trial of the new product. After the test market, House-Autry Mills can then review their findings and determine when and how to expand. House-

Autry Mills can either expand the grits line by adding additional flavors, or it can expand by adding other products to the House-Autry brand.

I think that the position that House-Autry Mills took is the correct way to approach the market. Participants in the focus group mention that House-Autry Mills needs to keep the image that they are currently using for their breaders and hushpuppies for the grits, too. They had contemplated the idea of having a premium brand that was separated from the other products from House-Autry Mills, but I think in the long run, it would have confused loyal customers, and compromised the sales.

The risk that House-Autry Mills took by creating a new item that is currently not on the market is pretty safe, in my opinion. I think in order for this project to be beneficial, we must keep the cost of this product as low as any potential direct competitors would. Right now, there is no direct competition but I believe that once other food manufacturers see our success with this new product that the competition will come. Obviously, the higher the margin, the more money a company would potentially make, but if the customer no longer sees a cost benefit, sales will drop, and no profit will be made. This is why I feel it is so important to keep the cost of materials down, so that we can continue to make a profit without increasing the cost of the consumer. I believe this is a product line that will be very successful, and once the market for dinner grits is established, I can very easily see the expansion of this line. I can see this line expanding by adding additional flavors to the line, and I can also see it expanding by delivering this product to other regions in the market.

One recommendation for the future I would give is to use social media to your advantage. We have started exploring with this some, but I don't think we have utilized it to our best ability. We could set up a site where our current customers can log on and tell us how they are using our products in their kitchens. Currently, we are using our Facebook page, to connect with our customers and tell them about recipes we've come up with or telling them which shows we will be at in their area. I think if there was user-friendly ways of having the customers submit their recipes that they've developed and share with other customers it could really be beneficial and be a great example of value-added marketing.

Another suggestion for future projects would be to have a group of chefs come to the research and development lab and use the products to get a feel for them and also to provide feedback to the research and development specialists.

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