THE UTILIZATION OF EXPLORATORY MARKETING RESEARCH

Thesis for the Degree of M. A.
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JAMES A. THORPE
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ABSTRACT

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By

James A. Thorpe

Statement of Purpose

The general purpose of this thesis was the utilization of the procedure for exploratory marketing research such that students involved in exploratory research projects of their own can use the procedure followed in this thesis as a model.

Specifically, the purpose of this thesis was to utilize exploratory marketing research in the actual case of the Michigan Bean Commission. The Michigan Bean Commission lacked an information base from which to make effective marketing and advertising decisions concerning the reversal of the downward trend of per capita dry bean product consumption. The specific purpose of this thesis was to develop the necessary information base through the utilization of exploratory marketing research.

Methodology

The methodology used to develop the information base for the Michigan Bean Commission began with discussions with members of the Commission in order to obtain a clear definition

of the problem, as much background information as possible, and an understanding of the Commission's business philosophy.

After the initial discussions, the next step in the methodology of the exploratory marketing research undertaken for the Michigan Bean Commission included secondary research. All possible secondary sources that might yield information concerning the situation of the dry bean industry were researched.

Also, methodology included the survey of persons knowledgeable of the Michigan Bean Commission case subject matter. The survey of knowledgeable persons occurred during the secondary research, not only to obtain information unavailable through the secondary research but also to reveal additional secondary sources unresearched at that time.

Results

The utilization of exploratory marketing research in the case of the Michigan Bean Commission resulted in the desired information base from which the Commission can make effective marketing and advertising decisions. The information base included all the knowledge that could be obtained through exploratory marketing research concerning the present situation of the dry bean industry.

James A. Thorpe

In essence, the utilization of exploratory marketing research achieved the desired purpose for the Michigan Bean Commission. The general procedure of exploratory marketing research utilized in the Michigan Bean Commission case can be applied by students to a broad range of similar marketing research projects.

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EXPLORATORY MARKETING RESEARCH

By

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A THESIS

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Director of Thesis

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INTRODUCTION

It is the general purpose of this thesis to utilize a procedure for exploratory marketing research in such a manner that students can employ this thesis as a model for their own exploratory research projects.

The specific purpose of this thesis, however, is the utilization of exploratory marketing research in the actual case of the Michigan Bean Commission. The Michigan Bean Commission, at the time this thesis was undertaken, was experiencing a marketing problem in the form of a lack of information upon which to make effective marketing and advertising decisions concerning the reversal of the downward trend in per capita consumption of dry bean products. Exploratory marketing research was utilized therefore, with the purpose of developing the necessary information base.

Exploratory marketing research methodology began with discussions with members of the Michigan Bean Commission. This was done to obtain a clear definition of the problem, as much background information as possible, and an understanding of the Commission's business philosophy. In addition, extensive research of secondary sources was undertaken to obtain as much information as possible regarding the present situation of the dry bean industry. Exploratory marketing research methodology also included the survey of persons knowledgeable of the subject matter of the Michigan Bean Commission case.

The general procedure for exploratory marketing research is outlined in the first chapter of this thesis. Not only is the first chapter concerned with the general procedure but also with the point, in a marketing case, at which exploratory marketing research should be initiated and the point in the case at which it can be terminated or replaced by formal research.

The general procedure of exploratory marketing research outlined in the first chapter was obtained from the review of a number of marketing research texts. Also, the review of marketing research texts aided greatly in the determination of the points at which exploratory marketing research should be initiated and should be terminated or replaced by more formal research.

The second chapter comprises the section of main concern in this thesis. The second chapter includes the entirety of the Michigan Bean Commission exploratory marketing research case. The general procedure for exploratory marketing research outlined in chapter one, is in chapter two, utilized in the case of the Michigan Bean Commission.

The third and final chapter of this thesis discusses the value of exploratory marketing research in general. More importantly, the third chapter discusses the value of the exploratory marketing research for the Michigan Bean Commission and also for the writer of this thesis.

CHAPTER I

EXPLORATORY MARKETING RESEARCH

Definition and Use of Exploratory Marketing Research

A Definition

It is necessary at this point to define exploratory marketing research as it is utilized within this thesis.

"In practice it is somewhat difficult to distinguish the exploratory study from gathering background information in defining the problem" (Luck, Wales, Taylor, 1961, p. 68). In this thesis no attempt has been made to make such a distinction. Rather, exploratory marketing research as it is used here includes the usual preliminary research steps of background information gathering and problem definition as well as the more extensive information obtaining activities (secondary research and the survey of knowledgeable persons) usually associated with exploratory marketing research.

Use of Exploratory Marketing Research

The point in time at which exploratory marketing research should be undertaken occurs "when a research firm is called in by a client who says, 'We're not getting the sales volume we think we should. What's wrong?' " (Boyd and Westfall, 1972, p. 47). In essence, the time at which executives of a firm are experiencing a problem (such as a decline in sales volume, increased production costs, etc.), realize that the problem exists, and desire to know why the problem is occuring, is the point at which exploratory marketing research should be initiated.

A General Procedure for Exploratory Marketing Research

Step One: Define the Marketing Problem

Exploratory marketing research begins with defining the marketing problem being experienced by a business firm (the client of the researcher). This first step of exploratory research occurs in the first communication with the client. During the discussion with the client it is necessary to obtain all the relevant background information possible concerning the marketing problem. Of equal importance in this step is to develop an understanding of the client's business philosophy for this may have an important influence on the existence of the marketing problem.

"The Researcher must avoid accepting a request for information as the starting point for a research study" (Boyd and Westfall, 1972, p. 192). It must be ascertained as to why the request for exploratory research was made. Pertinent information can only be provided if the researcher knows the problem the client desires to solve.

Step Two: Determine the Objectives of the Exploratory Marketing Research

After defining the marketing problem as specifically as possible through the information obtained from the client, the next step in exploratory marketing research is to determine the objectives of the research.

In stating the exploratory research objectives the researcher must have determined the purpose of the research activity. In essence, the objectives of the research can be ascertained by determining why the study is being undertaken. This notion stresses the importance of the point brought out in step one of the exploratory research procedure - it must be determined why the request for exploratory marketing research was made by the client.

While the marketing problem varies from firm to firm the general objective of the exploratory marketing research is always the same. That objective is to identify the nature of the marketing problem. Hence, once again the importance of a well-stated problem definition is stressed.

If, for example, the marketing problem being experienced is a decline in sales volume, the objective of exploratory marketing research would be to identify the nature of the decline in sales. That is, to identify certain factors which are presumed to be causes of the marketing problem. If the marketing problem being experienced is increased production costs the objective of exploratory research would be to identify the probable causes of increased production costs.

It should be apparent that step two relies heavily on the outcome of step one. Once the marketing problem has been defined and the researcher understands why the desire for exploratory marketing research is felt by the client, than the objective of the research can be determined. While marketing problems vary, the general objective of exploratory marketing research remains the same for every marketing problem - to identify the nature of the marketing problem.

Step Three: Determine the Information Needed to Achieve the Research Objective

Since exploratory marketing research has as its objective the identification of the nature of the marketing problem, the researcher must obtain as much information as possible concerning the situation within which the problem lies so as to result in an identification of the nature (causes) of the marketing problem.

The determination of the specific information needed to achieve the research objective depends greatly on the previous step, step two, of the procedure for exploratory marketing research. "When a specific piece of information is 'nominated' as one which the research should provide, the research man normally refers back to the defined objectives of the research to determine whether, in his judgement, that information is necessary and relevant to those objectives" (Crisp, 1957, p. 339).

Although specific information needed to achieve the research objective may vary slightly for different marketing cases, the general rule for the information needed to achieve the exploratory research objective remains the same for every case. That rule being that all the information possible concerning the situation in which the problem exists should be obtained.

It is important that the researcher develop a checklist of the information which is needed to achieve the objective. In exploratory marketing research such a checklist should serve to develop the situation within which the causes of the marketing problem can be found. This would warrant the need for the following:

1. information about the industry and company
   (history of sales, price, product, etc.)
2. information about the market
   (development, trends, etc)
3. information about the consumer
   (attitudes toward the product, frequency of use, etc)
4. information about competition
   (products bought in place of company product, market share, etc.)
5. information about promotional methods
   (advertising, personal selling, etc.)

The above checklist includes all the essential information needed to develop the situation within which the problem exists. Specifics of the exploratory research objective will further determine the scope and detail needed from each of the areas listed above. Also the exploratory research objective will determine any additional areas of information needed that may not be included in the above list.

Step Four: Obtain the Needed Information

There are two basic methods of obtaining the information needed to achieve the exploratory research objective.

Secondary research. "It is difficult to conceive of doing any research without some use of secondary data" (Luck, Wales, Taylor, 1961. p. 96). In exploratory marketing research the need for secondary data is quite urgent. Thus, "one of the first steps of any preliminary exploration should be an investigation of relevant secondary data" (Lorie, Roberts, 1951. p. 334).

Secondary research, the review of secondary data, includes the survey of all previous research that has been completed concerning the situation in which the marketing problem lies. This avoids a wasteful duplication of research expenditures.

In secondary research the researcher must determine whether the needed information is already available in company records or if it can be located only through outside sources. Usually the researcher will find that both areas require investigation. Thus secondary research should include the investigation of all company files and records pertinent to the marketing problem. In addition, many sources outside the company will provide valuable information. These sources include the many bureaus of the government, universities, private research agencies, trade associations, and the media. In exploratory marketing research the secondary research should be extensive. Before the secondary research can be considered complete the researcher must believe every source of possible secondary data has been investigated.

Survey of knowledgeable persons. The second method of obtaining the needed information is by interviewing people that have an understanding of the situation being investigated. "All persons who have any association with the efforts to market the product in question are potential sources of information in a marketing research project" (Boyd and Westfall, 1972. p. 49). In essence, this might be considered primary research. However, the survey of knowledgeable persons is undertaken not so much to obtain information unavailable through secondary sources as it is to determine from the interviews additional secondary sources of information that the researcher has not yet thought of using or is unaware existed. Of course the survey of knowledgeable persons will also hopefully provide the research with some information concerning the situation that might never be found in secondary sources.

Thus the basic method of obtaining the information needed to achieve an exploratory research objective is secondary research. "The major advantages of using secondary data are savings in time and cost" (Luck, Wales, Taylor, 1961, p. 86). The marketing researcher should gather and examine all the secondary data on the situation in which the problem exists. Then to be sure a complete development of the situation has occurred, the researcher should survey knowledgeable persons to obtain additional sources of information thus far unused. Also the survey of knowledgeable persons should obtain the primary information, necessary to the achievement of the research goal, that has been unavailable in secondary sources.

Step Five: Report the Findings of the Exploratory Marketing Research

There is a danger that all the research costs may be completely wasted if the exploratory research report is not effectively prepared and presented. Therefore certain requirements are involved in reporting the findings of the exploratory marketing research.

The most important requirement in the reporting process is good organization of the research findings. The report must be organized so as to keep attention focused on the objective of the exploratory research - determining likely explanations for the marketing problem. Of equal importance the organization of the report must allow the client to proceed directly through the report and emerge with a complete and clear mental picture of the research findings as the findings relate to the marketing problem.

The report must be written simply and clearly and of course, the writing must be grammatically sound. The report is, in reality, a step in the communication process. As such, careful consideration should be made for the audience of the report. "The nature of the report should be determined primarily by the desires and characteristics of the individuals for whom it is prepared" (Crisp, 1957. p. 461)

The objective of exploratory marketing research is to identify the nature of the marketing problem. The research report exists therefore, to supply information concerning the situation within which the problem exists to the client such that the client can determine effective decisions regarding the termination of the marketing problem. Thus the purpose of the report is not to make recommendations based on the findings but to report the findings in a clear organized manner such that the client can decide what is to be done.

Recommendations are to be avoided in exploratory marketing reports because other influences of which the researcher has no knowledge are often key elements in the final management decisions regarding the marketing problem.

Thus the report of the findings of the exploratory marketing research must be well-organized, simple and clear, grammatically sound, tailored for the client, and of course, must achieve the objective of identifying the likely explanations of the marketing problem such that the client can determine effective marketing decisions.

The Point at Which Exploratory Marketing Research Ends

Assuming the exploratory marketing research report is as complete as the researcher believes is possible, the end of the exploratory marketing research officially comes with the decision to conduct or not to conduct formal research.

Not all exploratory research necessitates further, more formal research. In fact, many marketing research projects begin and end with exploratory research. In such cases, the exploratory research findings must be sufficient to indicate at least one of the following:

1) action to be taken by the client to terminate the marketing problem
2) further formal research would be unlikely to uncover any more information.

However, the above can only occur if the results of the exploratory research seem to be conclusive, that is if the secondary sources and persons interviewed all point unambiguously toward the same answers and it is determined that those sources are satisfactory.

It is most important that the client not conclude that the answers are obvious when they are not. Marketing decisions should not be based solely on the exploratory marketing research report if formal research is still necessary to result in further explanation of the cause(s) of the marketing problem.

At any rate, exploratory marketing research ends when the client decides to take actions based on the findings of the exploratory research, be those actions marketing decisions regarding the termination of the marketing problem or formal research activity concerning certain exploratory research findings.

CHAPTER II

THE MICHIGAN BEAN COMMISSION CASE

A Brief Explanation of the Michigan Bean Commission Case

A Background

The Michigan Bean Commission (MBC) is a semi-autonomous adjunct of the State's Department of Agriculture. The Commission's major role is to support and coordinate the efforts of over 10,000 Michigan dry bean farmers in their production and marketing. Through the MBC, the dry bean farmers determine the best time to sell their dry beans to the elevator companies. Here the beans are stored until the elevator companies in turn, sell the dry beans to the canners. The canners process the dry beans into many canned bean products (baked beans, pork and beans, bean soup, etc.)

In mid-December, 1972 three MBC members met with Dr. Atkin, chairman of the Department of Advertising, Michigan State University. In this first discussion it was revealed by the MBC members that per capita consumption of dry beans had been declining. The members stated that if such a downward trend continued, it would negatively affect sales of dry beans on the farm level. The MBC members hoped

Dr. Atkin could determine what the Commission might do to reverse the downward trend of consumption.

The Time Sequence Involved in the Michigan Bean Commission Case

After the initial communication with the client (MBC) in mid-December and an additional discussion in early January enough background information was obtained to define the marketing problem. Also an understanding of the MBC business philosophy was achieved. By the end of January, 1973 the exploratory research objective had been determined, and the information needed to achieve the research objective had also been determined.

In early February, the task of obtaining the needed information was begun. Obtaining the needed information involved more time, by far, than any other step. During February and March, the first phase of obtaining the information was initiated and completed. This phase included extensive secondary research. The first phase findings were given to the MBC in report form in April. During May and June, the second phase of obtaining the needed information was undertaken. This phase included the survey of knowledgeable people and further extensive secondary research. The report of the second phase findings was given to the MBC in early July, 1973. This marked the termination of the six and one-half month exploratory marketing research.

Utilization of Exploratory Marketing Research in the Michigan Bean Commission Case

Step One: Define the Marketing Problem

From the first and subsequent discussions with the client it was determined that the Michigan bean industry was experiencing a decline in the per capita consumption of dry beans and dry bean products. In addition, from the background information and the understanding of the MBC business philosophy obtained through the discussions with the client, it was determined that the MBC lacked the information base necessary to make effective decisions regarding its own role in reversing the downward trend of per capita dry bean consumption. In essence, the MBC was experiencing a decline in per capita dry bean consumption and was unable to determine what it (the Commission) should do to reverse the situation.

Therefore, the marketing problem was defined as - the Michigan Bean Commission, at the present time, lacks the necessary information base from which to make effective marketing and advertising decisions concerning reversal of the decline in per capita dry bean consumption.

Step Two: Determine the Objectives of the Exploratory Marketing Research

After defining the marketing problem of the MBC so specifically, the objective of the exploratory marketing research became quite apparent. By determining the purpose of the research activity as necessitated by the marketing problem it was concluded that the objective of the exploratory research was - to identify the likely explanations underlying consumption of Michigan dry beans so as to develop an information base for the Michigan Bean Commission from which the Commission can make effective marketing and advertising decisions concerning reversal of the decline in per capita dry bean consumption.

Step Three: Determine the Information Needed to Achieve the Research Objective

All the information that can be obtained concerning not only likely explanations underlying the consumption of dry beans but also of the entire present situation of the Michigan bean industry is needed to achieve the objective of the exploratory research - developing the needed information base for the MBC. The more complete the information base the greater the ability of the MBC will be to make effective marketing and advertising decisions. This necessitates obtaining as much information as possible about the entire situation of the Michigan dry bean industry.

Appendix A of this thesis outlines the specific information being sought to develop the entire situation of the Michigan bean industry in "Situation" of the section entitled "Information Needs for the Market Plan."

Step Four: Obtain the Needed Information

The information needed was all that could be obtained concerning the situation of the Michigan bean industry. Therefore, it was necessary to decide where such information could be found. Although a survey of a number of knowledgeable persons was undertaken, the exploratory research method of obtaining most of the information for the Michigan Bean Commission was secondary in nature.

A complete list of the references used in the exploratory marketing research for the Michigan Bean Commission can be found in Appendix B of this thesis.

Secondary Research. The first area researched was of course the MBC files. Little information relevant to the research objective was obtained there as expected. Some information was obtained from the Michigan Department of Agriculture. However, the greatest source of secondary data relevant to the research objective was obtained from many different departments of Michigan State University including Agricultural Economics, Agricultural Marketing, Crop and Soil Sciences, and Home Economics. Additional secondary data was obtained from elevators in Saginaw, Michigan and the Michigan Bean Shippers Association. In addition, extremely valuable syndicated research information, concerning the dry bean industry, was obtained from national canners.

Survey of Knowledgeable Persons. The survey of knowledgeable persons occurred throughout the exploratory marketing research. Initially interviews were employed to reveal where the exploratory marketing research should begin. As exploratory marketing research continued, interviews were held with knowledgeable persons so as to continuously reveal additional sources of secondary data concerning the situation of the dry bean industry. Fortunately, the interviews held throughout the exploratory research also revealed some important information unavailable through secondary research.

Step Five: Report the Findings of the Exploratory Marketing Research

The two reports which follow are, in essence, the main concern of this thesis. "Phase I Research Findings" and "Phase II Research Findings" represent the entire procedure of exploratory marketing research (from problem definition to the report of findings) utilized in the Michigan Bean Commission case.

THE DOMESTIC NAVY BEAN MARKET: STUDY OF SECONDARY INFORMATION

PHASE I RESEARCH FINDINGS

Submitted to the Michigan Bean Commission

April 1973

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PURPOSE

The first and most basic step in advertising and marketing should be the development of a plan. In the research proposal to the Michigan Bean Commission (MBC), An Analysis of Needs, Dr. Kenward L. Atkin stressed the need for more definitive planning by the MBC.

The initial step of such definitive planning is a determination of the existing situation. This requires a large amount of information, which at the time this work was undertaken for the MBC was unavailable. Thus the purpose of this research report, Phase I Findings, the first of suggested two phase research, is to develop an information base (situation) which will enable the MBC to develop plans concerning marketing and advertising strategy and tactics to improve the sales and profits of MBC affiliates.

As the purpose of this research report is to develop the present situation of the navy bean market, it is solely reportive in nature and no attempt has been made to state what actions should be taken in regards to the findings reported.

RESEARCH METHOD

The method of research employed in this report to determine the existing situation of the navy bean market has been the review of secondary information. As specifically stated in the proposal to the MBC the secondary research methodology employed included the "survey of existing information available through the MBC, governmental sources, trade literature, accessible syndicated research data on brand usage, and other sources."

EXECUTIVE SUMMARY

The Market

1. Opinions as to the growth of the navy bean market have become increasingly pessimistic. Civilian per capita consumption of dry edible beans has dropped over a pound since 1960.[1]

2. Presently there are two major domestic markets for the navy bean - the family and the institutional markets.

3. By far the largest of the two markets is the family or household unit. 80-90% of all canned beans are consumed by families.[2]

4. The institutional market includes the military, universities, and the public school systems. 10-20% of canned navy beans are sold to institutions.[3]

5. Family unit bean consumption can be segmented by family size, income, season of the year and whether the family resides in an urban or rural environment.

   a. Families which tend to serve beans more frequently are larger families.[4]

   b. The greatest bean consumption based on family income occurs in the $4000 - 4999 annual income bracket.[5]

   c. Spring is the season in which the frequency of families serving navy beans is the highest. Spring is closely followed by Summer with Winter and Autumn the third and fourth seasons in frequency of serving navy beans.[6]

d. Rural nonfarm families consume the greatest amount of beans.[7]

6. Black and oriental families are weak market segments. Whites consume far more navy beans than either blacks or orientals.[8]

7. There are a number of factors about navy beans which create consumer attitudes that have a great deal to do with the consumption of navy beans.

a. Favorable attitudes are created through the realization that navy beans are economical and nutritional. Convenience of canned beans also creates favorable attitudes.

b. Unfavorable attitudes are caused by the intestinal gas (flatulence) problem. This is an important reason for not eating beans and it increases in importance the older the consumer becomes. A second cause of unfavorable attitudes is that many consumers believe it takes a lot of time and effort to prepare navy beans.

8. The export market for Michigan navy beans is facing increasingly strong competition from Canada. Many prior export market countries are also beginning production of their own navy beans.

Competition

1. Navy beans are preempted in eating situations by other bean types and other food products used as "side dishes".

2. Since it is quite certain that only one type of bean will be served by a housewife during one meal, it should be realized that all types of beans compete for the honored spot on the consumer's dining table.

3. While navy beans are consumed throughout the entire United States and are particularly popular in the East, the navy beans must compete with sectional favorites, such as pinto beans in the southwest.

4. Of the many types of beans served, navy beans rank third.[9]

5. Only the California small white bean can be considered a substitute for navy beans in the navy bean's major use - canning.

6. The "side dishes" the navy bean finds its strongest competition from are vegetables (corn, snap beans, tomatoes, and green peas) and in particular starch side dishes.

7. Housewives view navy beans as high in starch and therefore will rarely, if ever, serve them with other starchy side dishes such as rice or potatoes.

8. When compared to canned vegetables, baked beans have a higher consumption but are closely followed by corn, snap beans, tomatoes, and green peas.

9. Money value spent per week for baked beans (9 cents) by all households is slightly less than that for tomatoes (10 cents) but it is the same as that for corn, snap beans, and green peas.[10]

10. There are a number of canning firms competing for the consumer use of pork and beans and other navy bean products.

11. The five largest canners, Stokley Van-Camp, Inc., Campbell Soup Company, The H. J. Heinz Company, The Great Atlantic and Pacific Tea Company, and Libby, McNeill and Libby control over 70% of the canned navy bean products sold in the United States.[11]

Advertising

1. The MBC spent approximately $15,000 for domestic advertising last year. The primary medium used was outdoor advertising, in areas near bean canners. This advertising was directed to achieve canner support, and thus far this effort to "push" the canners has not paid off.

2. The Michigan Bean Shippers Association did, for some time, send out news releases and "feature" articles about navy beans, bean products and bean recipes to newspapers all over the country. This was done at an annual cost of approximately $12,000.[12] This practice was abandoned by the association in 1968.

3. The Michigan Bean Shippers Association is presently involved in promoting Michigan beans to foreign markets through food fairs and a quarterly promotional publication.

4. Navy bean canners are the most important outlet through which navy beans destined for consumption within the United States move into the consumer market. A reflection of this is the fact that advertising of canned bean products at the consumer level in the United States has been almost entirely a canner activity.

5. Major canners do spend considerable amounts of money on consumer advertising for navy bean products.

a. The two largest navy bean canners, Stokley Van Camp, Inc. and Campbell Soup Company have invested advertising expenditures for bean products in magazines, newspapers, and both network and spot television.

b. In 1971 Stokley Van Camp, Inc. spent approximately $1,100,000 on advertising its navy bean products.[13]

c. In 1971 Campbell Soup Company spent approximately $1,500,000 on advertising its navy bean products.[14]

Recommendation for Phase II

1. Advertising agencies in the Detroit area lacked enough competitive market and advertising data on navy bean products to fully determine the existing situation of the navy bean market. Therefore it is recommended that Phase II research be undertaken to obtain such information. Phase II will include the survey of such data available from the two major canning firms, Stokley Van Camp, Inc., and Campbell Soup Company by means of letters and personal interviews.

2. The justification for going directly to the canners to obtain additional competitive market and advertising data rather than attempting to obtain such information from agencies in other major cities is that it will be less expensive and more expeditious to do so.

DETAILED FINDINGS

Product History

The production of navy beans is a major source of income for farmers in Michigan. The navy bean farmers in Michigan, in recent years, have produced more than 98% of the navy beans grown in the United States (see Table One for Michigan navy bean production).[15]

Canners estimate that each year 85-90 percent of beans used in the domestic market are canned with the remainder being packaged and sold as dry beans. Canned beans of many types can be found on the grocery shelves, but the most important bean product in the United States is pork and beans which comprises 80-85 percent of total canner sales. Eighty to ninety percent of the pork and beans volume is in consumer size cans while the remainder is destined for institutional trade. Other navy bean products sold in the United States include vegetarian beans (beans in tomato sauce, no meat), recent innovations such as beans and ground beef, beans and weiners, beans and Vienna sausages, beans with bacon soup, and the traditional old style products such as beans with molasses and baked beans.

Several problems at the canner level relating to quality control of the navy beans entering the canning process seem important to the entire industry. Special concerns were those factors which might alienate consumers or could result in a lower yield of an acceptable final product from the processing operation. Problems which were most strongly emphasized were the split or cracked seed coats of the raw product, the level of impurities which must be eliminated before achieving an acceptable consumer product, bin burn, and internal molds. Not only do these quality problems in the product alienate consumers, they contribute some unnecessary marketing costs - transporting defective beans and other waste materials.

The major product improvement that has occurred through the years has been the canned navy bean. Canned beans eliminate the traditional soaking and cooking period for dried beans. Consumers, because of this most important improvement enjoy greater flexibility in preparing bean products which before canning required long preparation time.

A more recent product improvement has been the development of instant bean powder. This has all the advantages of canned beans but also reduces storage costs since the powdered form requires so much less storage space.

Experiments are presently being undertaken to improve the navy bean product by increasing the methionine content of the bean. Methionine is an amino acid and a key protein builder vital to human nutrition. Methionine, although present in navy beans, is not there in sufficient amount to promote good nutrition where large portions of the population depend on beans as their major source of protein (ex. India, Mexico).

The major package change has been a trend away from the plastic sack (containing raw dry beans) to the can (containing cooked dry beans). This package change is a reflection of the consumers preference to the improved canned bean.

Price History

Production of navy beans has fluctuated greatly over the past years. As output fluctuates so does the average price farmers receive for their crop. The price paid to Michigan farmers for each hundred pound (cwt) bag of navy beans is shown under the column headed "farmer-price (dollars/cwt)" in Table One. As the table shows, farmer price often fluctuates from one marketing season to another. However, retail prices of the navy bean products do not usually reflect the farmer price fluctuation.

Since 1960 farmer price has varied greatly. For instance the highest crop production in the period 1960-1972 occurred in 1963 when 7,656,000 cwt. bags of navy beans were produced. The average price received per bag during that year by farmers was $6.16.[16] The lowest crop production during the 1960-1972 period occurred in 1971 when 4,696,000 cwt. bags were produced.[17] During that year farmers received $10.29 per bag. Farmer price is apparently created by the quantity of beans produced. Weather variations play a major role in determination of production outputs. Yet increased concern has been voiced over the belief that even if weather is good for bean production, output may not increase substantially over any previously large crop year. This concern is due to the temptation navy bean farmers are presently experiencing to change their farm acreage to the more lucrative soybean product.

The government has been active in affecting the price of beans through price supports and trade policies. The affect of the government price support program is to put an effective bottom limit on the market price of navy beans.

The Market

Opinions as to the growth of the navy bean market have become increasingly pessimistic. Projections, by the U. S. Department of Agriculture, of long term demand for dry beans show consumption to be down.[18]

Characteristics of Users

Presently there are two major domestic markets for the navy bean - the family and the institutional markets. By far the largest is the family or household market. 80-90% of all canned beans are consumed by families. Family bean consumption can be segmented by family size, income, season of the year, and whether the family resides in an urban or rural environment.

Generally families which tend to serve beans more frequently than others are larger families (see Table Two). The greatest bean consumption based on family income (see Table Three) occurs in the \$4000 - 4999 annual income bracket. (.69 pounds/week). Spring (see Table Three) is considered the season in which the frequency of families eating navy beans or bean products is the highest. Spring is closely followed by Summer with Winter and Autumn following in that order. While families living on rural farms consume more navy beans than do families residing in urban environments, rural nonfarm families consume the greatest amount of beans (see Table Four).

During the year 1966 an all household average showed that .55 pounds of beans were consumed weekly (see Table Three) by every United States household.[19] During that same year the average money value spent on beans by each household per week was 9 cents (see Table Three).[20]

The black and oriental ethnic groups are weak market segments (see Table Five). Whites consume far more navy beans than either blacks or orientals.

The institutional market segment for navy beans is the second domestic market of importance. 10-20% of canned beans are sold to institutions which include the military and universities. However, the institutional market may not be completely tapped at this time. Public school lunch programs, hospital meal programs, as well as military, university and other institutions appear to have possibilities of increased navy bean use.

Another market, as of yet not entered by the Michigan navy bean industry, seems to hold great possibilities. The convenience or snack food market is the fastest climbing food market at the present. In the last 15 years there has been an increase of almost 40% in spending per person for such foods. The popularity of snacking and the necessity of preparing quick meals by many consumers opens new avenues for the navy bean product. Development of bean products into snacks and convenience foods would enhance the industry's business.

Consumer Attitudes

There are a number of navy bean factors which have created consumer attitudes both favorable and unfavorable towards the bean. Favorable attitudes are encouraged by the navy bean's nutritional value.

Favorable attitudes are created through the realization that navy beans are economical and contain high nutritional value (see Table Six). A number of agricultural nutritionists point out that when compared in price with other popular foods in quantities having the same protein value, navy beans are the best buy. Color of the beans is also an important factor in creating favorable consumer attitude. The medium and light color baked beans are preferred over the darker color. The form of the product also is important in producing loyalty for bean consumption. Consumers by far prefer canned beans, with dry-uncooked beans a distant second.

Unfavorable consumer attitudes are created by a number of factors. Of primary cause for unfavorable attitudes is the intestinal gas (flatulence) problem created by consumption of navy beans. This is an important reason for not serving beans and it increases in importance the older the consumer becomes. A second cause of unfavorable consumer attitudes for the navy bean is the belief that it takes a lot of time and effort to prepare.

Of course the taste of the bean plays a very significant role in the consumers mind in developing a positive attitude towards bean products. Logic reveals that those who like the taste will have a favorable attitude towards bean products while those who don't like the taste of beans will have unfavorable attitudes towards such products. Taste is an important reason for not serving the navy bean. (see Table Seven for ranking of reasons by age of major cook for not serving navy beans).

For the family market segment there are a number of factors which could cause more favorable attitudes towards the navy bean and thus increase consumption (see Table Eight).

One research agency determined if the Michigan navy bean industry is to attract more consumer use of navy bean products, it must develop totally new bean products that will gain consumer acceptance in those eating situations where navy bean products are presently preempted.

Export Trends

The export market was not rated a strong potential market expansion device for navy beans by the canners. It was felt that the current degree of competition on the export market was substantial, particularly from Canada (see Table 9). Also the production of navy beans by prior export market countries has lessened foreign demand.

However, the Michigan Bean Shippers Association has directed the large part of its efforts to overcoming foreign competition and developing a comprehensive marketing plan for increasing the export market. The most recent such marketing plan developed by the Michigan Bean Shippers Association entitled, "Michigan Bean Industry Marketing Plan Fiscal Year 1972-1973", can be found in the files of the Michigan Bean Commission. Of particular importance in this Michigan Bean Shippers Association marketing plan for the Michigan Bean Commission should be the Logic Sequence which outlines the entire foreign marketing program as to goals, activities, target groups, purpose of activity, bench marks, provisions for measurement, and budget project funds. The MBC might find it beneficial to develop a domestic marketing plan for navy beans along similiar lines.

Competition

Commodities Which Constitute Principal Competition For Navy Beans

Navy beans are preempted in eating situations by other bean types and other food products. It is almost certain that only one type of bean will be served for any one meal. Thus all types of dry beans compete for the honored spot on the consumer's dining table. While navy beans are consumed throughout the entire United States and are particularly popular in the East, the navy beans must compete with sectional favorites such as pinto beans in the southwest and cranberry beans in the mining regions of the southeastern United States.

However, not all classes of dry beans are suitable for canning. In fact, the characteristics of other dry beans are so different from navy beans that only the California small white bean can be considered as a substitute for navy beans in the navy bean's major use - canning.[21]

It should be remembered that even though most beans cannot compete with the navy bean for canning, they do compete for the same end position - the consumer's dining table. In one survey undertaken to find the type of beans served most often, navy beans ranked third (see Table Ten).

Of the five bean dishes served most often, in a household survey navy beans were used in the dishes ranked second, third, and fifth. (see Table Eleven).[22]

Navy beans also are served in competition with other food products. These food products make up a class known as "Side-dishes". Although navy beans have the ability to be used as main dish protein foods, survey results show that the navy bean is seldom used in the role of a main dish both in terms of the percentage of families serving them and the frequency of serving them. The side dishes the navy bean finds its strongest competition from are the vegetables corn, snap beans, tomatoes, green peas (see Table Twelve) and in particular starch side dishes. Since most housewives view navy bean products as very high in starch they will never or rarely serve them with other starch dishes such as rice or potatoes. National food trends since 1955 show consumer preference for foods in the starch group to be declining and since consumers seem to view navy beans as high in starch this has been a probable cause of declining demand for navy bean products.

Canner Competition for Market Share

There are a number of canning firms competing for the consumer use of pork and beans and similar navy bean products. The major firms merchandising pork and beans and similar products incorporating beans and tomato sauce are:

Stokely Van Camp, Inc.; Campbell Soup Company; The H. J. Heinz Company; The Great Atlantic and Pacific Tea Company; Libby, McNeill and Libby; Hunt Foods and Industries; Morgan Packing Company; Bush Brothers and Company; The Kroger Company; Coastal Foods Corporation; Burnham and Morrill, Inc.; and Morton House Kitchens, a division of Thomas J. Lipton, Inc.

The largest five canners control approximately 75% of the canned navy bean market in the United States. Of these canners, Stokley Van Camp, Inc., is the largest followed closely by Campbell Soup Company. These two canners control approximately 50% of the total United States market.[23]

Advertising

By Growers

Individual advertising by each navy bean grower in Michigan would be economically unfeasible. However, the MBC receives an assessment from almost all of the Michigan growers, part of which is spent for domestic advertising.

Last year the MBC spent about $15,000 for domestic advertising. The primary medium used was outdoor advertising, in areas near bean canners. This advertising was directed to achieve canner support, and thus far this effort to "push" the canners has not paid off.

By Shippers

Individual shippers have not attempted advertising in the United States either to consumers or the canning industry.

Rather, through public relations and bean conventions shippers have attempted to create an existing confidence with the canners in this country. The Michigan Bean Shippers Association did, for some time, send out news releases and "feature" articles about navy beans, bean products, and bean recipes to newspapers all over the country. This was done at an annual cost of approximately $12,000. This practice was abandoned by the association in 1968.

Since 1968 the Michigan Bean Shippers Association has directed most of its efforts to the development of the export market in over a dozen foriegn countries. The association promotes exports of Michigan beans to foreign markets through food fairs and the publishing of a quarterly promotional publication intended to enhance the European market for Michigan navy beans.

Recently, extremely strong competition for the foreign markets from Canada and the production of navy beans by prior export market countries has demanded the development of a comprehensive marketing plan by the Michigan Bean Shippers Association. (This plan, referred to earlier is entitled; "Michigan Bean Industry Marketing Plan Fiscal Year 1972-1973" and may be found in the files of the Michigan Bean Commission.)

By Canners

Promotion of canned bean products at the consumer level in the United States has been almost entirely a canner activity. Major canners do spend considerable amounts of money on consumer advertising for dry bean products.

The two largest navy bean canners, Stokley Van Camp, Inc. and Campbell Soup Company have invested advertising expenditures for bean products in magazines, newspapers, and both network and spot television. In 1971, Stokley Van Camp's advertising expenditure for navy bean products was approximately $1,100,000. During that same year Campbell Soup Company spent approximately $1,500,000 on its advertising for navy bean products.

The MBC has already recognized the importance of the canner advertising. The Commission has directed the bulk of its promotional effort to achieve canner support. If successful, the leverage would vastly increase the effect of each MBC promotional dollar. However, up to this point canners have been reluctant to cooperate in advertising or market development.

Newspaper advertisements, network and spot TV commercials, advertisements in leading magazines, and "tie-in" ad promotion with other products of the same company or products of other industries are quite prevalent. The "tie-ins" might jointly advertise meat products included in the canned beans or products which are often included in a meal with beans or in a bean casserole recipe.

Navy bean products have historically been promoted within the context of casual, informal meals. Navy bean canners have tried to generate acceptance of navy beans in terms of lunches and picnics and apparently have been extremely successful in doing so. Copy philosophy to associate navy beans with informal meals is also seen in some of the newer bean products that have been introduced in recent years. Thus advertising copy theme has primarily been used by canners to reinforce and harden the informal use of navy beans.

CONCLUSION

The objective of Phase I research has been to create the desired information base and thus determine the existing situation of the Michigan navy bean industry.

The information presented here, through Phase I research, can determine the major problems and opportunities presently being experienced by the navy bean industry. Thus the same information, if used correctly by the MBC, will enable the commission to develop initial marketing and advertising strategy. However, there remains one potential repository, the navy bean canner, from which vital information for the MBC is yet to be fully drawn.

The importance of the canner cannot be overstressed. Canners are the major advertisers of bean products in the United States. They are the most important outlet through which navy beans move towards domestic consumption. To understand the canners' role in the bean industry is obviously a necessity for the MBC in developing the desired information base. In better understanding the canners' role, the MBC may develop marketing strategy to encourage cooperation by the canners to innovate and promote the sale of dry bean products.

In going directly to the canner, vital competitive market and advertising data concerning the navy bean industry will be obtained.

The purpose of Phase II research is to increase the existing information base through the survey of data available from the two largest canners (Stokley Van Camp and Campbell Soup Company) in the navy bean industry. The methodology to achieve this will be letters and personal interviews.

Phase II research will attempt to obtain the following competitive market and advertising data:

1. Marketing goals for the two canners' navy bean products.
2. Descriptions of the canners' markets for bean products.
3. A determination as to which market is the most important according to the canners.
4. Reasons for the amount of money presently being spent on consumer advertising of bean products.
5. The importance of bean products to the canners in relation to other products the canners sell.
6. A determination as to whether the canners have taken any action on the "Fourteen Preliminary Food Concepts Designed for the 1970's" sent to them by the MBC in October, 1972.
7. A determination as to whether it is possible and advantageous to increase domestic demand for navy bean products and reasons as to why or why not.

In essence, Phase II will increase the <u>entire</u> information base from which the MBC can develop marketing and advertising strategy.

TABLES

Table 1. Production, Price, and Value of Navy Beans in Michigan[24]

Year	Production (thous. cwt)	Farmer price (dollars/ cwt.)	Farm value (thous. dollars)
1961	6714	6.07	40,754
1962	6696	6.20	41,515
1963	7565	6.16	46,600
1964	6771	6.36	43,064
1965	5460	7.86	42,916
1966	7360	6.21	45,706
1967	5138	8.62	44,289
1968	5273	7.68	40,496
1969	6722	6.22	41,541
1970	4889	10.85	53,045
1971	4696	10.29	48,291

Table 2. Distribution of households by quantity of beans served in six months and by household size.* 25

Quantity of beans served in six months	All households	household size one or two	household size three or more
Less than 10 pounds	58	66	32
10 pounds or more	42	34	68

*Include dry beans, peas and lentils

Table 3. Consumption of baked beans in all United States households.[26]

	Quantity per household per week (pounds)
All households, Year	.55
Spring	.59
Summer	.59
Fall	.48
Winter	.52
Under 1,000	.25
1,000 - 1,999	.31
2,000 - 2,999	.48
3,000 - 3,999	.59
4,000 - 4,999	.69
5,000 - 5,999	.62
6,000 - 6,999	.62
7,000 - 7,999	.59
8,000 - 8,999	.56
9,000 - 9,999	.58
10,000 -14,999	.52
15,000 and over	.63
	Money value per household per week (dollars)
All Households, Year	.09
Spring	.09
Summer	.09
Fall	.08
Winter	.08
Under 1,000	.04
1,000 - 1,999	.05
2,000 - 2,999	.07
3,000 - 3,999	.09
4,000 - 4,999	.10
5,000 - 5,999	.10
6,000 - 6,999	.10
7,000 - 7,999	.09
8,000 - 8,999	.09
9,000 - 9,999	.10
10,000 -14,999	.09
15,000 and over	.10
	Percent of Households using in a week
All households	30.4
Spring	29.6
Summer	26.2
Fall	27.1
Winter	

Table 4. Breakdown of baked bean consumption for urban, rural farm, and rural nonfarm households.[27]

Urban Households	
All Households for the year	.50 pounds per week
High season - Spring	.53 pounds per week
Low season - Fall	.46 pounds per week
Rural Farm	
All Households for the year	.60 pounds per week
High season - Spring	.71 pounds per week
Low season - Fall	.53 pounds per week
Rural Nonfarm	
All households for the year	.68 pounds per week
High season - Summer	.80 pounds per week
Low season - Fall	.53 pounds per week

Table 5. Distribution of households by types of beans served and ethnic group[28]

Type of Beans Served	Ethnic Group		
	White	Black	Other[1]
Navy beans	30	17	0
Pinto beans	12	67	18
Lima beans	19	22	18
Red beans	22	22	36

[1]Other includes 64% Oriental

Table 6. Nutritional Value of One Average Serving of Navy Beans

1. Calcium for strong teeth and bones
2. Iron for rich red blood
3. Vitamin B-1 for nervous system, growth and appetite
4. Phosphorus, Vitamin E and B-2 for better general health and resistance to infections
5. Protein for muscle
6. More energy than steak, eggs, corn, milk, potatoes, oatmeal, bread.

Table 7. Distribution of households by reasons given for not serving beans more often and by age of major cook.* 29

Reasons for not serving beans more often	Age of major cook			
	Less than 35	35-45	45-55	55 or more
	Pct**	Pct	Pct	Pct
Like other foods better	60	40	43	41
Cause intestinal gas	10	23	32	32
Not in habit of cooking them often	30	21	13	9
Too long to prepare	23	19	11	5

*Includes dry beans, peas and lentils

**Percentages will add to more than 100 since each percent includes those households which ranked the reasons first or second in order of importance.

Table 8. Distribution of households by comments on improvement of beans and by quantity of beans served in six months.* 30

Comments on improvement of beans	All house-holds	Quantity of beans served in six months	
		Less than 10 pounds	10 pounds or more
	Pct.	Pct.	Pct.
A. Could beans be improved:			
Yes	27	16	38
No	16	17	15
No response or dont know	57	67	47
B. If yes, how:			
Reduce flatulence	11	9	13
Reduce prep time	10	4	10
Better tasting & Spicier products	3	0	8
Other**	3	3	7

*Includes dry beans, peas and lentils.

**Included: better recipes; cleaner product, make more digestible.

Table 9. Navy bean exports 1963-1971[31]

Year	Ontario Exports	Michigan Exports	North American Exports	% Ontario	% Michigan
	cwt	cwt	cwt		
1963	218,000	1,938,000	2,156000	10.1	89.9
1964	397,000	1,550,000	1,947,000	20.3	79.7
1965	579,000	1,075,000	0,654,000	35.0	65.0
1966	669,000	2,044,000	2,713,000	24.6	75.4
1967	300,000	762,000	1,062,000	28.3	71.7
1968	555,760	1,156,000	1,711,760	32.4	67.6
1969	648,144	1,828,900	2,476,144	26.1	73.9
1970	716,870	1,536,000	2,252,870	31.8	68.2
1971	980,953	960,545	1,941,497	50.6	49.4

Table 10. Distribution of households by types of beans served.[32]

Types of beans served	All households
	Percent
Kidney	35
Garbanzo (chick peas)	27
White navy	26
Red	23
Split pea	21
Pinto	20
Lima	19
Lentil	17
Black-eyed peas	10
Dry whole green pea	3
Other (soybeans, pink beans, cranberries, and yelloweye)	5

Table 11. Distribution of households by bean dishes served most frequently.* [33]

Bean dishes served	All households
	Pct.**
Chili	44
Bean Soup	35
Pork and Beans	34
Bean Salad	22
Baked Beans	21

*Includes dry beans, peas and lentils.

**Percentages will add to more than 100 since each percent includes those households which ranked the bean dish first or second in order of importance.

Table 12. Consumer Consumption and Expenditure for Competitive Commodities of Canned Baked Beans[34]

Commodity	Avg. Household per week consumption (in pounds)	Ave. Household per week expenditure (in cents)
Tomatoes (canned)	1.39	34
Corn (canned, fresh, frozen)	.93	23
Baked Beans (canned)	.55	9
Snap Beans (canned, fresh, frozen)	.54	23
Green Peas (canned, Fresh, frozen)	.27	12

THE DOMESTIC NAVY BEAN MARKET:

STUDY OF INFORMATION FROM MAJOR CANNERS

PHASE II RESEARCH FINDINGS

Submitted to the Michigan Bean Commission

July 1973

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PURPOSE

The purpose of this research report, Phase II findings, the second of a requested two phase research report, is to complete the information base which was begun in the Phase I research report. The complete information base regarding the navy bean market will give the Michigan Bean Commission a better ability to make decisions regarding the development of successful marketing and advertising strategy.

Specifically, the objective of the Phase II research report is to complete the development of the present situation of the navy bean market as it is determined by major canning firms. Thus Phase II, as was Phase I, will be solely reportive in nature and no attempt will be made to state what actions should be taken in regards to the findings reported.

However, as stated in Phase I, the Phase II report will include an analysis of the situation as the major canners view it. Also, canner recommendations as to actions they believe are needed by the Michigan Bean Commission will be reported.

RESEARCH METHOD

The method of research employed in this report has been the survey of information obtained from navy bean canning firms. This methodology included the writing of letters to and phone conversations with personnel in the two largest navy bean canning firms in the United States. This methodology also included one visit to each of the two firms, at which time numerous personal interviews were held with people involved in marketing navy bean products. The information which follows resulted from this methodology.

DETAILED FINDINGS OBTAINED FROM CANNERS

Product History

Both Company A and Company B obtain nearly their complete supply for navy bean products from the Saginaw, Michigan Area.

Raw material requirements have not changed for Company A for many years. This is no doubt due to the fact that Company A has always used the same formula for its navy bean products. According to Company A personnel, new product development for navy bean products has been practically nil. Apparently, Company A is satisfied with the success of its present navy bean products. One addition to its products Company A plans to initiate in the near future is in regards to packaging. Company A plans to begin a program of complete nutritional labeling on all of its packages.

Company B, on the other hand, has employed a great deal of product development for navy bean products in recent years. This has resulted in the development of a number of different navy bean products all of which have the same basic ingredient - Michigan navy beans, but each with a different type of sauce. Company B personnel stated that new products are continually being developed whenever new markets are found. Although Company B personnel did admit that a new strain of bean was being developed by their department of product development, they refused to speak further about the subject. Thus the significance of such a development is unknown.

Both Company A and Company B personnel stated that certain navy bean quality problems must be overcome in processing navy bean products. These included kernels of corn mixed in the bags of navy beans and, more importantly, internal molds sometimes present in the navy beans upon arrival at the processors. Apparently cracked bean skins are only a minor problem.

Consumer Attitudes Towards Navy Bean Products

The following information regarding consumer attitudes towards navy bean products was obtained from an Image Study undertaken by Company A in 1970.

1. Consumers view navy bean products as convenient and versatile. Thus they desire a product that is easy to prepare and store and that can be prepared at the last minute.
2. The ideal navy bean product brand
   - comes in a variety of can sizes
   - Can be prepared in a great many ways
   - is good tasting, nutritious, and has a high protein content
   - is known for its quality
   - is made by a well-established company although not necessarily a traditional one or even one that has been around a long time.

3. With the exceptions of a desire for tender beans, specific physical characteristics are way down the line in importance. Attributes such as rich flavor, thick sauce, tomato flavor, etc. are strongly desired by less than 50% of all respondents. The general attribute of "good taste" is the overriding consideration in consumers physical requirements in bean products.
4. Economy ("priced lower than other brands"), and frequent couponing are claimed by consumers not to be of major importance in selecting a brand of pork and beans.
5. Compared to consumers living in rural areas, suburban housewives are relatively more concerned that the ideal brand be liked by everyone, particularly men, and are relatively less concerned with ease of storage. Suburban housewives, interestingly are more concerned than those living in rural areas that the ideal brand be filling.

In an interview with an employee of Company B who is very involved with bean products, it was discovered that over $50,000 had been invested in the last seven months on basic research to determine consumer attitudes towards bean products. This employee was very hesitant to release the results of the research since, according to him, the results will formulate policy for Company B future market planning periods. This employee did state that the results yielded a tremendous amount of information Company B hopes to act on.

It was also ascertained from this employee that the results of the research pointed out that:

1. Consumers' attitudes towards bean products concerning the belief that such products are a bargain has lessened in importance due to the increased number of new products on grocery shelves over the past few years that are also considered bargains.
2. Consumers' regards for bean products as the convenient food product has also lessened in importance due to the increased number of new products on grocery shelves over the past few years that are also considered convenient.
3. According to this employee the outstanding consumer attitude towards bean products at the present is "who needs them?". In essence, it is an apathetic attitude that has been created from the fact that outstanding characteristics of bean products, once available only in purchasing bean products are now available through the purchase of a multitude of other food products.

Consumer Advertising of Bean Products by Canners

Personnel in Company B view the role of consumer advertising as a method of making bean products come alive and be products exciting for consumers to purchase.

However both Company A and Company B personnel mentioned that the present high price of beans serves as a deterent to the employment of strong marketing and advertising programs. In essence, the higher the cost of beans, the less money is available for marketing and advertising such products.

Should the price of beans come down to 1971 levels, Company B personnel feel they would then have enough funds to increase their sales by 8-10% over a five year period. This would involve an increased use of advertising. However, the rising cost of beans has forced most canners to reduce advertising over the past two years. Out of the top four bean advertisers only Company A increased media expenditures in 1972 over 1971 figures. Yet even Company A personnel feel the present price of beans may force them to cut back on advertising.

1971 and 1972 Standard Media Sources reveal that industry media expenditures dropped 52% in 1972. Only Company A increased its spending during that year. The following chart is developed from information surveyed in 1971 and 1972 editions of Standard Media Sources obtained from Company A.

Company	1971		1972	
	Dollars (000)	%	Dollars (000)	%
Total	5,989	100	2,843	100
A	999	17	1,661	58
B	1,605	27	357	13
C	2,372	39	343	12
D	1,013	17	492	17

The following pages, obtained through Company A (as shown on each page, the source is Clinton E. Frank Media) reveal competitive expenditures in more depth for years 1971 and 1972.

PORK AND BEANS

FULL YEAR 1971

TOP 4 COMPANIES

Media	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Spot TV	$ 659.9	651.3	870.9	548.5	2,730.6
Day Network	217.3	203.8	57.3	-	478.4
Prime Network	-	199.6	1,326.9	273.6	1,800.1
Mags./Supps	52.2	196.1	88.4	36.6	373.3
Newspapers	176.3	90.0	247.1	93.1	606.5
Total	$1,105.7	1,340.8	2,590.6	951.8	5,988.9

Source: Clinton E. Frank Media

COMPANY A

MEDIA EXPENDITURES 1971

Media	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Spot TV	$ 2.0	106.1	207.0	287.7	602.8
Network TV (Day)	-	66.0	-	-	66.0
Mags./Supps.	-	114.7	-	6.0	120.7
Newspapers	130.0	-	23.1	56.1	209.2
Total	$ 132.0	286.8	230.1	349.8	$ 998.7
Cumulative	$ -	418.8	648.9	998.7	

Source: Clinton E. Frank Media

COMPANY B

MEDIA EXPENDITURES 1971

Media	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Spot TV	$ 250.2	26.8	213.7	2.2	492.9
Network TV (Day)	217.3	137.8	57.3	-	412.4
Network TV (Night)	-	69.6	366.0	-	435.6
Mags./Supps.	9.1	60.0	54.9	-	124.0
Newspapers	34.0	-	75.3	30.7	140.0
Total	$ 510.6	294.2	767.2	32.9	1604.9
Cumulative	-	804.8	1572.0	1604.9	

Source: Clinton E. Frank Media

COMPANY C

MEDIA EXPENDITURES 1971

Media	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Spot TV	$ 394.4	191.9	133.9	.1	720.3
Network TV (Night)	-	130.0	960.0	273.6	1364.5
Mags./Supps.	29.8	-	-	-	29.8
Newspapers	12.3	90.0	148.7	6.3	257.3
Total	$ 436.5	411.9	1243.5	280.0	2371.9
Cumulative	$ -	848.4	2091.9	2371.9	

Source: Clinton E. Frank Media

COMPANY D

MEDIA EXPENDITURES 1971

Media	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Spot TV	$ 13.3	326.5	316.3	258.5	914.6
Network TV	-	-	-	-	-
Mags./Supps.	13.3	21.4	33.5	30.6	98.8
Newspapers	-	-	-	-	-
Total	$ 26.6	347.9	349.8	289.1	1013.4
Cumulative	$ -	374.5	724.3	1013.4	

Source: Clinton E. Frank Media

PORK AND BEANS

YEAR 1972

TOP 4 COMPANIES

Media	1st QTR	2nd QTR	3rd QTR	4th QTR
Spot TV	$ 30.1	444.7	315.3	8.8
Day Network	-	26.7	366.6	175.8
Prime Network	217.1	76.3	44.6	102.9
Mags./Supps.	19.8	281.5	177.6	137.8
Newspaper	210.4	141.4	65.2	N/A*
Total	$ 477.4	970.6	969.3	425.3
Cumulative	-	1448.0	2417.3	2842.6

Source: Clinton E. Frank Media

* N/A, not available

COMPANY A

MEDIA EXPENDITURES 1972

Media		1st QTR	2nd QTR	3rd QTR	4th QTR
Spot TV	$	2.0	212.1	109.8	2.7
Network TV (Day)		-	26.7	248.1	175.8
Network TV (Night)		-	76.3	44.6	102.9
Mags./Supps.		6.0	267.7	99.2	128.8
Network Radio		-	-	-	-
Newspapers		112.7	35.0	11.2	N/A
Total	$	120.7	617.8	512.9	410.2
Cumulative		-	738.5	1251.4	1661.6

Source: Clinton E. Frank Media

COMPANY B

MEDIA EXPENDITURES 1972

Media		1st QTR	2nd QTR	3rd QTR	4th QTR
Spot TV	$	.1	20.2	24.4	.5
Network TV (Day)		-	-	-	-
Network TV (Night)		-	-	-	-
Mags./Supps		-	-	61.7	9.0
Network Radio		-	-	-	-
Newspapers		94.6	100.4	46.0	N/A
Total	$	94.6	120.6	132.1	9.5
Cumulative		-	215.2	347.3	356.8

COMPANY C

MEDIA EXPENDITURES 1972

Media	1st QTR	2nd QTR	3rd QTR	4th QTR
Spot TV	$ 1.8	-	.8	5.1
Network TV (Day)	-	-	118.5	-
Network TV (Night)	217.0	-	-	-
Mags./Supps.	-	-	-	-
Network Radio	-	-	-	-
Newspapers	-	-	-	-
Total	$ 218.8	-	119.3	5.1
Cumulative	-	218.8	338.1	343.2

Source: Clinton E. Frank Media

COMPANY D

MEDIA EXPENDITURES 1972

Media	1st QTR	2nd QTR	3rd QTR	4th QTR
Spot TV	$ 26.2	212.4	180.3	.5
Network TV (Day)	-	-	-	-
Network TV (Night)	-	-	-	-
Mags./Supps.	13.8	13.8	27.6	-
Network Radio	-	-	-	-
Newspapers	3.2	6.0	8.0	N/A
Total	$ 43.2	232.2	215.9	.5
Cumulative	-	275.4	491.3	491.8

Source: Clinton E. Frank Media

Each company employs advertising which will hopefully stress those characteristics of bean products which are important to consumers and thus appeal to specific consumer attitudes. Creative positionings of the four top companies (according to media expenditures) which attempts to achieve this end are as follows:

1. Company A

   Company A's Pork and Beans is one of life's great simple pleasures.

2. Company B

   You get that old-fashioned flavor because they're developed from an authentic colonial recipe.

   OR

   When you taste Company B's brand, you'll think of home because they taste just like back home.

3. Company C

   A special new sauce that keeps its special flavor because it comes in two cans.

4. Company D

   Good doctored, good plain because they're baked in plenty of their own rich sauce.

   OR

   They're not just new, they're better...because the beans are baked for hours and the sauce is made from rich, thick tomato paste.

The Market for Navy Bean Products

In the following pages the market for navy bean products is divided into four different sections.

A. Industry data concerning the navy bean market. This section discusses sales and per capita consumption trends as well as geographic volume trends.

B. Consumer data concerning the navy bean market. This section discusses consumer usage, reveals a consumer profile, details usage by family member, and also details usage by type of meal as well as role bean dish plays in meal.

C. Demographics of users of all pork and bean brands. This section describes consumers of pork and beans on fifteen demographics.

D. Market profile for domestic pork and bean product consumption. This section reveals a complete market profile for pork and bean consumption describing above and below average consumption based on six demographics - age, income, number in household, employment, race, and geographic region.

A. INDUSTRY DATA

1. Volume and Trend

The market has remained stagnant since 1965, showing only a 0.4% increase in pound volume over the nine years. Industry volume for fiscal 1973 is projected to 1,072,000,000 lbs., down 8,000,000 lbs. from 1972 and only 4,000,000 lbs. ahead of 1965.

Total Industry Sales
(in million pounds)

Fiscal Year	Sales	% Change
1973 (est)	1,072.0	-0.7
1972	1,079.9	-1.0
1971	1,091.7	+1.1
1970	1,079.2	+1.4
1969	1,063.5	-1.1
1968	1,076.0	-0.1
1967	1,077.3	-0.9
1966	1,087.0	+2.7
1965	1,067.8	+2.8

Source: Nielsen Marketing Service

2. Per Capita Consumption

Per capita consumption of pork and beans has declined almost 6% since 1965 - - falling from 5.52 lbs. to 5.20 lbs. per capita per year.

Year	Lbs./Capita
1972	5.20
1971	5.30
1970	5.30
1969	5.28
1968	5.39
1967	5.45
1966	5.56
1965	5.52

Source: Nielsen Marketing Service

3. Regional Composition

The East Central, West Central, and Southeast Nielsen regions combined account for about 57% of total bean consumption with each region representing approximately 19%. In terms of concentration of users, these same regions have considerably higher incidences of usage, with indices of 120, 110, and 121, respectively.

Region	Households	% Bean Volume	Index
New England	5.7	5.3	93
Atlantic	19.8	16.8	85
East Central	16.0	19.3	120
West Central	17.5	19.2	110
Southeast	15.7	19.1	121
Southwest	10.0	9.4	94
Pacific	15.3	10.9	73
	100.0%	100.0%	

Source: Nielsen Marketing Service

4. Regional Volume Trends

Significant volume declines have been experienced over the last two years in the Chicago, New York, Los Angeles, and Remaining Pacific regions, with all showing a decline of about 7% in the current year (ending December 1, 1972) except Remaining Pacific which fell 10.5%.

TONNAGE TRENDS BY REGION
(in millions)

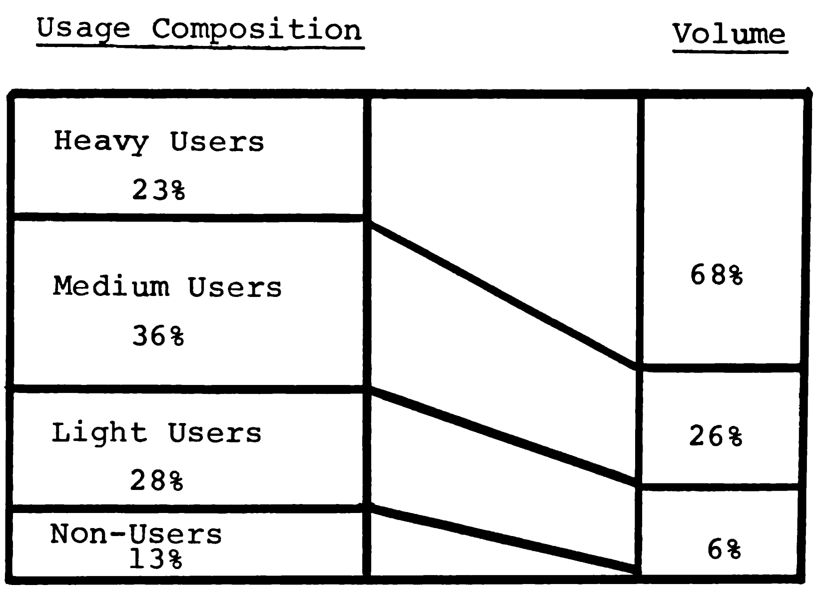
Region	Yr. Ending 12/1/70	Yr. Ending 12/1/71	Yr. Ending 12/1/72
New England	58,37	58.19 (-0.3)	54.90 (-6.0)
New York	59.26	58.33 (-1.6)	54.49 (-7.1)
Atlantic	123.98	124.29 (+0.3)	120.32 (-3.3)
East Central	209.38	211.03 (+0.8)	211.62 (+0.3)
Chicago	31.54	29.94 (-5.3)	27.94 (-7.2)
West Central	179.81	179.53 (-0.2)	174.25 (-3.0)
Southeast	209.02	208.62 (-0.2)	219.51 (+5.0)
Southwest	103.79	100.52 (-3.3)	105.00 (+4.3)
Los Angeles	38.60	37.93 (-1.8)	35.52 (-6.8)
Remaining Pacific	81.14	77.60 (-4.6)	70.23 (-10.5)

Source: Nielson Marketing Service

B. CONSUMER DATA

1. Usage

Users of pork and beans make up almost the entire population with only 13% of those sampled indicating total non-usage. Degree of usage varies considerably however, with 23% of the households consuming over two-thirds of the pork and beans.



Source: Company A Image Study 1970

2. Consumer Profile

Since usage of pork and beans is almost universal, there are no real distinguishing characteristics of the regular user. The heavy user, however, (that portion which consumes 68% of all the pork and beans) tends to have the following general profile:

a. Has bigger families

b. Is less likely to be over 50 years of age (head of household)

c. Tends to be in the middle income group ($5,000 - $10,000)

d. Is a little more likely to have a blue collar job

3. Incidence of Usage by Family Member

Children, particularly those under 13 years of age, are an extremely important using segment both in terms of their per cent of total pork and beans usage (33%) and in terms of the high index of usage within the segment (128).

User Category	% Total Users	% Total Population	Index
Children under 13 years of age	32%	25%	128
Female head	26	32	81
Male head	24	30	80
Children 13-19	13	13	100
Other	5	--	--

Source: Company A Image Study 1970

4. Incidence of Usage by Type of Meal

The incidence of serving pork and beans is highest for supper, 65%. Usage for lunch is 29%.

Meal	% Usage
Supper	65%
Lunch	29
Between meals	4
Breakfast	2
	100%

Source: Company A Image Study 1970

5. Use of Pork and Beans in the Meal

Pork and beans is primarily served as a side dish, accounting for approximately 68% of the total usage. This is probably heavily influenced by summertime usage in combination with hot dogs, hamburgers, etc.

	Total %	NET %
Side dish only	49%	68%
Main dish only	14	32
Both	36	--

Source: Company A Image Study 1970

C. Demographics of Users of All Pork and Bean Brands.

The key below applies to the following demographics concerning consumption of all pork and bean brands.

1. Total Users - Refers to those people who consumed pork and beans once or more every month.

2. Regular Users - Refers to those people who consumed pork and beans three or more times every month.

3. Frequent Users - Refers to those people who consumed pork and beans four or more times every month.

Pork and Beans Total Usage for All Brands

Demographics	Total Users (000)	Total Users %	Regular Users (000)	Regular Users %	Frequent Users (000)	Frequent Users %
Age						
Under 25	5,067	11.3	3,823	12.3	1,307	11.5
25-34	9,840	21.9	7,113	22.9	2,503	22.1
35-49	14,438	32.2	10.221	32.9	4,032	35.6
50-64	10,023	22.3	6,593	21.2	2,376	21.0
65+	5,503	12.3	3,328	10.7	1,119	9.9
Income						
-$5,000	11,250	25.1	7,393	23.8	3,119	27.5
$5,000 - $7,999	9.138	20.4	6,745	21.7	2,754	24.3
$8,000 - $9,999	6,801	15.2	4,993	16.1	1,782	15.7
$10,000-$14,999	10,616	23.7	7,596	24.4	2,444	21.6
$15,000 +	7,066	15.7	4,351	14.0	1,238	10.9
Number in Household						
1-2	17,482	39.0	10,659	34.3	3,259	28.7
3-4	16,514	36.8	12,102	38.9	4,474	39.5
5 or more	10,875	24.2	8,317	26.8	3,604	31.8
Marital Status						
Married	35,774	79.7	25,159	81.0	9,373	82.7
Not Married	9,097	20.3	5,919	19.0	1,964	17.3
Employment Status						
Full or Part Time	18,379	41.0	12,459	40.1	4,270	37.7
Not employed	26,492	59.0	18,619	59.9	7,067	62.3
Race						
Black	3,919	8.7	3,020	9.7	1,490	13.1
White & Other	40,952	91.3	28,058	80.3	9,847	86.9
Type of Dwelling						
Own Home	30,777	68.6	21,207	68.2	7,616	67.2
Rent Home	6,624	14.8	4,891	15.7	1,992	17.6
Apartment	7,470	16.6	4,980	16.0	1,729	15.3
Education						
Grade School or Less	8,962	20.0	6,268	20.2	2,814	24.8
High School/ Not Beyond	27,546	61.4	19,533	62.9	701	61.9
College	8,363	18.6	5,277	17.0	1,504	13.3

Pork and Beans Total Usage (All Brands) (continued)

Demographics	Total Users (000)	Total Users %	Regular Users (000)	Regular Users %	Frequent Users (000)	Frequent Users %
County Size						
A	16,598	37.0	11,363	36.6	3,708	32.7
B	12,388	27.6	8,344	26.8	2,878	25.4
C & D	15,885	35.4	11,371	36.6	4,751	41.9
Region						
Northeast	10,127	22.6	7,283	23.4	2,851	25.1
North Central	13,757	30.7	9,335	30.0	3,075	27.1
South	13,539	30.2	10,111	32.5	4,262	37.6
West	7,448	16.6	4,349	14.0	1,149	10.1
Class of SMSA						
Central City Counties	22,222	49.5	14,804	47.6	4,911	43.3
Suburban Counties	6,400	14.3	4,578	14.7	1,603	14.1
Not in SMSA	16,249	36.2	11,696	37.6	4,823	42.5
Income by # Employed Full or Part Time						
2 or More						
$10,000 +	7,651	16.9	5,041	16.2	1,669	14.7
Under $10,000	4,165	9.3	3,283	10.6	1,433	12.6
Less than 2						
$10,000 +	10,121	22.6	6,906	22.2	2,013	17.8
Under $10,000	23,024	51.3	15,848	51.0	6,222	54.9
Income/# Persons in Household						
5 or More						
Under $5,000	1,622	3.6	1,202	3.9	703	6.2
$ 5,000 - $9,999	3,810	8.5	3,130	10.1	1,443	12.7
$10,000 +	5,443	12.1	3,985	12.8	1,458	12.9
3 or 4 in Household						
Under $5,000	2,458	5.5	1,921	6.2	878	7.7
$ 5,000 - $9,999	6,405	14.3	4,902	15.8	2,091	18.4
$10,000 +	7,651	17.1	5,279	17.0	1,507	13.3

Pork & Beans Total Usage (All Brands) (continued)

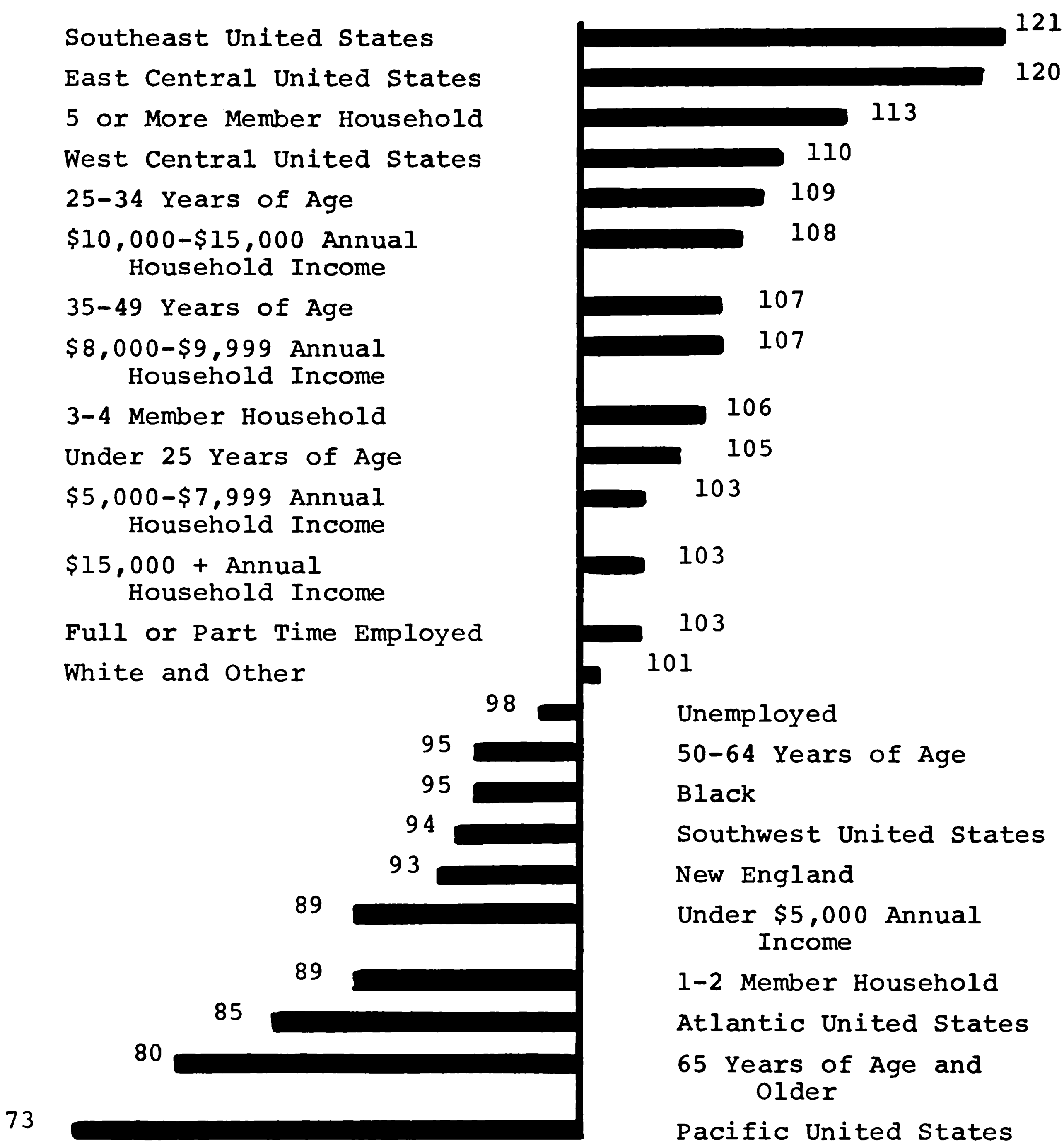
Demographics	Total Users (000)	%	Regular Users (000)	%	Frequent Users (000)	%
Income/# Persons in Household (cont'd)						
1 or 2 in Household						
Under $5,000	7,170	16.0	4,270	13.7	1,540	13.6
$ 5,000 - $9,999	5,724	12.8	3,706	11.9	1,002	8.8
$10,000 +	4,588	10.2	2,683	8.6	717	6.3
Geographic Region						
New England	2,767	6.2	2,151	6.9	1,017	9.0
Middle Atlantic	7,314	16.3	4,977	16.0	1,705	15.0
East Central	7,902	17.6	5,552	17.9	2,082	18.4
West Central	9,407	21.0	6,628	21.3	2,058	18.2
South East	6,979	15.6	5,146	16.6	2,181	19.2
South West	4,254	9.5	3,105	10.0	1,362	12.0
Pacific	6,248	13.9	3,519	11.3	932	8.2

Sources: Brand Rating Index

Clinton E. Frank Media

D. <u>Market Profile for Domestic Pork and Bean Product Consumption</u>

Classification with Index Numbers above and below average consumption (U. S. Average Index - 100)



Sources: <u>Nielson Marketing Service 1971</u>
<u>Brand Rating Index 1971</u>

ANALYSIS

Problems of the Michigan Navy Bean Industry as Perceived by Canners

1. Increasing Per Capita Consumptions. Both Company A and Company B personnel agree that the basic problem the navy bean industry presently faces is developing methods of increasing per capita consumption of navy bean products. Apparently, this basic problem is encouraged by the following additional problems.

A. Price of Beans. Personnel in both Company A and Company B stressed the high cost of navy beans as the major deterent to the development of methods of increasing per capita consumption. As was stated earlier in this report, the higher the cost of beans the less amount of money is available to develop successful marketing and advertising strategy.

According to personnel from Company A, the limiting factor is crop yield. As one employee stated, "The present average yield per acre of 12 cwt. bags was being produced 40 years ago. Yields have increased for corn and soybeans, why not for navy beans?"

An employee from Company B stated, "Not enough work is being done on increasing yield. Navy bean farmers should get more out of the ground. Tomato production has increased 250%. Navy bean production has not increased at all."

Personnel from Company A believe the poor yield, high price situation in Michigan will force canners to look elsewhere for navy bean requirements. Canners have already encouraged other states to attempt to grow navy beans.

B. Quality Problems. Another cost which reduces the amount of money canners have to spend on marketing and advertising is cost incurred due to the quality problems mentioned earlier - internal molds and corn mixed in with beans. The expenditures necessary to test for internal molds and to sort out foreign matter such as corn that is mixed in with the beans must be taken directly from what could be spent on marketing and advertising navy bean products.

C. New Product Competition. According to one employee of Company A, new product competition agrees with the static per capita demand for navy bean products. As was mentioned earlier, the outstanding characteristics of navy bean products - convenience, low-cost, and variety, which were, at one time only available by purchasing navy bean products are now available through the purchase of many types of products. Thus consumers that desire such characteristics in food products are not forced to buy navy bean products but rather, have the choice between many products that are all competing with navy bean products for consumer purchase.

D. Difficulty of Communication. Company B personnel remarked that it is impossible to communicate with the growers of navy beans because there are so many to attempt to reach. Apparently canners feel if growers could be reached and communicated with by the canners, they would realize the advantages of increased production. Presently, the lack of communication puts the growers and canners at opposite extremes. The growers want the highest price possible for their product while the canners desire the lowest possible cost for raw navy beans. Canners believe that if they could communicate with the growers they could easily make the canners realize the advantages of increased production and lower priced navy beans.

Opportunities for the Michigan Navy Bean Industry as Perceived by Canners

Personnel from both Company A and Company B believe that opportunities do exist for the Michigan navy bean industry which, if taken advantage of, would result in increasing per capita consumption. These opportunities include:

1. Attaining Higher Dollar Return Per Acre. According to Company A personnel, the dollar return per acre is the most important goal for which the growers should strive, not merely the price per cwt bag determined by volume produced. Canners believe the opportunity for attempting to

grow more volume and attain higher dollar return per acre is a very real opportunity which would be beneficial to both the canner and the grower. A higher dollar return per acre would mean more revenue for the growers. Personnel from Company B stated that the higher the price of beans, the lower the return per acre turns out to be for the grower. A higher return per acre would also mean lower priced beans for canners. This would result in the release of more funds for the development of stronger, more comprehensive marketing and advertising strategy according to canner personnel interviewed.

2. Reducing Quality Problems. Canners believe that an opportunity exists to reduce quality problems at the grower and elevator level before the product reaches the canner. Canner personnel seem to think that agreements could be reached on determining incentives for growers and elevators to reduce quality problems before they sell the beans. This would have the end result of again releasing canner dollars, now being used for quality problems, for marketing and advertising navy bean products on a much stronger scale - which canners believe is of utmost necessity in increasing demand for navy bean products.

3. Improving Communication Between Canners and Growers With the Michigan Bean Commission an established and respected member in the navy bean industry, canners feel there now exists an opportunity for improving communication between

canners and growers. Canners view the Commission as the spokesman for the thousands of navy bean growers. Company B personnel proposed the development of a program in which the company and the Commission would meet periodically to discuss problems and learn as much as possible about each other's activities. The establishment of such communication would benefit both the growers and the canners through the trade of valuable information.

RECOMMENDATIONS

Based on their analysis of the Michigan navy bean industry, canners offered a number of recommendations for the Michigan Bean Commission. These recommendations take into account not only the problems and opportunities of the industry but also the budget within which the Michigan Bean Commission must work.

1. Product Research and Development . Personnel from both Company A and Company B recommended the Michigan Bean Commission undertake an increased effort in product research and development. Of primary importance to the canners would be a determination as to the present inefficiency in production. Product research and development should determine if the inefficiency is due to lack of crop rotation, poor soil, or weather. If weather is a cause canners are hopeful research and development can create a navy bean more resistant to poor weather conditions. Canners are also hopeful that product research and development can find a solution to the internal mold problem. Obviously canners believe the Commission should undertake an increased effort in product research and development with the result of increasing production. In essence, the end result of increased production, according to personnel interviewed, would be a higher dollar return per acre - beneficial to both the grower and canner.

2. Marketing Research. Company A personnel strongly recommended the Michigan Bean Commission begin a program of marketing research. Personnel of Company A are particularly hopeful that such research will determine the "whys" of bean consumption. Also of importance to determine is the role of beans in the menu spectrum, new markets which can be cultivated for bean consumption, and new uses for navy beans. In discussion of new uses for navy beans, Company A personnel mentioned that the booklet, "Fourteen Preliminary Food Concepts Designed for the 1970's" was of little help to the Company. According to one employee of Company A, this was because the recipes included small quantities of beans with a large quantity of other ingredients. Large bean volume potential concepts are what Company A is interested in finding.

Company B, on the other hand, did not recommend the Commission initiate a program of marketing research. Personnel from Company B felt the $50,000+ amount of research they had just completed had sufficient results concerning the "whys" of bean consumption. However, Company B personnel expressed interest in receiving a copy of "Fourteen Preliminary Food Concepts Designed for the 1970's" which they stated they had not yet received.

3. Advertising - Publicity Campaign. Both Company A and Company B personnel recommended that the Michigan Bean Commission devote some of its budget to developing a publicity type of advertising campaign. Personnel from Company B felt that this should be done primarily through sending news releases and recipe ideas to magazine and newspaper food editors. Such publicity should stress reasons for buying bean products rather than other food products with similar characteristics. One employee from Company B thought it would be productive to stress such a publicity campaign during September through the winter when canner advertising usually slackens and per capita consumption drops. This employee was hopeful that such publicity during that time of year would increase consumption. Personnel from both companies believe a strong publicity campaign would be a significant aid to their consumer advertising.

4. Communication Program. Company B personnel strongly recommended that the Michigan Bean Commission develop a program with the canners of good communication. Company B personnel seemed more than willing to initiate with the Commission a program of periodic meetings in which personnel from Company B could discuss the desirable economics for all concerned if increased production could occur. As stated earlier in this report, Company B had just completed over $50,000 of marketing research concerning the "whys" of bean consumption. Apparently the results of the research

had importance for Company B marketing strategy. Yet personnel of the Company stated little action could be taken to use the information unless the price of beans could be kept at "its lowest possible price". Company B personnel indicated that the Communication Program would be a method of exchanging information and discussing prices. Apparently Company B is more than willing to share the results of the research it just completed in exchange for the development of a Communication Program which would not only include information trades but also periodic determination of the most desirable price for navy beans for all concerned.

CONCLUSION

The purpose of Phase II research has been to complete the requested information base concerning the Michigan navy bean industry. The information provided here, and in the previous report, Phase I Findings, represents the first step in the development of marketing and advertising strategy.

The Phase I and Phase II research findings, if used correctly by the Michigan Bean Commission, will enable the Commission to make appropriate decisions regarding the development of successful marketing and advertising strategy.

CHAPTER III

DISCUSSION

The Value of Exploratory Marketing Research in General

"A primary task of every management is to keep its product and its marketing abreast of the changing desires of its potential and actual customers. Market research is the effective tool for this purpose" (Fox, 1950, p. 21). Exploratory research is the first part of this tool for the exploratory procedure identifies the situation within which management is involved. It therefore allows management to determine likely explanations for the occurence of marketing problems within the existing situation.

In marketing and advertising planning, decision models are of great aid to management. One simple decision model (developed by Dr. Kenward L. Atkin, Chairman of the Department of Advertising, Michigan State University) called SAGE, depends significantly on exploratory marketing research. SAGE stands for Situation, Analysis, Goals, and Execution.

The value of exploratory marketing research is that it results in the first and most necessary step of the SAGE decision model - Situation.

Once the situation has been developed as far as possible through the research, management must make a careful Analysis of the situation. The analysis of the situation will indicate the problems and opportunities for the firm within the situation it must operate.

In the Goal step of SAGE, management must make decisions as to the goals of the firm based on the analysis of the situation. Finally, management must make decisions as to the method of Execution to achieve the desired goals.

The decision model outlined here, SAGE, is an example of the general value exploratory marketing research has in the decision-making process. Any of a number of models could have been used to demonstrate that exploratory research is the most vital step of the decision process, for all steps which follow it depend on the information obtained from the exploratory marketing research activity.

In the SAGE example, exploratory marketing research is used to develop the existing situation as far as possible. Based on the analysis of the situation, management can determine its goals and the execution necessary to achieve those goals.

In essence, exploratory marketing research is an extremely valuable tool of management, upon which the decision-process greatly depends.

The Value of the Exploratory Marketing Research for the Michigan Bean Commission

The exploratory marketing research undertaken for the Michigan Bean Commission resulted in tremendous value for the Commission.

Prior to the research, the Commission lacked information upon which to make effective marketing and advertising decisions concerning the reversal of the downward trend of per capita dry bean consumption. In essence, the Commission lacked the necessary base to analyze such that goals and execution could be determined.

Through the exploratory research, the situation of the dry bean industry was developed as completely as possible. This has resulted in the ability of the Commission, through analyzation of the situation, to determine feasible goals and required execution necessary to aid in reversing the downward trend of per capita consumption of dry bean products.

In essence, exploratory marketing research has developed as completely as possible, the existing situation of the dry bean industry so necessary to the decision process of the Michigan Bean Commission. It is now up to the Commission to analyze the situation and determine the necessary goals and the required execution.

The findings of the research reveal that the Michigan Bean Commission can't reverse the downward trend of dry bean consumption by itself. However, the findings do pinpoint specific areas in which the Commission can play an important role in the reversal of the downward trend. In an analyzation of these areas, the Michigan Bean Commission can determine necessary actions to be taken in regards to the downward trend.

Without the development of the situation of the dry bean industry through exploratory marketing research, the Michigan Bean Commission would have been unable to determine in what areas of the situation it (the Commission) could effectively help in reversing the downward trend of dry bean consumption. Thus, the tremendous value of the exploratory marketing research for the Michigan Bean Commission is found in the development of the existing situation of the dry bean industry. It is this situation that comprises the necessary information base upon which the Michigan Bean Commission can make effective marketing and advertising decisions concerning the reversal of the downward trend of dry bean consumption.

The Value of the Michigan Bean Commission Case for the Writer of this Thesis

The exploratory marketing research undertaken by this writer for the Michigan Bean Commission proved to be a very valuable experience.

The Michigan Bean Commission case required the practical application of a great deal of theory learned in the classroom. This in itself was extremely valuable for this writer.

In addition, the actual research resulted in a great deal of knowledge concerning the dry bean industry. More importantly to this writer though, than the specific information obtained, was the understanding of the general procedure for exploratory marketing research which resulted from undertaking the Michigan Bean Commission Case.

In understanding the theory and utilization of exploratory marketing research, this writer now has the ability to use such knowledge in a wide range of similar research projects. Such an ability will prove to be a great advantage in the business world where exploratory marketing research is of utmost importance.

Should any student have the opportunity to undertake an actual marketing case, this writer highly recommends the student do so. The practical application of classroom theory is certainly a valuable learning experience.

It is hoped that this thesis will be of assistance to the student in such a situation.

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Other than the references listed above (which were not used for the actual Michigan Bean Commission Case) there were many additional references used in the exploratory marketing research for the Michigan Bean Commission. These additional references can be found in Appendix B - References Used in Exploratory Marketing Research for the Michigan Bean Commission.

APPENDICES

APPENDIX A

THE RESEARCH PROPOSAL FOR THE MICHIGAN BEAN COMMISSION

AN ANALYSIS OF NEEDS

to

Michigan Bean Commission

by

Dr. Kenward L. Atkin
Professor of Advertising
Michigan State University
Consultant-Marketing/Advertising

On December 14, 1972, Michigan Bean Commission members Harry McClintic, M.D. Brownlee, and Forrest Strand met with Dr. Kenward Atkin and Professor Mark Battaglia, both members of the faculty, Michigan State University. Prof. Battaglia is also President, Capital Advertising, Inc., Lansing. The purpose of the meeting was to discuss what the Commission might do to increase the effectiveness of its promotional activities.

This report resulted from the discussion. It includes:

1. Brief review of your current marketing situation, problems, and opportunities.
2. Set of preliminary recommendations
3. An outline of information needs for marketing planning
4. A proposal for a study of secondary source data to provide selected information

MARKETING SITUATION REVIEW

The following review of your situation was abstracted from Dr. Atkin's meeting notes and may be inaccurate in places. Neither consultant had prior familiarity with the dry bean industry's marketing mix and forces.

Marketing decisions are normally based on a four step process referred to here as SAGE.

1. SITUATION - A statement of facts concerning your marketing situation, "Where you are now."
2. ANALYSIS - A review of problems and opportunities affecting your market penetration and profitability.
3. GOALS - What sets of objectives can be realistic set as a result of your analysis, "Where will you go."
4. EXECUTION - Set of recommendations to achieve goals, "How you plan to get there."

A capsule review of your situation and selected problems and opportunities are related below.

HISTORICAL PERSPECTIVE

The Michigan Bean Commission is a semi-autonomous adjunct of the Michigan Department of Agriculture. Its major role is to support and coordinate the efforts of Michigan dry bean farmers in their production and marketing. Commission action includes: (1) influencing production efficiencies by providing growers with information on new techniques, cost-reducing methods, and by financing research in these areas; (2) influencing the demand for dry beans through promotional programs; and (3) market development, including opening new markets at home and abroad.

The Commission is composed of the following:

6 grower representatives

2 processor representatives (elevator operators who sell to canners)

1 canner representative

1 ex-officio representative from the Department of Agriculture, State of Michigan

1 ex-officio representative from Michigan State University's College of Agriculture

Currently, MBC members tend to be production oriented with great stress on quality control in the field. Members recognize the need for foreign market development. They are doubtful about the prospects for stimulating domestic demand.

The Market

Domestic Demand - The long term per capita demand trend for dry beans has been downward. The apparent basic reason is the change in food preferences of Americans. On a cyclical-seasonal basis, variations in crop supply and pricing account for demand changes.

Last year, approximately seven million bags of dry beans were produced. Four million bags were consumed by the domestic market and three million bags were exported. The Michigan dry bean crop was worth about $60 million.

Some 12-15 canners purchase 80 per cent of the Michigan dry bean crop. Stokely-Van Camp and Campbell Soup Company account for 50 percent of the domestic tonnage. At retail, an estimated 75 per cent of dry beans are sold under national brand labels, dominated by the "Big Two", Stokely-Van Camp and Campbell.

The domestic demand picture is considered by many to be resistant to demand stimulation efforts.

The dry bean market has not been segmented according to target groups. Little is known about the potential of such segments as the institutional market, the military market, the various ethnic groups, etc.

Export Demand - There is a potential for increasing export sales. The MBC has focused its marketing efforts in Western Europe. The United Kingdom is currently the largest single market. Some 20 per cent of the Michigan crop was exported last year, a decline from 25 per cent due largely to short crops in 1971-72 and to the comparative lack of governmental support, e.g., Canada provides greater support to its bean producers.

Competition

The pinto bean, grown in the Southeastern U. S. hill country is the principal competitor for the dry bean market.

The greatest competition comes from consumer preference for alternative foods. Just why food products incorporating dry beans are encountering diminishing preference is not clearly understood.

Product History

As an association concerned with primary demand, the MBC is not involved with the sale of dry bean food products to the consumers. The major canners control product packaging and introduce new uses. Apparently, the tendency has been to rely on the traditional "pork and beans," and few innovations have resulted. Canners, for whom dry beans are just one of many foods in their product mix, have not been actively concerned in the innovation of dry bean products or packaging.

Consumer Behavior

Little detailed knowledge is available concerning consumer demographics and attitudes relative to dry bean usage and purchasing behavior.

The Commission has done only one consumer study. The Milton Brand Company, Detroit, did a small regional study of limited usefulness. The findings included: (1) a tendency to lump all branded products together as equivalent; (2) pork and beans were eaten in the home and seldom served for "fancy" meals; (3) the product is considered to be an inexpensive food; and (4) the product is considered to cause digestive problems for older adults.

Michigan Bean Commission Budget

The Commission receives its income from the F. A. S., growers, and shippers. An average of about $90,000 is normally available for its production and marketing development programs. Half of this amount is used for domestic and export market development.

Promotion

Last year, the Commission allocated about $20,000 for domestic advertising, an amount which one medium-sized supermarket spends in a local market. The money was largely invested in a cooperative campaign with several smaller canners. The primary medium used was outdoor advertising, mostly in the area near the participating canners. The campaign was not considered particularly effective.

The Commission is aware that advertising by individual growers is uneconomical. It is also concerned that its own budget is too small to have much effect; furthermore, members are skeptical of increasing demand by any method.

Canner Promotion

Promotion of canned bean products at the consumer level has been almost entirely a canner activity. Canners claim that it is difficult to stimulate demand for their own brands due to downward trend in primary demand. The major canners do spend large amounts on consumer advertising; however, little of it has been for dry bean products.

The Commission has directed the bulk of its promotional effort to achieve canner support. If successful, the leverage would vastly increase the effect of each MBC promotional dollar. To date, this effort to "push" the canners has not been rewarding. Little effort has been made to "pull" the canners through pressure from opinion leaders and consumers.

Pricing

Farm commodity prices normally respond to supply - demand forces. The government has a major effect through its various programs. As a result, the Commission has little control over prices.

The canners virtually "control" prices at the commodity level. The recent price freeze has inhibited their promotional efforts at the retail level.

PROBLEMS AND OPPORTUNITIES

Problems

An analysis of the current MBC market situation reveals several problem areas:

1. The canners are reluctant to promote products incorporating dry beans.
2. The canners have been reluctant to cooperate in market development.
3. The Commission lacks sufficient funds to engage in large scale promotional activities.
4. The domestic market appears to be resistant to demand stimulation through promotion, pricing, or product innovation.
5. The Commission lacks sufficient market information to make decisions concerning its marketing activities including advertising and promotion.

6. It is difficult to assess the optimum allocation of commission resources between domestic and export markets, partly as a result of variable crops and governmental forces.

Opportunities

There appears to be ample opportunity to improve the market penetration and profitability of dry beans.

First, however, it is necessary for the Commission to obtain more comprehensive marketing information. The opportunities outlined below are "intuitive" in the sense that little data exists to factually support them.

1. Establish a low-cost, high-value consumer image for dry beans among consumers. We don't know why consumers no longer prefer them, but do know the product has not been fully exploited. The cost differential alone should provide a powerful appeal if made known in the current inflationary cycle.
2. Much could be done to encourage cooperation by the canners and retailers to innovate and promote the sale of dry bean product packages.
3. There has been little done to investigate the potential of selected market segments. Why is it young people aren't eating more bean products? Why aren't the institutional food people using more dry bean products? Is there a potential for

selling more dry beans to ethnic groupings such as the blacks and Spanish Americans?

The fast food franchised business alone would seem to hold great potential. Why isn't this market including bean dishes?

4. There is a great potential for improving your market communication program by changing your promotional mix to more effectively reach all audiences: consumers, opinion leaders in health, education, and government, as well as the links in the distribution chain, primarily canners and food chains.

5. There is a potential for organizing a unified Michigan commodity promotional program whereby the various grower-processor groups could combine forces to publicize such Michigan products as apples, cherries, cucumbers, milk, and dry beans.

RECOMMENDATIONS

Recommendation I

The Michigan Bean Commission should consider obtaining data that will more fully describe their current market situation, outlined in Appendix A (of this proposal), by commissioning a study of secondary data (information already available from MBC files, canners, libraries, trade literature, and other relevant sources).

The basic purpose of the study is to develop data which will enable MBC to develop advertising and merchandising tactics designed to increase the sale and profits of MBC affiliates.

A proposal for such a study is contained in Appendix B (of this proposal).

Recommendation II

The Michigan Bean Commission should consider devoting the major share of its promotional budget to planning and executing an effective public relations campaign.

Your limited promotional budget of $20,000 - $25,000 places severe constraints on the use of paid advertising. It should provide sufficient funds for a modest publicity campaign. The primary tools would be direct mail, promotional pieces, and publicity releases directed to publications reaching your various markets:

1. Direct Mail and promotional pieces to trade channels, including canners and chains, opinion leaders in the health, education, and food preparation areas.
2. Publicity releases to the mass media, primarily newspaper and magazine food editors.

Paid advertising should be confined for the present to small space ads in trade magazines to selected market segments, e.g., the institutional market, if research indicates there is a potential demand.

Recommendation III

The Commission should investigate the advantages of using an advertising/public relations agency, using a fee arrangement.

Due to the small size of the promotional budget and to the nature of MBC's advertising, a fee arrangement would be necessary rather than the standard agency commission system whereby the agency relies upon media discounts for its income.

The fee arrangement has several advantages:

1. It will permit the agency selected to be completely objective with regard to analyses and recommendations relative to media expenditures and the creative execution of messages.

2. It will provide you an opportunity to know what you will pay for in advance and what you have a right to expect from the agency.

The fee normally incorporates staff and facilities costs that will be utilized for your account, plus a reasonable profit. All media commissions earned would be applied against the fee.

Services to be Provided

1. Experienced account representation available for consultation and servicing your account.
2. Advertising planning services, including the examination of marketing data and the development of advertising strategy (including publicity and sales promotion).
3. Media planning services, including the development of media strategy; recommended media plans, selection, and, for paid advertising, the buying of media.
4. Research expertise and consultation may be requested of the agency; however, it is probable you will want to contract yourself for specific research needs at present.

Your agency should perform the following functions:

1. Preparation of layouts and copy for proposed and approved advertising campaigns (including publicity and sales promotion).

2. Supervision of comprehensive layouts, finished art and keylines, press conferences, publicity releases, etc., as needed.
3. Handling the production operations for approved advertising.
4. All ordering, paying and re-billing functions, including coordination with any cooperative promotion with canners and retailers.

For the immediate period ahead (12 months), it is probable the principle task of the agency would be to develop, produce, and disseminate publicity for the Commission. Assuming a $25,000 promotional budget, paid advertising would necessarily be restricted to business publications serving the special markets, e.g., fast food institutions, educational institution food supervisors, etc., on a highly selective basis.

Summary: Your immediate need is to develop an effective public relations campaign, using direct mail and publicity releases primarily, and perhaps selected trade show exhibits if budget permits. The agency selected should have a demonstrated capability in these activities.

APPENDIX A

(of the Proposal to the MBC)

INFORMATION NEEDS FOR THE MARKET PLAN

It is suggested that an endeavor be made to first establish the present position of the Michigan bean industry through a comprehensive review of the industry's development to date.

Such a review and analysis should indicate some measure of the efficiency and effectiveness of the present marketing policies and procedures.

It will indicate the direction for future marketing plans once all facts and thinking are assembled in one place.

Tentatively, this suggested outline includes four main headings:

I. SITUATION (Statement of Facts. "Where we are.")

II. ANALYSIS (Identification of problems and opportunities)

III. GOALS ("Where we want to go")

IV. EXECUTION ("Recommendations as to how we'll get there")

The suggested outline follows:

I. <u>SITUATION</u>

A. Sales History

1. Should be defined year by year for a sufficient number of years to be significant . . .

a. in dollars

b. in units

c. in share of market

B. Price History by Years

1. Including . . .

a. deals and other governmental action

C. Product History

1. Quality problems that may have been encountered

2. Product improvements

3. Any swings in consumer preference between MBC's product and competitive products

4. Packaging changes

D. Competition

1. Principal competitive commodities

2. How does principal canner's sales compare?

a. In amount?

b. In trend?

3. Advantages: Among Major Brands

a. Product quality

b. Pricing

c. Sales effort

d. Advertising

e. Distribution

f. Other

E. The Market

1. Growing, declining or static?

2. Who uses?

3. Who makes buying decisions . . .

a. with distributors?

b. with chains?

c. with wholesalers

d. other?

4. Do marketing plans recognize changes . . .

a. in economic levels?

b. population shifts?

c. distribution trends?

d. growth of self-service?

F. Consumer Attitude

1. What do consumers like or dislike . . .

a. in client product?

b. in competitive brands?

2. Why do consumers prefer . . .

a. client product?

b. competitive brands?

3. Are opinions on consumer attitudes backed by practical consumer research data?

G. Distribution

1. Trend of canning picture

    a. Distributor level

    b. Chain level

    c. Wholesale level

    d. Retail level

2. Where or what are strong markets?

    a. Medium?

    b. Weak?

3. Why do some markets show greater strength than others?

    a. More aggressive promotion?

    b. More aggressive selling?

    c. What?

4. Export market trends

H. History of Advertising Expenditures

1. By years

    a. In cents per unit

    b. As percent of sales

I. History of Selling Expenditures

1. By years

    a. In cents per unit

    b. As percent of sales

J. History of "Promotion" Expenditures

1. By years

    a. In cents per unit

b. As percent of sales

K. History of Advertising

1. Review of media strategy

2. Review of copy philosophy and theme

3. Define, as nearly as possible, the effectiveness of the various advertising approaches

L. Summary of Product Facts

II. ANALYSIS: Identification of Problems and Opportunities

An analysis of the facts defined in Section I will identify many of the problems to be solved and the opportunities to be exploited.

1. A review of the "Facts" developed in Section I to determine the specific problems with regard to:

a. Total market

b. Market segments

c. Trend development

d. Competitive environment

e. Consumer:

(1) Awareness

(2) Attitudes

(3) Behavioral patterns

2. A review of the "Facts" to determine special opportunities which might exist in
    a. Manufacturing costs
    b. Pricing
    c. Promotion/merchandising
    d. Copy
    e. Media selection/strategy
    f. Consumer usage
    g. Other special opportunities based on "Facts".
3. Develop Product/Service "Market Potential" for five to ten year period.
    a. For total market penetration
    b. For specific market segments
    c. Develop estimate of market share
        (1) For total market
        (2) For each specific market segment
4. Develop Payout Plan Sales and Share objectives

III. <u>GOALS: Long and Short Range</u>

The major objectives for both immediate and long range planning can be determined from the analysis of facts and the identification of problems and opportunities.

IV. <u>EXECUTION: Outline of Future Activities</u>

A. Advertising Plan
    1. Copy
        a. Basic copy policy
        b. Examples of presentation of basic copy idea

c. Copy themes directed to special groups or areas

d. Possible copy testing

2. Media

a. Specific media recommended

b. Cost, amount and schedule of advertising in each media

c. Possible media tests

3. Trade Advertising

a. Basic copy policy

b. Examples of presentation of basic copy idea

c. Copy themes directed to special groups or areas

d. Possible copy testing

e. Specific media recommended

f. Cost, amount and schedule of advertising in each media

g. Possible media tests

B. Promotion

1. Specific dealer promotions

2. Specific consumer promotions

3. Timing of promotions

4. Possible promotion tests

C. Selling Activity

1. Amount and type of sales work

D. Special Activities to Meet Problems or Exploit Opportunities - - Media, Promotion and/or Sales Activity

1. Regionally
2. Locally
3. Specialized groups

E. Possible Product Changes

F. Possible Package Changes

G. Possible Changes in Pricing

H. Possible Consumer or Product Research Projects

I. Establish Over-all Timetable

J. Summary of Expenditures

1. In total dollars related to projected production
2. As a percentage of net sales
3. In expenditures per standard unit
4. Affordability of total expenditure
5. Breakdown of expenditures between media, promotion testing, etc.
6. In relation to media used
7. In relation to sales geographically
8. In relation to sales by city size groups

V. <u>SUMMARY</u>

A. Significant Facts

B. Principal Problems and Opportunities

C. Major Objectives

D. Recommended Plan

APPENDIX B

(of the Proposal to the MBC)

MICHIGAN BEAN COMMISSION RESEARCH PROPOSAL

The beginning of wisdom in advertising and marketing is a plan. Your immediate need is to inventory the information needs which are outlined in Appendix A (of this proposal). The proposed study will help fulfill needs in Section I - Situation.

The purpose of the proposed study is to identify the principal factors underlying the consumption of Michigan beans, and to describe the competitive position of Michigan beans by consumers and prospects, mainly in the domestic market.

The inquiry has as its objective to help the Michigan Bean Commission capitalize on competitive advantages and desired attributes of Michigan dry beans. Specifically, the information should provide information for a more effective communications (advertising and public relations) program.

For measurement and reporting purposes, the following list of objectives is suggested. Please note that the research methodology at this time will basically be <u>secondary research</u>, not <u>primary</u> research. Secondary data is information that is already collected and reported.

Sound marketing planning depends on the existence of facts or data related to the problem. The gathering of such facts is marketing research. The kind of facts or data used in marketing research are many and varied. The following proposal focuses on those felt to be most relevant to your current needs.

Research Proposal for: Michigan Bean Commission
921 N. Washington Avenue
Lansing, Michigan 48906

Title: Domestic Dry Bean Market: Study of Secondary Information

Project Director: Dr. Kenward L. Atkin
Department of Advertising
Michigan State University
East Lansing, Michigan 48823

Date of Approval: 18 January 1973 (tentative)

Probable Duration: Phase I - Survey of existing information available through the MBC, governmental sources, trade literature, accessible syndicated research data on brand usage, and other sources. January 29 - March 15. Written report due April 1, 1973.

Phase II - Survey of data available from major canners and other potential repositories by means of letters and personal interviews. February - May, 1973. Written report due June 15, 1973.

Purpose: To develop an information base which will enable the Michigan Bean Commission to develop marketing and advertising strategy and tactics designed to improve the sales and profits of MBC affiliates. (See Appendix A of this proposal)

The Michigan Bean Commission currently lacks a sound information base upon which to make marketing and promotional decisions. A survey of secondary data should be done initially to determine what information is available.

More specifically, the study will attempt to achieve the following goals:

1.0 General Goals

1.1 To identify as completely as possible the elements and forces of the marketing mix for dry beans.

1.2 To identify the problems and opportunities in the marketing of dry beans:

(1) principal factors underlying the loyalty of present consumers and actions needed to maintain that loyalty; (2) factors underlying the loss of consumers and actions needed to minimize losses; (3) factors which will enable MBC to identify and attract new consumers, including institutions and government.

1.3 To identify cost, strategy, and procedures for obtaining greater effectiveness from MBC promotion

2.0 Specific Goals: Market and Communication Data

2.1 Obtain data to fill out the inventory of needs in the marketing plan outline in Appendix A (of the proposal)

(1) <u>Market Potential</u>

a. Study of product potential

b. Possible methods to increase share of market

(2) <u>Consumer Data</u>

a. Demographic data

b. Psychographic data

c. Comparative preferences for dry bean products and other foods

(3) <u>Distribution Data</u>

a. Analysis of distribution strengths and weaknesses

b. Analysis of distribution from Nielsen, MRCA, MBC, and canner sources

c. Definition and selection of areas for special emphasis

(4) Sales Projections

a. Projection of future trends, considering supply export sales, and effect of promotional activities.

b. Potential for new uses of product, including packaging

c. Estimates of budgets needed

(5) Special markets

a. Analysis and potential of market segments such as institutions, ethnic groups, college and teen-age markets.

2.2 Obtain data concerning the differing functions of consumer predispositions, interpersonal communication, and concurrent activities which affect decisions to purchase beans by all consumption segments: homes, institutions, etc.

2.3 Description of the communication plans now used to stimulate demand for beans and similar products.

Data Collection

The study will be done by a graduate student at Michigan State University under the supervision of Dr. Kenward Atkin, using MBC, industry, and library resources, and

Costs

Estimate I - Research of Available Data (Phase I)

Labor - 200 hours @ $4.00	$800
Travel - 10¢ mile	50
Clerical and supplies	100
TOTAL	$950

Estimate II - If needed interviews with marketing personnel of Stokely-Van Camp and Campbell Soup Co. (Phase II)

Plus: Labor	
100 hours @ $4.00	$400
Travel, food, lodging	200
TOTAL	$600

The above estimates do not include Dr. Atkin's normal consulting fees inasmuch as it is anticipated the material will be published as a case history to be used in university level coursework. It is understood that any material will be reviewed by the commission and approved for publication.

APPENDIX B

REFERENCES USED IN EXPLORATORY MARKETING RESEARCH FOR THE MICHIGAN BEAN COMMISSION

References Used in Phase I Research Findings

I. Secondary Sources (in footnote form as used in Phase I Research Findings)

[1]United States Department of Agriculture. National Food Situation. (Washington, D.C.: Economic Research Service. February, 1973). p. 16.

[2]Marvin Hayenga. Structure and Problems of the Navy Bean Marketing System. Agricultural Economics Report #91. (East Lansing, Michigan: April 1968). p. 29.

[3]Ibid.

[4]Elizabeth White, "Consumer Use of Dry Beans, Peas, and Lentiles". 10th Dry Bean Research Conference. (Davis, California: August 12, 1970). p. 14.

[5]United States Department of Agriculture, Household Food Consumption Survey, 1965-1966 No. 12 (Washington, D.C.: Agricultural Research Service. Issued - March 1972).

[6]Ibid.

[7]Ibid.

[8]Elizabeth White. "Consumer Use of Dry Beans, Peas, and Lentiles". p. 11.

[9]Ibid.

[10]United States Department of Agriculture, Household Food Consumption Survey. 1965-1966. No. 12.

[11]Marvin Hayenga. Structure and Problems of the Navy Bean Marketing System. p. 28.

[12]Michigan Bean Shippers Association. From the files of the Michigan Shippers Association. (Saginaw, Michigan: March 9, 1973. In an interview with Mr. J. McGill).

[13]Leading National Advertisers. National Advertising Investments. (Syndicated Data obtained from Campbell-Ewald of Detroit). 1971. p. 197 and Media Records Blue Book, Part II (Syndicated Data obtained from Campbell-Ewald of Detroit). 1971. p. 256.

[14]Ibid. p. 37 and Ibid. p. 241

[15]Marvin Hayenga. Structure and Problems of the Navy Bean Marketing System. p. 1.

[16]Ibid. p. 5.

[17]Quentin Ostrander. From the personal files of Quentin Ostrander. (East Lansing, Michigan: March 2, 1973. In an interview with Mr. Ostrander).

[18]United States Department of Agriculture, Preliminary Projections of Economic Activity (Washington, D.C.: Economic Research Service, August, 1967). p. 7.

[19]United States Department of Agriculture, Household Food Consumption Survey. 1965-1966. - No. 12.

[20]Ibid.

[21]Marvin Hayenga. Structure and Problems of the Navy Bean Marketing System. p. 26.

[22]Elizabeth White. "Consumer Use of Dry Beans, Peas and Lentiles". p. 13.

[23]Marvin Hayenga. Structure and Problems of the Navy Bean Marketing System. p. 28.

[24]Ibid. p. 5. (for figures during years 1961-1966) and Quentin Ostrander, from the personal files of Quentin Ostrander (for figures during years 1967-1971).

[25]Elizabeth White. "Consumer Use of Dry Beans, Peas and Lentiles." p. 7.

[26]United States Department of Agriculture. Household Food Consumption Survey. 1965-1966 - No. 12.

[27] _Ibid._

[28] Elizabeth White. "Consumer Use of Dry Beans, Peas and Lentiles". p. 11.

[29] _Ibid._ p. 10

[30] _Ibid._ p. 15

[31] Michigan Bean Commission. From the files of the Michigan Bean Commission. (Lansing, Michigan).

[32] Elizabeth White. "Consumer Use of Dry Beans, Peas and Lentiles". p. 11

[33] _Ibid._ p. 12

[34] United States Department of Agriculture. _Household Food Consumption Survey_. 1965-1966. - No. 12.

II. _Interviews_

1. Mr. Maynard Brownlee, Mr. Harry McClintic, Mr. Forrest Strand, Members of the Michigan Bean Commission, Department of Advertising, Michigan State University, East Lansing, Michigan, December 14, 1972.

2. Mr. Maynard Brownlee, Michigan Bean Commission, Lansing, Michigan, January 29, 1973.

3. Mrs. Sheila Morley, Department of Agricultural Marketing, Michigan State University, East Lansing, Michigan, January 31, 1973.

4. Mr. John McGill, Michigan Bean Shippers Association, Saginaw, Michigan, March 9, 1973.

5. Mr. Q. Ostrander, Department of Agricultural Marketing, Michigan State University, East Lansing, Michigan, March 9, 1973.

6. Mr. Charles Roth, Michigan Bean Company, Saginaw, Michigan, March 9, 1973.

Research Used in Phase II Research Findings

I. A list of Syndicated Research Used

1. *Brand Rating Index,* 1971.
2. *Company A Image Study*, 1970.
3. *Clinton E. Frank Media*, 1971 and 1972.
4. *Nielson Marketing Service*, 1971 and 1972.
5. *Standard Media Sources*, 1971 and 1972.

II. Interviews

1. Bean Products Manager, Company A, May 21, 1973.
2. Brand Manager of a Specific Bean Product, Company A, May 22, 1973.
3. Vice-President of Company A, Company A, May 21, 1973.
4. Bean Buyer, Company B, June 15, 1973.
5. Marketing Manager of Bean Products, Company B, June 15, 1973.