Joyco Products:

Analysis and Strategic Recommendations

August 1994
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Strategic Recommendations

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August 1994
Executive Summary

Mama Joyce's Barbecue Sauce, created by Joyco Products, has potential of being a successful product, especially in the Dallas/Ft. Worth area. Analysis of the surrounding market area and of other barbecue sauces shows that the Dallas/Ft. Worth area is an excellent area to market the sauce.

Mama Joyce's product is distinguished by its unique flavor and consistency, giving it a way to differentiate itself from other products. Unfortunately, the barbecue sauce market is very competitive, making it hard for the market to be penetrated easily.

The success of the future plans is contingent on the availability of funding for marketing and staff. By focusing on one market, it will be easier for Joyco Products to penetrate the grocery store market, which is traditionally very difficult.

Further analysis of the product shows that Joyco Products needs to have a marketing plan to most effectively reach its market. Although Joyco Products would like to market in almost every venue in the area, I suggest that the company focus on the market reached through the grocery store. After this market is saturated, begin marketing the product in other areas, including large contracts and caterers. The key to this plan will be that each venue is thoroughly penetrated, creating a base market, before moving on to other plans.

The marketing plan should consist mainly of two parts, the advertising plan and the product demonstrations. Mama Joyce's barbecue sauce sells most easily when the consumer can taste or smell the sauce; therefore, any way that allows the sauce to be tasted is an excellent way to sell the product.
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Introduction

According to Michael O'Donnell, one of the most common mistakes in performing a market analysis is to define the market too broadly and not divide the market into its various components. In order to avoid making this mistake, the internal analysis will attempt to provide a narrower focus and set some goals for Joyco's product, Mama Joyce's barbecue sauce.

According to research done by Byars, those companies who plan strategically are generally more successful than those who do not. After narrowing the focus of Joyco Products, this paper will provide an analysis of the product, competition, and the environment to present alternatives and recommendations for a strategic plan for Mama Joyce's barbecue sauce.

The first section will include an internal analysis of Joyco Products. The internal analysis will include Joyco's strengths and weaknesses in several parts of the organization. This analysis will include the following:

1. Product position
2. Financial position
3. Marketing capability
4. Organizational structure
5. Facilities and equipment

After analyzing the different internal parts of Joyco, the summary will discuss the major strengths and weaknesses of the business.

The next section of the paper, an external analysis, will examine the competition, social factors and the structure of the barbecue sauce industry. Each of these sections will discuss the opportunities and the threats facing Joyco Products. The external analysis will be summarized into the major considerations of Joyco Products for the external environment.

The final section will give some alternatives and recommendations for a target market and strategic plan for Joyco Products. This section will include operational and functional plans to help meet the goals of the strategic plan.

Two appendices are provided to give basic information about advertising and entering retailing outlets.
Organization History

In the 1960's, Joyce Williams discovered that she had a talent for creating new recipes. While cooking for her family, she created several wonderful foods and desserts, but was known for her barbecue sauce (now Mama Joyce's Barbecue Sauce). Ms. Williams spent several years perfecting her sauce to create the recipe that satisfied her critical taste. She considers the barbecue sauce to be her greatest accomplishment. Ms Williams describes as her sauce as "hot, sweet, sour, and tangy using thirteen quality ingredients."

Ms. Williams' sauce was a family secret for years. Although family and friends assured her that the sauce could become a successful business venture, Ms. Williams resisted selling the sauce until 1991. After years of urging by family and friends, in 1991 Ms. Williams decided to sell a few jars of her sauce at the Trader's Village in Grand Prairie, Tx. In one day, she sold almost fifty cases at $5 per jar. The strong response at the Trader's Village helped Ms. Williams decide to go into business. Since then, Ms. Williams has devoted her life to making Joyco Products a successful business venture.

Joyco Products was created soon after the successful day at Trader's Village. Ms. Williams began by finding a company to bottle her product. Joyco Products established a working relationship with Renfro Products. Then, Ms. Williams designed a label and began to produce her sauce in a simple jar. Ms. Williams has a philosophy that her sauce speaks for itself. This philosophy is shown in the slogan of Mama Joyce's barbecue sauce: "So good its dangerous!"

Joyco Products began to expand its market by pursuing grocery store sales. To be able to provide the grocery stores with the necessary product information, Ms. Williams went to the Federal Agricultural Department for assistance. As a result, Mama Joyce's Bar-B-Q Sauce was tested at Texas A&M University. These tests showed that the sauce has a shelf life of at least one year, without refrigeration, due to its high acidity rate.

After the product testing, Ms. Williams negotiated a sale with Kroger's in late 1993. This sale consisted of 120 cases to the Tennessee store, 98 cases to the Houston store, and 80 cases to the Dallas stores. To aid the introduction of her product, Joyco Products began to hold product demonstrations in grocery stores. These demonstrations increased sales considerably. For example, in one demonstration, 20 cases of Mama Joyce's Bar-B-Q Sauce were sold in five hours.
Since then, she has acquired shelf space in more stores and has also further increased the amount of product demonstrations.

In addition to grocery stores, Ms. Williams also promotes her barbecue sauce at various trade shows and hotels, where it has been successful. For example, her sauce has been given very high ratings in its testing by Heinz and Sisco. She has also explored markets in catering and restaurants. Ms. Williams markets her sauce for many different uses, from traditional barbecue to Thanksgiving turkeys. In all cases, Mama Joyce's barbecue sauce is always a success.

Ms. Williams has set high goals for the long-term development of Joyco Products. First, she would like to sell one million cases of sauce, per day, around the world. In addition, she plans to add pies, cakes, and other sauces to the Joyco product line. To facilitate these sales, Ms. Williams plans to build three plants which will employ 8,000 people. When she reaches this goal, she plans to give to the community through charity.

Currently, Joyco Products has not decided which direction to pursue to reach its long term goals of success. Joyco Products is striving for sales in the grocery stores and in a variety of other places, but is just at the beginning of the road. Sales in January and February were only 275 cases. Joyco's situation is made more complex by its difficulty in obtaining funding.
Internal Analysis

Product Position

Mama Joyce’s barbecue sauce is described by owner Joyce Williams to be "hot, sweet, sour, and tangy." Indeed, the sauce is as unique as she describes. The sauce tastes and smells irresistible. Mama Joyce’s Barbecue Sauce is created from a combination of ingredients which are not found in other sauces. In addition, Ms. Williams is dedicated to the quality of the ingredients used in the sauce.

Perhaps the best way to explain the sauce is to again quote Ms. Williams, who says that the sauce "may not sound very good to hear or read about, but if you ever smell or taste it, you will want to buy some." This statement is proved in the success of her demonstrations. For example, twenty cases of barbecue sauce were sold in one five-hour product demonstration at a grocery store.

The product’s versatility means that it will be useful in a variety of markets. Unfortunately, it is impossible for Joyco Products to market and sell to all of them right now. In an effort to find the best position for the product, we will begin by analyzing the strengths and weaknesses of Mama Joyce’s Barbecue sauce.

Strengths

- **Taste of the sauce** Most people find the sauce to be irresistible. The taste of Mama Joyce’s is very unique. Mama Joyce’s barbecue sauce does not have a specific flavor such as "hot" or "smoky", but is appealing to many different taste buds.

- **Consistency of the sauce** Mama Joyce’s barbecue sauce has a very different consistency. The sauce is much thinner than other sauces, which adds to its adaptability. The sauce is created to use when barbecuing, not just as a sauce after cooking, therefore, it has a thinner consistency (more like a basting sauce).

- **Versatility of the sauce** While the sauce has been created to use when grilling, there is no limit to the uses of Mama Joyce’s. Barbecuing relates to all kinds of cooking, from vegetables to ribs. The sauce has been used successfully for smoking
as well as in other types of cooking.

- **Shelf life** The sauce, as tested by Texas A&M, is very acidic (without the preservatives found in other sauces) and does not need to be refrigerated after opening for one year. This trait of the product makes Mama Joyce’s very convenient to store and transport.

- **Labeled as a gourmet sauce** The sauce is currently labeled as a gourmet sauce. The label of gourmet causes the sauce to stand out and be noticed by the consumer. The gourmet label is useful in differentiating the product from the national brands.

- **Price** the price (as of May 1994) in the grocery stores is $3.19, which is not very expensive for a gourmet sauce. An affordable gourmet sauce is appealing to some people.

**Weaknesses**

- **Packaging** the packaging of Mama Joyce’s Barbecue sauce is not very professional and is fairly simple. The jar is a very basic jar similar to a canning jar. While Mama Joyce’s sauce might lose some of its character if the label and bottle were commercialized, packaging is a very important part of marketing.

- **Price** The price of Mama Joyce’s is a little high for a gourmet sauce found in grocery stores and is very high when compared to $.99 - 1.39 for national brands. While this price shows the quality of the sauce, it also may keep some shoppers from buying the product. Mama Joyce’s barbecue sauce is three times the cost of the national brands. For the undiscerning consumer, Mama Joyce’s barbecue sauce will lose out to the cheaper barbecue sauces.

- **Only one flavor.** The latest trend in the barbecue sauce industry is to provide different flavors of the same brand. There are different flavors for every person, mood, and type of food. While Ms. Williams would argue that her sauce will meet every need without having to have the many different types of sauces, many consumers are attracted to the specialty of several different flavors to chose from.

- **Current availability** Mama Joyce’s barbecue sauce is not currently available in very many stores. Mama Joyce’s has not received shelf space in all grocery stores yet. In those stores in which she does have shelf space, they are only in a regional area.
Organizational Structure

Joyco Products does not have many employees. In fact, Ms. Williams and her family do most of the work. Ms. Williams is the Owner and President of the organization and her grandson is the vice-president.

The production of the product is contracted to Renfro Foods of Ft. Worth, which contributes to the high cost of Mama Joyce’s barbecue sauce. In addition, Joyco Products is based out of the Williams home until August, when it will move into an office building.

The culture of the organization expects hard work from its employees. There is much to be done and there is a determination to get it done.

Strengths

• Small size The business is small at this point, with few employees and management. The business is small enough to be very flexible, which is necessary considering the uncertainty of much of the business.

• Strong work ethic The Williams family has a very strong work ethic and believes in devoting many hours and time to the business venture. So far this amount of work has paid off, and they show no sign of slowing down. The Williams’ have dedicated themselves to making Joyco Products succeed.

Weaknesses

• Few outside consultations or employees Joyco products has not hired any employees form outside the family. This is a weakness since no outside people help make the business decisions and none of the family has business experience. Therefore, even though there is some outside consultation for advice, the actual decisions are made by only family members. In addition, the outside opinions are not full plans provided by a paid consultant, but are generally answers to specific questions from a variety of people.

• Dependence on family members just to "help out" The tendency of family
members just to help out when needed has been one of the factors leading to the success of the organization this far. As the organization grows, this reliance may become a liability, since the family members are not employees of the organization. As they are not employees, performance may be as sporadic as their work schedules.

- **Belief by owner/president Williams that she can do it all by herself** Williams believes that she can have a personal hand in all the activities of the business. In fact, she coordinates and personally helps with most of the different markets as well as the financial information relating to the business. Unfortunately, there are only 24 hours per day. As the business grows, the number of hours in the day remains constant. Ms. Williams will simply not be able to do everything herself.

- **Lack of any strategic plans or objectives** Joyco Products has not outlined any specific goals or plans for the next five years. While Joyco has a vision for the future, there are no realistic goals for the next few years or objectives for reaching these goals.

- **Lack of focus on a certain market** Currently, Joyco products seems to be trying to enter all of the markets possible at one time. While the product may eventually succeed in many markets, it is hard to have the products break into so many markets at one time, especially with most of the work being done by Ms. Williams.
Financial Position

Joyco Products is in a difficult financial position. Ms. Williams has few resources to give to the company. Since she does not have any collateral and Joyco does not have the business or property to be considered for many loans. However, because she does not have the money, she cannot actively market or enlarge the business, which would enable her to be eligible for more business.

Many potential loans have fallen through and long-range planning is difficult due to unknown funding. Primarily, Joyco Products needs money to launch an advertising campaign which will allow the establishment of a base clientele. This base will allow the steady inflow of funds to concentrate on other areas.

In summary, at this time, Joyco Products does not have many expenses. Joyco Products subcontracts the production of its product, so it does not have the debt or expense associated with a production facility. In addition, Joyco depends on the assistance of family members and does not have a large payroll.

Strengths

• Few debts Since Joyco Products is contracting the production of its product to renfro Foods, there is no debt associated with production. Production can be accommodated by Renfro for a variety of amounts. In addition, most of the production until this point has been supported by Ms. Williams.

• Few fixed costs Joyco does not own its own production plant, office space, or loans which would increase fixed costs. Joyco Products operates on variable expenses, which adds to the flexibility of the company. This flexibility allows Joyco to adjust to increases or decreases in sales.

• Recent awarding of a grant from Baylor University In May of 1994, Joyco Products received word that they would receive a grant from Baylor University which includes $50,000 in advertising funds.

Weaknesses

• Small amount of funding Joyco Products has little operating income. In addition, Joyco Products has had problems obtaining funding.
• **No advertising money**  Joyco Products does not have the resources to support extensive advertising or marketing efforts which means that Joyco Products has had problems in selling.

• **Low revenue**  Joyco has not established a base clientele for Mama joyce's barbecue sauce. Since there is little advertising for Mama Joyce's, there is a slow rate of growth in customers. In addition, it has been difficult to gain shelf space in grocery stores.
Marketing Capability

Due to funding problems, Joyco Products currently does not have much marketing capability. At this time, Joyco Products depends on word of mouth and product demonstrations in grocery stores to sell its product. Product demonstrations are conducted in selected grocery stores. At these demonstrations, a person gives out various meat samples cooked in Mama Joyce's Barbecue Sauce. The customers are also given some of the sauce to use as a dip.

The other way that Joyco Products is currently promoting their product is through trade shows. Joyco participates in a variety of trade shows including cooking demonstrations at hotels and shows relating to NAFTA (North American Free Trade Agreement).

Marketing is very important to the success of Joyco Products. Some of the venues that Joyco Products is currently pursuing do not need much marketing, such as government contracts. Instead, this type of market looks at the marketing efforts in other areas, such as grocery stores. These venues will be more receptive to the product if there is a marketing plan to attract customers and sell the sauce. Therefore, marketing is very important to all the potential markets of Mama Joyce's Barbecue Sauce.

Strengths

- **Mama Joyce's barbecue sauce is easy to sell when the consumer can taste or smell it.** The easiest way to sell Mama Joyce's barbecue sauce is by smelling or tasting the product. At the product demonstrations, Joyco often sells out of Mama Joyce's.

- **Effectiveness of product demonstrations** Product demonstrations are an excellent way to market Mama Joyce's because they allow the consumer to smell and taste the barbecue sauce. As mentioned before, Mama Joyce's often sells out at the stores hosting the product demonstrations.

- **New grant for advertising** The recent awarding of a $50,000 grant to Joyco Products for advertising may lead to the formulation of a more comprehensive marketing plan. Hopefully, this new development will lead to an increase in sales, funding more advertising, and enabling the assurance of more funding.
Weaknesses

• **Financial security.** Due to the precarious financial position of Joyco Products, it is very difficult to embark on any costly or long-term advertising plan. Hopefully, this will change in the future with the grant recently awarded to Joyco Products.

• **Little Advertising** Currently, Joyco products has no advertising. Unfortunately, this is very bad for the sales of the product.

• **Lack of employees to concentrate on the marketing aspect of the business** There are no employees who are experts in the marketing field. Unfortunately, it is very hard to effectively advertise if there is no one who is familiar with marketing techniques or to define the market.

• **Inefficiency of current product demonstrations** Some of the product demonstrations seem to be expensive for use as a sole marketing technique. The costs of the meat and the labor add up very fast. Most of the time, those who demonstrate Mama Joyce's do not really know about the product, but are just assigned to sell the product on that day. Therefore, the product is not really marketed for all of its advantages. Instead, often the person just gives out samples. Luckily, the product often sells itself.

• **Lack of a selling focus.** Until Joyco decides on a target market, it is really hard for marketing to take place with so few dollars. Joyco has not defined a specific market in which to begin its marketing. Joyco cannot begin its marketing by planning to advertise to all potential markets at one time. Until Joyco plans its marketing strategies and narrows its focus, Joyco can do little marketing.
Summary of Internal Analysis

Joyco Products has many strengths and weaknesses. Those which are the most critical to the success or failure of the business are listed below.

Strengths

• Mama Joyce's Barbecue Sauce is an excellent product.

• Low debts

Weaknesses

• No funding, therefore a small staff and little advertising

• No focus for marketing and sales of Mama Joyce's barbecue sauce

When determining a strategic plan, it is very important to consider these strengths and weaknesses.
External Analysis

The external analysis will examine the opportunities and threats of the environment surrounding the barbecue industry. The purpose of the external analysis is to examine the environment to be able to better predict future developments. There are several criteria which are important to Joyco Products:

1. Barbecue Sauce Market and Structure
2. Social Environment
3. Competitive Analysis

After finding the opportunities and threats of each area, there will be a summary of the critical opportunities and threats of the barbecue industry facing Joyco Products.
Industry Structure

Market Analysis

Types of markets for barbecue sauces

There are many different markets and uses for the barbecue sauce. First is the market for the individual user. This market includes any individual who will be using the sauce, which we will call the "grocery store user". According to Eugene Carlson of the Wall Street Journal, this market can be further subdivided into two parts. The first part consists of the individual who shops at the grocery store and buys name-brand basic products. These products are typically produced by the large corporations who advertise extensively. Small businesses often find the cost of fighting for shelf space to be prohibitive (Carlson). The consumer relies on the advertising, price, and looks of the bottle to select a barbecue sauce. This consumer will buy a basic barbecue sauce that is not too much out of the ordinary.

The other part of the market consists of individuals who use gourmet products. This consumer might find the gourmet product at the grocery store, but is more likely to have heard of the product by word of mouth and buy directly from the producer or from specialty stores. This consumer considers himself/herself to be a connoisseur of barbecue, and considers cooking barbecue to be an art which requires special sauces to provide a variety of different tastes in the barbecue. This consumer will not mind doing a little bit of extra searching for the product. Some of these individuals may be a part of an organization that focus on cooking, such as a barbecue association that hosts cook-offs. Typically, products in this type of market rely on word of mouth as advertising. Many of the producers are and do not have the funds for large advertising campaigns. These small producers are popular since their products are not mainstream and are therefore unique.

Another type of consumer is the small business. This market includes caterers and other people who might need barbecue sauce to help their business succeed. These businesses will also require that the sauce be highly distinctive and provide the business with a differentiated product. Restaurants are also included in this market. A major strength of Mama Joyce’s Barbecue sauce is the various cooking uses for the sauce. The restaurant and caterer market is very large.

The third consumer is the large user. This market includes large contracts from the federal or state government. Federal and state contracts are typically large
and provide the barbecue sauce for various uses within the federal and state areas. This type of contract is appealing because it can help provide a large amount of revenue to the company.

**Barbecue Sauce Sales Geographically**

Barbecue Sauce sales are higher in the southern United States (Deveny). For example, in 1992 the highest sales of barbecue sauce for Memorial Day were in St. Louis, Missouri, well above the national average. Other high scorers were also in the south. Some of the lowest sellers were New York City and San Diego. In the south, summer barbecuing is a traditional activity. As the summer is the peak selling time of barbecue sauce, major sauces focus on increasing summer sales including price reductions and wars.

Because most barbecuing takes place in the summer, winter months show slow sales of the barbecue sauce. Specifically, most barbecuing takes place during and around holidays such as Memorial Day and the Fourth of July. In order for a product to succeed it needs to be very versatile and have a marketing plan which helps to spur sales in the off-months.

Although barbecuing is a traditionally seasonal food, it is becoming more popular during the entire year.

**Opportunities**

- Many potential markets that Joyco has not explored
- Growth in popularity of barbecue sauce geographically

**Threats**

- Broad focus
- Traditionally seasonal sales
Social Environment

**Barbecuing, a popular trend**

Healthy eating habits are a national trend. Included in this trend is the increasing popularity of poultry and fish. Barbecuing is a way to incorporate healthier eating styles. According to Kathleen Deveny in the Wall Street Journal, Americans are finding barbecuing to be a great cooking method. The Barbecue sauce market is continuing to grow as a result of the popularity of this cooking style.

There are many other advantages to barbecuing. Kathleen Deveny also reports that barbecuing is very popular with women, since men traditionally do 62% of the grilling. She also reports that 14% of the barbecuing is a collaborative effort of the whole family. This is significant to industries who sell products used in barbecuing. Barbecuing is becoming an outlet for the family, and is increasing sales in barbecue related industries.

The popularity of barbecuing and the recent trends of healthy lifestyles are combining to create new market opportunities. Recent trends in barbecuing have shown increases in the types of different foods that are barbecued. More poultry and other types of meat are being barbecued. In addition, vegetables are being barbecued at an increasing rate. Along with this trend, people are not cooking with traditional red sauces which are commonly associated with red meats.

With the growing popularity of barbecuing fish and poultry, consumers are demanding different products. Traditional red sauces are not meeting the needs of all consumers anymore. Honey-flavored, and dijon mustard-flavored sauces are now being produced in addition to the traditional red sauces.

Steve Barnett says that "barbecuing is an easy way to entertain." The barbecue is an easy way to have over some friends and serve foods that meet all of the requirements of varying lifestyles. As entertaining using the grill becomes more popular, people will look for more and more ways to create a taste that is different from the traditional barbecue sauce. This trend presents an opportunity for product differentiation is a marketing strategy.

**Opportunities**
• Social acceptance of barbecuing

• Return to family values

• Barbecuing is often healthy

Threats

• This new growth could be a short-lived fad
Competitive Analysis

There are two types of competition in the barbecue industry. First, one must consider the large sauce producers such as Kraft and Heinz. The other type of barbecue sauce producer is the small, gourmet producer. These small producers are often local products who specialize in specialty products.

The industry leader of the large competitors in barbecue sauces is Kraft with 22.7% of the market. Next are Bull’s Eye with 14.4%, K.C. Masterpiece with 12.5%, Thick’N Spicy with 7.1%, Open Pit with 6.2%, and the other percent in private/generic labels. The competition between Kraft to Open Pit is very fierce, but many factors differ between these companies. For example, Kraft employs 750,000 employees whereas Heinz only employs 37,700. Another example of these differing factors is in sales. Kraft sold $14,523,000,000 in food products whereas Heinz sold only $7,103,374,000. The operating income for Kraft was $1,499,000,000 whereas Heinz net income was $396,313,000.

Another factor to the competitors’ profile is location. The highest sales levels come from St. Louis with 318 sold whereas the national average is 100. Other high selling locations are Memphis (Tn), New Orleans (La), and Little Rock (Ark). The lowest selling location is Green Bay (WI) with only 50 sold. Other low selling locations are New York City (NY), San Diego (Ca), Buffalo (NY), and Orlando (Fla).

There is not much information on the small competitors in the barbecue industry. Since many of these sauces are regional, the competition varies from area to area. Local producers often sell their products in specialty stores and other places which are not in the grocery store. Those that do sell in the grocery store have a higher price than the prices of the large competitors. Word of mouth is very important to the small producers. The small producers do not usually have an extensive marketing plan.

There are currently a few competitors who keep the characteristics of the small producer, but produces on a national level. This type of positioning would keep the image of a gourmet sauce produced by a family-operated business.
Market Niche and Share of All Competitors

Large Competitors

As of April 18, 1993, these are the top selling barbecue sauces based on supermarket sales:

<table>
<thead>
<tr>
<th>Name of Product</th>
<th>Manufacturer</th>
<th>Sales in millions ($)</th>
<th>% Change from 1992</th>
<th>% Share of Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kraft</td>
<td>Phillip Morris</td>
<td>70.3</td>
<td>4.5</td>
<td>22.7</td>
</tr>
<tr>
<td>Bull’s Eye</td>
<td>Phillip Morris</td>
<td>44.8</td>
<td>3.5</td>
<td>14.4</td>
</tr>
<tr>
<td>K.C. Masterpiece</td>
<td>Clorox</td>
<td>38.8</td>
<td>7.4</td>
<td>12.5</td>
</tr>
<tr>
<td>Thick 'N Spicy</td>
<td>Phillip Morris</td>
<td>22.0</td>
<td>2.3</td>
<td>7.1</td>
</tr>
<tr>
<td>Open Pit</td>
<td>Campbell Soup</td>
<td>19.3</td>
<td>&lt;7.0&gt;</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Phillip Morris has strong control with over 40% of the market share. This organization is also expanding into the other sauces. An example is Kraft has recently added three new versions of honey-flavored sauces. Clorox, with $38.8 million in sales, is also developing new sauces. This organization is creating a Honey Dijon version of its K.C. Masterpiece sauce.

Mama Joyce’s Bar-B-Q Sauce Current Status

Joyco Products’ niche is in producing a sauce that can be used on red meat (from steaks to hamburgers), chicken, or fish to spice up the natural flavors in these meats. In the future, this product can spin off into many different flavors. These flavors, still in the developmental stage, are a honey flavored, and a diet (no sugar) sauce.

Currently, Joyco Products is operating as a small producer, but wishes to make the transition to a large scale producer. Joyco Products is also uncertain in its financial matters. This area of uncertainty may limit the company in advertising, marketing research and advising, although some of the limitations are being eased by entering new markets and other capital raising methods.
Since Mama Joyce’s sauce is available in a limited number of grocery stores. In other words, its shelf space is limited. In order for Joyco to have more shelf space, it must have more market penetration. Financial difficulties have prevented Joyco from engaging in heavy advertising in the past.

Opportunities

- Growing market for unique small name barbecue sauces
- Growing market in restaurants for barbecue and therefore barbecue sauces

Threats

- Large amount of competition among the national brands
- Growing competition in the other markets
Summary of the External Analysis

There are several opportunities and threats which are more important to the success of Mama Joyce’s Barbecue Sauce.

Opportunities

- Growing markets

Threats

- Stiff competition in the national brands
- Difficulty in getting shelf space, entering grocery stores
Joyco's Suggested Target Market Position

With the information from the external and the internal analysis completed, it is possible to recommend a target market position for Joyco Products. First, some alternatives will be presented and then a final recommendation.

The best alternative will take advantage of the most opportunities and strengths, and minimizes the weaknesses and threats.

Alternatives:

There are four basic alternatives for a potential target market for Joyco Products.

1. **Joyco's current strategy: Focus on all markets**
   This strategy is proving to be too comprehensive for Joyco Products. This strategy allows too many weaknesses and does not take advantage of the opportunities and strengths which it has. The threat of intense competition combined with the weakness of having little money or name recognition mean that Joyco products can not at this time enter the grocery store market on the level of the national brands.

   Joyco does not have the funds, staff, or time to concentrate on so many different things. Since the markets and competition is growing, Joyco needs to find a way to be able to compete in a way that will maximize its resources, which will be by focusing and not spreading them out.

2. **Focus on grocery stores**
   This strategy would require that Joyco focus its resources on gaining entry into the grocery store market. There is intense competition among the national brands, therefore, to be successful, Joyco would place Mama Joyce's Barbecue sauce in a niche. Following the strengths and weaknesses found in the product analysis, Mama Joyce's has the most success in a specialty category.

   The product niche would place Mama Joyce's barbecue sauce as a gourmet sauce, since its price is more than the national brands. Marketing would focus on the unique features of Mama Joyce's Barbecue Sauce. Marketing must be
intense and successful to differentiate the sauce successfully.

Appendix B has more details on entering this market.

3. **Focus on restaurants and caterers**
   Using this strategy, Joyco products would place its sauce in the market of restaurants and caterers. While this market has potential success for the product, it will be hard to break into. Joyco has had little success in this area.

   Although the sauce is unique and would be an excellent asset to a restaurant, some more name recognition would make this an easier market to enter. Before entering this market, Joyco must have more sales, advertising, and name recognition.

4. **Focus on large contracts (federal and state)**

   This process is very complicated and will involve having the sales to prove its ability to succeed. In addition, this strategy would require that Joyco have the income and sales to survive the infrequent, but large sales. This strategy would be the most successful to the business that has a base of sales and has the resources to pursue additional sales in this manner.

   All of these will require marketing of some kind. Explanations and costs of types of advertising opportunities are provided in Appendix A.
Recommendations

Strategic Recommendations

- **Market to be targeted.** Several different types of market exist for the barbecue sauce consumer. The individual (both the grocery store type and the connoisseur), the small business, the large consumer, and a combination of the three are all potential markets. Because Joyco Products is small and now has the capabilities to build name recognition, we feel that the individual market is the best opportunity for expansion and success. To be successful in this market, Joyco Products would place its products in grocery stores and strive to differentiate Mama Joyce’s Barbecue Sauce as a gourmet sauce.

- **Needs of the consumer.** From the product analysis of Mama Joyce’s barbecue sauce, Mama Joyce’s barbecue sauce has unique qualities that meet the needs of the current market, often better than the competition.

  - Because of its consistency, flavor, and uses, Mama Joyce’s Bar-B-Q Sauce is suited for the changing barbecuing tastes of its audiences. In addition, only one flavor of sauce is necessary for uses that other sauces advertise two or three different flavors.

  - Recent trends show that barbecuing is very popular for entertaining and family activities. In addition the barbecue sauce is perceived to be gourmet, but is sold in the grocery stores. Therefore, it is logical that advertising be focused towards families. In addition, the middle-class shopper is likely to pay a little more for a gourmet product, as long as it is in the grocery store and is convenient.

  - Since Joyco meets so many of the current needs of the consumer, Joyco must advertise to reach the correct audience, family-oriented and middle class people. The south is the best place to sell the sauce due to grilling habits of Southern people. Mama Joyce’s Bar-B-Q Sauce is based and sold mainly in Texas, so this will not be a problem.

- **Position in relation to the competition.** Since the barbecue sauce industry is
so competitive, Joyco should continue to build a reputation that places it in a
market niche that assures a differentiated product.

• This paper has shown that the industry is comprised mainly of large
companies, and name-brand barbecue sauces. There are very few
gourmet barbecue sauces in the grocery stores that are gourmet. By
keeping Mama Joyce’s image as a quality, gourmet product, Joyco
should be able to reach a population that is currently not well-served.

Market Position Summary  Joyco products is on the right track towards being a
nationwide success. First, Joyco must concentrate on the individual market to gain
market share in this area. To be successful in the individual market, one must
concentrate extensive efforts over a short period of time. Mama Joyce’s Bar-B-Q
Sauce has already shown its ability to sell through product demonstrations and entry
into some grocery stores. This analysis has shown that the product meets needs of the
consumer which aren’t being met by the competition. Joyco fits into the industry as a
product between the gourmet and the standard barbecue sauce. This is the right
market position, since it will be sold in the grocery store and there aren’t many other
products in this position.
Functional Recommendations

Functional recommendations give objectives for the functional areas of the business in meeting the strategic goals of the company.

• **Begin by concentrating efforts on the Dallas/Ft. Worth metroplex**

  • **Expand market**
    
    * Continue to expand grocery store demonstrations to more stores in the metroplex, specifically the suburbs
    * Reduce costs associated with the demos
    * Plan demos for every Saturday, especially during the summer and before holidays such as Memorial Day, Independence Day, Labor Day, and Thanksgiving
    * During periods of slow sales (October-March), show other uses of product, such as basting for oven-cooking.

    * Continue efforts to enter Sam’s Wholesale and other wholesale outlets

    * Continue efforts to enter all of the grocery stores in the region

• **Marketing**
  
  * Begin by developing a marketing plan and timeline. Since funding is tight, it will be important for advertising efforts to be well coordinated.
  * Use the marketing plan to influence stores to give shelf space.
  * Advertising (also see Appendix A):
    * Joyce should capitalize on her enthusiasm for the product by being the spokesperson in all advertising for Joyco Products
    * Advertising should center on families and the middle-class
    * Start radio and newspaper advertisements
      
      Radio stations: country-western, talk radio, soul
      Newspapers: Dallas Morning News and the Ft. Worth Star Telegram
    * At the same time, send product samples with coupons to potential consumers in the metroplex
    * TV Advertising should begin after the product is on shelves at a majority of the grocery stores in the metroplex.
• Plans for the future
  * Expand market to all of Texas, Tennessee, and Louisiana after penetrating the metroplex
  * Hire a college management or Mkt. major to do an internship. focus efforts on expanding market to caterers and restaurants pursue governmental contracts after sales have increased
  * Hire other employees from outside the Williams family who are experts in business and/or marketing
  * Continue to attend trade shows to look for new opportunities, possibly in the restaurant or catering business
References


Compact Disclosure Database


Appendix A

Advertising Options

Advertising is essential to the growth of any new product or company. With a good advertising plan, a product or company gains positive name recognition. The main mediums for advertisement of a new product are newspaper, radio and television. Each of these mediums can create curiosity and sales if used effectively. We examined these three mediums as a source of advertisement for the Joyco Products company.

Newspaper

Because Joyco Products is small and has limited funds, newspaper and radio advertisements will be a good way to establish name recognition in the near future. We think the two main newspapers that would be most effective are the Dallas Morning News and the Fort Worth Star Telegram. In the Dallas Morning News, numerous rates exist for the different days and also by the size of the advertisement. A one by one (1" x 1") box is $160.40 for one Sunday. The same size box or column is $151.03 a day on Friday and Saturday. On all other days of the week, this column would be $144.10 a day. Prices also rise with the size of the column. For example, a two by two (2" x 2") inch box would be $641.60 (4 x $160.40) for every Sunday. For Friday and Saturday, the price would be $604.12 (4 x $151.03). A three by three inch column would be 6 x $160.40 for every Sunday. As you can see, the price of the ad becomes very substantial as the size of the column gets larger. A possible solution to this would be to use smaller community papers to offset the high costs of the larger papers. A possible way to discount these rates would also be to sign a contract with the paper for a specified length of time.

Radio

Radio advertisements present an opportunity for Joyco products to establish widespread name recognition in this region. Many different kinds of radio stations can be used: jazz, easy listening, pop, classic rock n’ roll, talk radio, classical, hard rock, and gospel stations. Basically, any radio station whose listeners like to eat barbecue, which is most of them. There are a few which might stand out as opportunities. The best radio stations to use are country and western, soul (rhythm and blues), and talk radio for several reasons. First, we think country and western listeners are mostly middle class, they like barbecue and are also family oriented. Second, because Mama Joyce (the owner) is African American, we feel that her
product would be widely accepted by African American listeners on soul stations in the Dallas/Ft. Worth area. Lastly, talk radio stations would be a good radio station to use because they interact with listeners on a regular basis. Many talk radio shows solicit call-in's on new products or entrepreneurs.

In radio advertisements, prices are very dependant on the season, number of time spots and also the amount of time for each spot. The best time to advertise would be May through August for barbecue sauce, since that is the peak of the barbecuing season. The number of time spots could vary from station to station, but as stated earlier, we think the bulk of the advertising in radio should be given to the country and western and soul stations. Frequently, many radio stations will establish a contract with a company during a certain season of the year. This contract usually explains the number of time spots, their length, and when they are to be played. This contract may also include sponsorships by the company in exchange for air time. For example, Joyco may choose to sponsor the news, sports or the traffic at a certain station. The station would then negotiate an extra commercial or any of a number of other choices. In any case, Joyco benefits by the added name recognition from sponsorship.

**Television**

In television advertisements, prices rise considerably relating to air time and the making of commercials. A possible company to use for the making of the commercial would be Video Impact Power. Some reasonable stations to use in this region are Channels 4, 5, 8. The making of the commercial could cost as low as $20,000. However, the real increase in price comes when paying for spots on numerous television stations.

**Product Demonstrations**

Joyco currently holds demonstrations in Kroger stores in this region. She uses cocktail wiennies, gourmet chicken, buffalo wings, and occasionally steaks. At many demonstrations, Joyce sells out of her product. At one Kroger demonstration, Joyce sold 300 jars or 25 cases in 8 hours. She currently does demonstrations in 80 stores and would like to expand to other remote areas.

Currently, the cost of demonstrating is a total of $135 per day. This cost includes $60 for the meat and $75 for the labor. We think this price is too high. Currently, Joyco buys her meat from a wholesale butcher shop which decreases her cost at least $15. She could decrease her meat cost by obtaining a contract with Kroger to use their meat. This would be good advertising for the quality of Kroger
meat and would lower the cost Joyco pays for the meat. As for labor, we recommend that Ms. Williams research the possibility of offering a college student an internship. The student would be in charge of all demonstrations, thus cutting the labor cost in half. The student would also learn some aspects of the business as a whole. This would allow Joyco to contribute to the community by giving a student "real life" skills to be better prepared for the workforce.

Another way she could cut cost would be to hire a temporary from an agency. Temporary agencies usually charge $6 per hour. Even working 8 hours a day, Joyco would only pay $40 for labor. This is still $35 dollars cheaper than what she pays now.

Joyco should also realize the best days to do demonstrations in order to get more out of each demonstration. While all Saturdays will be good days for demonstrations, the Saturdays before Labor Day, Independence Day, and Memorial Day are the best opportunity for Joyce to demonstrate to a large barbecue market.

Sample Packets and Coupons

One of Joyco’s main focus is on the marketing of Mama Joyce’s. We recommend that Joyco send sample packets as a way to market her product. She should start with the Dallas/Ft. Worth area and eventually expand to Houston and other major Texas cities. First a mailing list will need to be obtained, then a $2000 deposit is required for the distribution of 2 million packets. Including the cost of packaging and mailing, the sample packets cost will total approximately $5,000. A coupon should also be enclosed in the sample. Once people taste the unique flavor of the sauce and receive the coupon, the incentive to try the product will arise. The cost of distributing the coupons would be approximately $.3 apiece, not including the printing. An advertising agency would also charge an extra 50% for profit and overhead to distribution. Usually, the use of coupons results in the business breaking even.

Trade Shows

Ms. Williams is also involved in various trade shows and expositions. These trade shows give Joyce an opportunity to demonstrate her product on a large scale to various walks of life. She is a member of the Greater Dallas Chamber of Commerce and they inform her of upcoming events. She is also a member of the Taste of Texas and receives a yearly list of events from them as well. Joyce should become a member of other cities Chamber of Commerce to receive additional list of events. Ms. Williams should continue to emphasize these trade shows as a source of
marketing. The Texas Food Industry Association Trade Show is the next expo coming up. Doing demonstrations of her product for the approximate 300 companies that will be there would give her more possible buyers for her product. The expositions are a good marketing tool in promoting Mama Joyce’s.
Appendix B

Retailing Outlets

Background Information

Joyco products is currently on the shelves in Kroger stores in this region and is doing product demonstrations in these stores. Joyco would like to expand Minyard’s, Albertson’s, Winn Dixie, Tom Thumb, HEB, and Sam’s. Currently, Joyco is also in the process of obtaining a contract with the Army & Air Force Exchange Service (AAFES). This will be the biggest contract Joyco has. AAFES serves 10 million people worldwide and will dramatically increase Mama Joyce’s distribution. This will make Joyco products a multimillion dollar company. AAFES also will pay for the production of the product. This will allow Joyco to generate a large profit. Joyce is also working with the U.S. Department of Agriculture to research the possibility of exporting her product to various countries.

Another positive new occurrence will be the obtaining of both a loan and a grant from Baylor University SBA. Baylor is going to loan her money to cover some of the production cost. They are also going to give her a grant of $50,000 to cover advertising cost. Joyce plans to use this money for radio and T.V. commercials.

Expanding Business

There are a total of 236,036 grocery stores in America as of 1993. Of these 236,063, the five biggest cities in Texas contain 5815 stores. Joyco needs to concentrate on saturating this market first, then concentrating on nationwide distribution. Her emphasis should be on the Dallas/Fort Worth area, then on the Houston/Galveston area. This is the largest portion of the Texas market. We think she should show a demand in these markets, then in the other 3 biggest cities, San Antonio, Austin, and Corpus Christi.

Talking with Karen Johnson, a buyer from Albertson’s, buyers look mainly at quality when adding a product to their shelves. Mama Joyce’s has had many surveys and product analysis done on her product and has received high marks in the area of quality. She needs to stress the quality of her product to potential buyers. Buyers also look at the current demand for the product, and the competition. By showing the
demand that the sauce has created at previous demos, Joyce should prove that her sauce is well received.

Joyco products would then show their marketing strategy. By incorporating their motto, "It's so good, it's dangerous" into their presentation, they should show the steps they are taking to create a larger demand and image for their product. The buyers would then look at such things as how much they have already sold, the rate of growth, the cost of their product, and their plans for advertising. Marketing tools such as coupons, sample packets, and media use would all be incentives for a store to buy Mama Joyce's.

After these steps are taken, the product is taken to a committee and sampled. If the buyers decide to purchase the product, the price and shelf space are decided. The contracts are signed, and the product is put on the shelf. Joyco will need to maintain the demand for the product by continuing her demonstrations and trying to increase her market.