

# UNIVERSITY OF TENNESSEE - KNOXVILLE

## 2024 EXECUTIVE SUMMARY



# HONESTC

COTTAGE CHEESE

Product of



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# INTRODUCTION

Life moves fast, your food should move with it. Every day people from busy parents to ambitious professionals are living fast lives and trying to squeeze it all in, and they shouldn't have to sacrifice health and nutrition when they're looking for a healthy snack.

The Smoky Mountain Dairy Cooperative located in Nashville, TN is excited to introduce HonestC squeezable cottage cheese as an addition to the Three Rivers brand of dairy products. HonestC is a new brand of flavored cottage cheese produced from organic milk and packaged in convenient stay-cool squeeze pouches. HonestC will revolutionize on-the-go snacking for consumers looking for healthy options that fit their busy lifestyles.

## MARKET ANALYSIS

The Global Cottage Cheese market is expected to grow at a compound annual growth rate (CAGR) of 5.8% from now until 2030 reaching an expected \$149.41 billion<sup>1</sup>, as consumers continue to look for low or non-lactose products that are also lower in fats. Additionally, the market for squeezable foods in a pouch is expected to grow by \$35.1 billion and 4% CAGR by the year 2030<sup>2</sup>. This is all occurring simultaneously with trends of increasing dairy consumption, health awareness, and high butterfat content in milk.



## TARGET MARKET

The promotional plan for HonestC will use a two-pronged marketing strategy. The first part of the strategy will target young mothers and families looking for healthy, fun, flavorful, and convenient snacks for kids on the go. The second target audience will be young professional adults who are focused on individual health and well-being. These individuals are looking for convenient sources of protein to fit their busy schedules moving between the office and the gym.

## PRIMARY RESEARCH

In a survey of over 20,000 residents of the Southeastern United States; 89.1% of consumers answered that they made an "Effort" to "Eat healthy foods." 86.3% identified "Cottage cheese" as a healthy food. 97.4% answered they preferred "More convenient" food options. And 96% identified that there is a need for more "healthy foods" in "more convenient" packaging.

## MARKET TRENDS

- 233.9 million Americans self-identify as "healthy" or "health-conscious."<sup>3</sup>
- 29% growth since 2022 in per capita protein consumption.<sup>4</sup>
- Growth in smaller meals and snacking, accounting for 73% of eating occasions.<sup>5</sup>
- 42% of consumers claim that their eating habits have become healthier.<sup>5</sup>

## PRODUCER BENEFIT

The primary ingredient in HonestC is the milk sourced from producers/members of Smoky Mountain Dairy Cooperative. This profitable addition to the Three Rivers dairy brand will increase market share and profitability, ultimately translating into increased patronage dividends for the farmers that make it all possible.

# BUSINESS PROPOSITION

## GOALS & OBJECTIVES

- Achieve a 1.5% Market Share by the end of year 3.
- Reach a sales volume of over 400,000 units by the end of year 3.
- Achieve a >5% brand awareness goal within our target market by the end of year 3.
- Meet or exceed an operating profit margin of 10% by the end of year 3.

## STRATEGY STATEMENT

Smoky Mountain Dairy Cooperative will leverage its existing customer base, production capacity, and trends in increasing cottage cheese consumption to introduce HonestC as a healthy, convenient source of protein for consumers living in a fast-paced world.

## KEY PLANNING ASSUMPTIONS

1. Smoky Mountain Dairy Cooperative has access to organic milk produced by member-owners.
2. Existing processing and manufacturing infrastructure is already in place.
3. The Three Rivers brand of dairy products has an existing customer base and presence in grocery stores in the target market region.
4. Proprietary insulated stay-cool packaging has been developed by and is exclusive to HonestC.

## CUSTOMER PROFILES

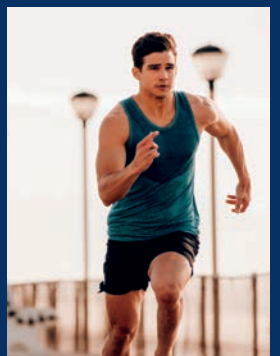
### Heather the Health Mom



Heather the health mom is a 40-year-old marketing manager at a major tech company in Nashville, Tennessee. Heather maintains a healthy lifestyle for herself and her family. She prioritizes mental well-being through activities like yoga and meditation. With a business-oriented mindset. She's adept at managing her career while spending quality time with her family. Her six-year-old daughter and ten-year-old son enjoy trendy and delicious snacks while traveling to and from practices for team sports. Heather is looking for ways to balance nutrition with snacks her kids will enjoy.

### Ryan the Runner

Ryan the runner is a 32-year-old that lives outside of the Washington, D.C. area. As a busy professional, he prioritizes time management, organization, and work-life balance to juggle his career and training regimen effectively. Mark appreciates the on-the-go convenience of foods that fit his busy lifestyle. His high level of dedication to running leads him to seek out ways to help his body recover quickly and build lean muscle. He enjoys healthy snacks that provide multiple nutritional benefits.



### Strengths

- Convenient packaging
- Organic ingredients, high protein content
- Superfood status
- Lactose and gluten free options
- Existing customer base
- Locally sourced milk, regionally produced

### Weaknesses

- New product/ low brand recognition
- Shorter shelf life than other squeeze foods
- Single-use packaging

### Opportunities

- Growth in cottage cheese consumption
- Consumer trends in healthy fats and probiotics
- Growth in snack food market
- Universal consumption of dairy across broad demographics and geographies

### Threats

- Consumer perceptions of cottage cheese
- Growth in dairy replacement market
- Consumer perceptions around dairy production practices

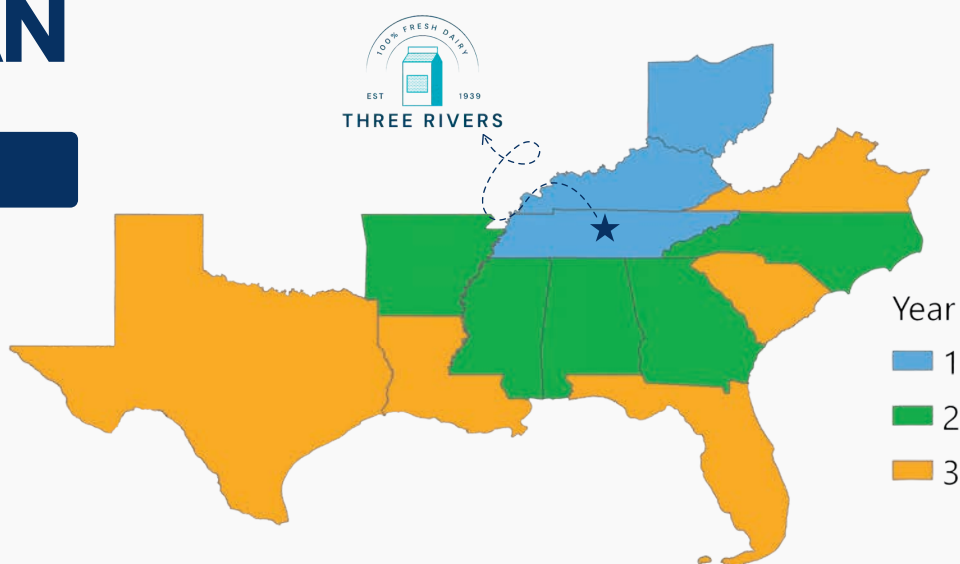
# COMPETITIVE ANALYSIS

Competitors	Vitamin C (DV%)	Organic	Price (per unit)	Protein (per serving)	Grab-N-Go Packaging	Lactose/Gluten Free Options
HonestC	7%	yes	\$5.80-\$9.30	15g	yes	yes
Good Culture <sup>6</sup>	4%	yes	\$3.69	14g	no	yes
Daisy Cottage Cheese <sup>7</sup>	0%	no	\$1.79	14g	no	yes
Breakstone's <sup>8</sup>	0%	no	\$3.39	10g	no	yes
Go Go Squeeze <sup>9</sup> (yogurt)	2%	yes	\$3.49	0g	yes	yes
Gnubees <sup>10</sup> (smoothie)	30%	no	\$2.99	8g	yes	yes

## ACTION PLAN

### Place

HonestC will be available in grocery stores already carrying the Three Rivers brand of dairy products produced by the Smoky Mountain Dairy Cooperative. Product rollout will be staggered over the initial three-year launch period focused around major cities in the southeast, midwest, and lower Atlantic regions.



### Price

Package Size	Wholesale Price	MSRP
3 oz 6 pack	\$5.80	\$9.00
3 oz 12 pack	\$9.30	\$14.00
6 oz 4 pack	\$7.00	\$10.00

### Product

HonestC will be available in 3 and 6-ounce packages. Squeezable pouches with a built-in straw are constructed of proprietary stay-cool materials that maintain refrigerated temperatures for up to 6 hours. HonestC is naturally Keto and gluten-free. Flavor options include peach mango, mixed-berry, pineapple, chili-and-lime, salt-and-basil, as well as a lactose-free option.



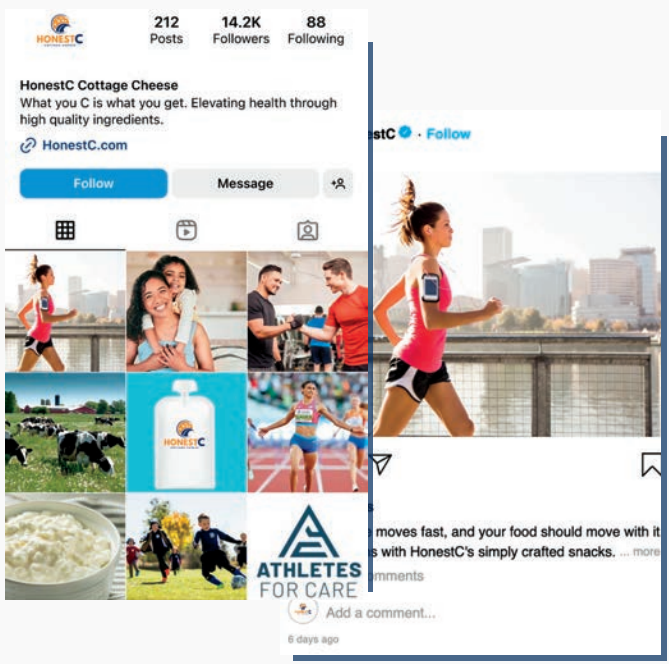
# Promotion

During our initial year, a promotional campaign titled “Live HonestC” will launch utilizing a mix of digital advertising, coupon incentives, social media influencer shoutouts, and paid collegiate athlete endorsements.

**Website:** A landing page separate from Three Rivers will be created for HonestC to funnel potential customers from social media, email campaigns, and QR codes located on samples and other promotional materials. This platform will provide potential customers with creative recipe ideas and a convenient store locator tool.

**Social Media:** Strategic content will be generated on platforms including Facebook, TikTok, YouTube, and Instagram. Pay-per-click ads will be utilized in addition to campaigns of targeted content to build consumer awareness about the Live HonestC campaign. Weekly posts will include quick, easy snack recipes, how to include Honest C into breakfast, lunch, and dinner recipes, consumers using the product on the go, kids using the product, infographic posts, and giveaway posts. Honest C will also utilize social media pay-per-click ads which will show up on consumers' media based on recent similar searches to ensure we are reaching all audiences.

**Influencers:** Dietitians, chefs, and healthy lifestyle coaches will be recruited as influencers to reach our target audience. Influencer-specific codes will be provided to consumers offering one-time coupons to be used in-store for those looking to try our product.



**Grocery Store Samples:** By using targeted analytics through our main distributors we will identify the highest traffic hours within the busiest stores that carry our products. In-store sampling events will be scheduled during these times and include coupon giveaways.

**Grocery Store Coupons:** We will coordinate promotional campaigns with grocery retailers to include discounts through print and digital coupons, as well as, in-store promotions such as BOGO deals. Coupons will be distributed through targeted email campaigns as well as through the grocer's app.

**NIL Endorsements:** Name, Image, and Likeness (NIL) has taken the college sports world by storm recently. As college athletes such as Livvy Dunne, Angel Reese, Arch Manning, and many more continue to gain millions of followers monthly, HonestC plans to utilize the promotional value and influence of college athletes to help extend our reach in the market of young professionals and parents. Selected athletes will promote HonestC through social media posts, event appearances, and merchandise to be worn after games and in select interviews.



**Giving Back:** HonestC is all about taking care of yourself and your family through healthy nutrition and exercise. We love our athletes and the busy lifestyle that comes with being an active individual. HonestC is a proud sponsor of Athletes for CARE. Athletes for CARE is a nonprofit organization that advocates for the health, safety, and well-being of more than 2 billion athletes<sup>11</sup>. Discover how Honest C goes the extra mile to keep our athletes smiling.



# FINANCIALS

Income Statement	Year 1	Year 2	Year 3
3 oz. 6 packs sold	8,300	18,000	39,000
3 oz. 12 packs sold	4,000	9,000	20,000
6 oz. 4 packs sold	18,500	161,000	352,000
<b>Revenue</b>	<b>\$216,647</b>	<b>\$1,317,111</b>	<b>\$2,875,007</b>
Cost of Goods Sold	\$86,659	\$526,844	\$1,150,003
<b>Gross Margin</b>	<b>\$129,988</b>	<b>\$790,266</b>	<b>\$1,725,004</b>
Marketing Expenses	\$232,700	\$386,200	\$867,900
Warehousing/Transportation	\$4,3323	\$26,342	\$57,500
Total Expenses	\$237,033	\$412,542	\$925,400
<b>Profit</b>	<b>-\$107,045</b>	<b>\$377,724</b>	<b>\$799,604</b>
Profit Margin	-49%	28%	29%
<b>Return on Marketing Expenses</b>	<b>-46%</b>	<b>98%</b>	<b>92%</b>

Marketing Budget	Year 1	Year 2	Year 3
Website	\$15,000	\$30,000	\$60,000
Social Media Ads	\$45,000	\$102,000	\$204,000
Social Media Influencers	\$22,000	\$38,000	\$126,500
NIL Deals	\$50,000	\$75,000	\$100,000
Grocery Store Sampling Events	\$10,000	\$16,000	\$40,000
Trade Show Booths	\$1,500	\$1,700	\$2,400
Coupons	\$4,000	\$9,000	\$37,000
Marketing Personnel	\$80,000	\$102,000	\$280,000
Philanthropy	\$5,200	\$12,500	\$18,000
<b>Total Marketing Expenses</b>	<b>\$232,700</b>	<b>\$386,200</b>	<b>\$867,900</b>

## MONITORING AND MEASURING

### Objectives:

### Measurements

### If Exceeded

### If Failed

Reach a sales volume of 400,000 units	Sales volume and revenue	Increase production to meet growing demand	Reevaluate target markets and product positioning
Achieve a 1.5% market share across the southeastern U.S.	Company and market sales volume	Explore expanding geographical footprint	Re-examine positioning within target markets and analyze scale of production
Meet or exceed 10% operating margin	Operating expenses and profit margin	Increase patronage to producers and invest in product development	Examine production processes for efficiency gains and revisit promotional strategies to drive sales revenue
Achieve >5% brand awareness	Social media and website analytics, survey data, and product reviews	Expand on established campaigns and marketing avenues	Assess product positioning and promotional strategy

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**HONESTC**  
COTTAGE CHEESE

Product of



THREE RIVERS