



Pet Power

Business Strategy

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Executive summary

Pet Power, an esteemed premium dog food manufacturer and retailer headquartered in Calgary, Canada, faces the imperative need for strategic rejuvenation amid a recent revenue decline. This report articulates a strategic pathway, rooted in comprehensive industry analysis and internal evaluation, to redress the revenue downturn and propel Pet Power towards its predefined business objectives. Key among these objectives are a 6% annual revenue growth over the next two years, an elevation of gross margin from 33.5% to 36%, and a 10% yearly surge in the online e-commerce business over the subsequent three years.

The report navigates through crucial segments, including an industry overview, SWOT analysis, competitive review, and strategic directions. Central to the strategic discourse are the dynamic shifts in the pet food industry landscape, emphasizing emergent trends such as pet humanization, technological integration, sustainability, and diversification in dietary preferences. In parallel, a diligent SWOT analysis delineates Pet Power's internal capabilities and external challenges, culminating in strategic insights conducive to navigating the competitive milieu.

Amidst stalwart competitors like PetSmart, Nestle, and Royal Canin, Pet Power needs to augment revenues and its online presence. The proposed strategies entail comprehensive branding and customer engagement initiatives, market expansion endeavours, and a pivot towards e-commerce distribution. Each option is scrutinized against its pros and cons, ultimately paving the way for a recommendation that aligns with Pet Power's objectives, leveraging its existing strengths while mitigating potential risks.

Financial projections underscore the feasibility of the proposed strategies, foreseeing a trajectory that converges with Pet Power's predefined business goals. Revenue growth aspirations dovetail with a calibrated price increase strategy underpinned by market research indicating consumer willingness to pay for quality pet food. Moreover, meticulous implementation plans and risk mitigation strategies are delineated, ensuring a seamless transition toward strategic execution.

To move forward with the proposed initiatives, Pet Power needs executive approval on a price increase, adopting a strategic marketing plan, and hiring additional customer service representatives. In conclusion, the recommended strategy resonates with Pet Power's ethos, leveraging its core competencies while aligning with evolving market dynamics. It embarks Pet Power on a trajectory of sustainable growth, fortified brand resilience, and enduring market leadership.

Introduction

Pet Power is an established, Calgary-based premium dog food manufacturer and retailer. After many years of success and growth, it has experienced a decline in revenue. Pet Power needs a new business strategy to address this challenge and achieve established business goals.

Business goals

1. Grow revenues by 6% annually over the next two years
2. Increase gross margin from 33.5% to 36% over the next two years
3. Increase the online e-commerce business by 10% annually over the next three years.

The report presents findings from analyses on:

- The industry overview
- Pet Power's Strengths, Weaknesses, Opportunities and Threats (SWOT)
- Competitors
- Target market
- Financial forecasts

With those findings in mind, the report describes three business strategy options and offers a final recommendation.

Industry overview

This summary will cover the top emerging trends and Pet Power's competitors.

Top emerging trends within the industry

Pet ownership is a booming industry. Note the following four emerging trends and their impact on the marketplace.

1. Increase of Pet Humanization

As pet owners increasingly humanize their pets, they seek premium quality food that mirrors human-grade standard ingredients, nutrition and packaging.

Companies that adapt by offering ethically sourced, high-quality ingredients and eco-friendly packaging can capitalize on this trend. Failure to do so may result in losing market share to competitors that meet these evolving consumer demands. Pet Power is already in an advantageous position here. However, they may need to scale up production.

2. Future Technologies for Pets

With technological advancements allowing for closer interactions with pets and a better understanding of their nutritional needs, consumers may seek pet foods incorporating these innovations.

Companies that innovate by integrating technology-driven nutrient formulations or interactive feeding solutions may gain a competitive edge. Offering tech-enhanced products can appeal to tech-savvy consumers and set a brand apart in a crowded market. Pet Power could consider adding new ingredients (which could impact cost) or working with a pet technology product for cross-promotion.

3. Sustainable and Traceable Ingredients

The growing emphasis on sustainability and traceability means consumers are more conscious about the environmental and ethical impact of their purchasing decisions.

Companies prioritizing sustainable sourcing and providing transparent information about ingredient origins can build consumer trust and loyalty. Those failing to address these concerns may face scrutiny and potential backlash,

affecting their brand reputation and sales. Pet Power may need to look at promoting sustainable ingredients on its packaging.

4. Alternative Protein Sources

With increasing interest in alternative protein sources, including plant-based and Halal options, pet owners are exploring diverse dietary options for their pets.

Companies that offer a variety of protein sources to cater to these preferences can expand their customer base and meet the needs of a more diverse market. Adapting to these dietary trends can be crucial for maintaining competitiveness, while neglecting them may result in missed opportunities and reduced market share. Pet Power uses local farmers as suppliers but may need to look for a supply of plant protein or Halal meats.

Key takeaway for the industry overview

Adapting to emerging trends in the pet ownership industry is essential for the viability and success of a company in the premium pet food sector. Companies that proactively address consumer preferences for humanized, technologically advanced, sustainable, and diverse dietary options will likely thrive, while those that fail to evolve may struggle to remain relevant and competitive.

SWOT Analysis

Strengths	<p>Shared Vision: Both Addie and Zane Musa, VP of Sales and Marketing, are aligned in their vision for sustainable growth.</p> <p>Product Quality: High-quality, self-manufactured products with fresh ingredients sourced locally. Science-based recipes.</p> <p>Brand Perception: Strong brand perception and high loyalty among existing customers.</p> <p>Online Presence: Strong online presence and endorsements from top blogger sites.</p>	Opportunities	<p>Market Growth: Projected CAGR of 4.3% in Canada's pet food market.</p> <p>Consumer Trends: Increasing number of pets, rising disposable income, and a shift towards premium and sustainable products.</p> <p>Technological Advancements: Future technologies offer opportunities to innovate and enhance product offerings.</p>
Weaknesses	<p>Declining Profits: Profits have been on a decline over the past three years.</p> <p>Internal Conflicts: Interference from Anozie and disagreements between Addie and Zane.</p> <p>Operational Challenges: Short product runs, outdated packaging, and inadequate staffing.</p>	Threats	<p>Competition: Major competitors with larger budgets and presence, such as PetSmart.</p> <p>Costs: Increasing costs of ingredients, distribution costs, and shipping costs.</p> <p>Market Challenges: Risks of being delisted from traditional distribution outlets, reluctance from retailers to onboard new suppliers, and consolidation among distribution partners.</p>

Key takeaways of the SWOT analysis

Currently, the strengths are not enough. Pet Power needs to pick a strategy and address its internal challenges to capitalize on its external strengths and face the external threats.

Pet Power's deficiencies are correctable. The company needs to address some weaknesses soon so that they don't hold the company back.

Fortunately, the market is open to premium pet products and poised to grow. As a premium pet food company, Pet Power can benefit from the market's position and play up their product's quality as a strength.

The company does not have the size to be a significant player in the market at this time. But there are other attractive opportunities they can successfully pursue that could position them better.

Competitive Review

Pet Power's top 3 competitors are PetSmart, Nestle and Royal Canin (Mars).

PetSmart

Why is it a competitor?

- It's one of the biggest retail chains operating in Canada and the United States – Pet Power competes with them for pet enthusiast customers.
- Has the experience and infrastructure to be a top performer
- Invests heavily in helping its sales associates build customer relationships – Pet Power does not have the staff numbers to compete at the same level.

Royal Canin (Mars)

Why is it a competitor?

- 22.53 % market share
- Mars, Incorporated is the market leader due to its many product innovations and recent acquisition strategy, where it acquired Champion Petfoods¹.
- Mars Petcare is the world's leading pet food company. Its nearly 50 pet food brands include five, billion-dollar brands. They can mass produce high-quality pet food to compete with Pet Power.
- Mars Petcare also owns the BluePearl chain of emergency and specialty veterinary care clinics and VCA animal hospitals. Pet Power doesn't have this level of partnership.
- In 2022, Mars Petcare products held a 17% market share in the U.S. market, according to retail sales data from Nielsen. Pet Power would have to compete with this market share in the American market.

Nestle

Why is it a competitor?

- Has been posting robust revenue growth in the last few years: Total sales for Purina in 2023 came to USD 21.41 billion, up 4.2% from USD 20.5 billion in 2022².
- Invests in innovation and sustainability: Unleashed by Purina Accelerator Lab, a program supporting disruptive, early-stage brands in the pet care space. Participating entrepreneurs offer solutions ranging from at-home diagnostics to environmentally friendly pet food proteins.³

The Canada Pet Food Market is moderately consolidated, with the top five companies occupying 55.89%.⁴

¹ <https://www.mordorintelligence.com/industry-reports/canada-pet-food-market>

² <https://www.petfoodprocessing.net/articles/17911-purina-leads-the-pack-for-nestle-in-2023>

³ <https://www.petfoodprocessing.net/articles/18078-arbiom-selected-for-unleashed-by-purina-accelerator-program>

⁴ <https://www.mordorintelligence.com/industry-reports/canada-pet-food-market>

For a complete competitor overview, see the table in **Appendix A**.

Strategic Direction

Pet Power wants to improve revenues and online presence over the next two years.

To achieve revenue growth of 6% over two years, Pet Power will need to expand in some manner – promotion, distribution or placement.

Options for Success

Pet Power has rising costs that impact its bottom line. Any direction should include a price adjustment to compensate for those costs. The direction they take would inform what level of price increase they would need to apply.

In combination with a price increase, Pet Power can consider three strategic options to achieve its objectives.

1. Branding and Customer Engagement Strategy

- ★ Update packaging to reflect a modern, sustainable image to appeal to the 75% of consumers who prefer sustainable packaging.
- ★ Launch loyalty programs and targeted marketing campaigns to engage existing customers and attract new ones, leveraging endorsements from top bloggers and influencers.
- ★ Establish a blog to position themselves as thought leaders in Canadian pet nutrition
- ★ Engage in public relations and sponsorship activities to reinforce brand values

2. Market Expansion

- ★ Explore opportunities to expand into more locations in Canada and international markets, starting with the United States and Russia, where there is a substantial pet food export market.
- ★ Establish a new manufacturing plant to support expansion
- ★ Hire an operations team to support new facility and market

3. E-commerce distribution

- ★ Leave the retail store space and move to a direct-to-consumer model
- ★ Focus on the online shopping experience, leveraging technology to improve website functionality, user experience, and customer engagement.
- ★ Invest heavily in an independent distribution method

Weighing the options out

Branding and Customer Engagement Strategy	
Pros	Cons
<ul style="list-style-type: none">✓ Low relative capital investment costs✓ Already have influencers to approach✓ Data backs up the strength of moving to sustainable packaging✓ Sustainable packaging is on-brand for Pet Power already✓ Personalized Customer Interactions:<ul style="list-style-type: none">○ Leveraging customer data and insights can enable Pet Power to personalize interactions and communications, enhancing the customer experience and satisfaction.✓ Feedback and Improvement:✓ Engaging with customers allows Pet Power to gather valuable feedback and insights, and improve products, services, and overall customer satisfaction.✓ This option is the most flexible and scalable.	<ul style="list-style-type: none">✗ Sustainable packaging may come with higher costs✗ A change in imagery could confuse current customers. They may not spot the product on the shelf✗ Overwhelmed Customer Support:✗ Successful customer engagement strategies can increase customer inquiries and support requests, potentially overwhelming Pet Power's customer support team and affecting service quality.✗ A loyalty program would need to focus on attracting new customers. Current customers are already loyal. They may be disappointed not to get the same deal new customers get

Market Expansion: placement and distribution strategy

Pros	Cons
<ul style="list-style-type: none">✓ There is demand both in Canada and internationally that Pet Power has not yet tapped✓ Access to New Customer Segments:✓ Entering new markets gives Pet Power access to new customer segments, allowing the company to tap into consumer preferences and behaviours, which can inform product development and marketing strategies.✓ International expansion can enhance Pet Power's brand exposure and recognition on a global scale, positioning the company as a reputable player in the pet food industry.✓ Expanding into international markets allows Pet Power to diversify its revenue streams, reducing reliance on the domestic market and potentially increasing overall profitability.	<ul style="list-style-type: none">✗ Expanding into international markets can involve significant upfront costs related to market research, regulatory compliance, marketing, and distribution, which may strain the company's financial resources.✗ Managing operations in multiple markets can increase complexity in supply chain management, logistics, and customer service, requiring Pet Power to invest in additional resources and infrastructure to ensure smooth operations and customer satisfaction across different regions✗ Countries have varying cultural norms, dietary trends, and regulatory requirements, which can challenge product adaptation, marketing strategies, and compliance with local laws and standards.✗ Requires considerable capital investment that would be difficult to scale back if needed.

E-commerce: placement and distribution strategy	
Pros	Cons
<ul style="list-style-type: none"> ✓ Increased Reach and Accessibility: ✓ Enhancing the E-commerce platform can expand Pet Power's reach to a broader audience, allowing customers from different locations to purchase products conveniently online, thereby increasing sales opportunities. ✓ Personalized Customer Experience: ✓ Leveraging technology and data analytics in the E-commerce platform can enable Pet Power to provide personalized shopping experiences, recommending products based on customer preferences and purchase history, which can enhance customer satisfaction and loyalty. ✓ Cost-Efficient Operations: ✓ Pet Power can reduce the expense of listing its products with other retailers. 	<ul style="list-style-type: none"> × Security Risks: <ul style="list-style-type: none"> ○ Enhancing E-commerce capabilities can expose Pet Power to cybersecurity risks, including data breaches and fraud, damaging the company's reputation and resulting in financial losses. × Dependency on Technology: <ul style="list-style-type: none"> ○ Reliance on E-commerce platforms and technology can make Pet Power vulnerable to technical glitches, system failures, and downtime, affecting the customer shopping experience and potentially leading to lost sales. × Increased Competition: <ul style="list-style-type: none"> ○ The E-commerce space is highly competitive, with many players offering comparable products and services. Enhancing E-commerce capabilities may intensify competition, requiring Pet Power to differentiate its offerings and invest in marketing efforts to attract and retain customers online. Pet Power may also upset its current retail partners and need to drop them as a distribution channel. × Limited flexibility <ul style="list-style-type: none"> ○ This option can be scaled up or back if needed, but comes with sunk costs in technology

Recommendation

To put Pet Power in a position to achieve its business goals with minimal risk and optimal scalability, it should focus on fresh and innovative marketing and branding efforts.

Rationale

This option aligns with Pet Power's business goals and objectives to grow revenue, increase market share, and drive traffic to its website.

Pet Power is a proven product, and market research shows that demand will continue to grow. Pet Power already has a loyal customer base and some influencer fans it can use to help bring in new customers.

This strategy allows Pet Power to focus on its strengths rather than wade into unknown, competitive territory. A market expansion could get expensive. Pet Power would need to add new teams to accommodate. Moving to a full e-commerce business model also demands investment in highly-skilled staff, and it would move Pet Power away from its original vision and values.

Updating its online presence with content marketing and aligned social media will make its online store a hotspot for sales conversions.

This strategy would be the simplest to implement of the three options with the fewest barriers. It would also take the lowest price increase because it requires a smaller capital investment. The strategy aligns with Pet Power's current vision and values while capitalizing on the qualities of its product that make it unique.

Risk mitigation and addressing potential roadblocks to success

Pet Power will need to dedicate resources to understanding customer behaviour. The new marketing efforts will not yield the desired return on investment without research and data.

As noted, the proposed strategy comes with some risks. To mitigate the drawbacks identified, Pet Power can take the following steps:

Sustainable Packaging Cost Mitigation:

- Explore partnerships with packaging suppliers to negotiate bulk discounts or explore alternative eco-friendly, cost-effective, eco-friendly materials.
- Implement efficient packaging design to minimize material usage and optimize production costs.
- Transparently communicate the value of sustainable packaging and its positive impact on the environment to justify a price increase.

Minimizing Customer Confusion due to Imagery Changes:

- Conduct thorough market research and customer surveys to understand preferences and expectations regarding product packaging and imagery.
- Gradually introduce changes to packaging and imagery, providing clear communication and visual cues to help customers identify Pet Power products on shelves.
- Use promotions during the transition period to encourage customers to try the updated packaging and reinforce brand recognition through consistent messaging across marketing channels.

Managing Increased Customer Support Demands:

- Invest in advanced customer support tools and technologies like chatbots, AI-powered ticketing systems, and self-service portals to streamline customer inquiries and support processes.
- Add customer support roles
- Provide comprehensive training to the sales team to equip them with the necessary skills and knowledge to handle increased volumes of inquiries efficiently and effectively.
- Implement proactive communication strategies such as FAQs, knowledge bases, and automated email responses to address common customer queries and reduce the burden on live support channels.

Balancing Loyalty Program Benefits:

- Tailor loyalty program benefits to differentiate between new and existing customers while ensuring fairness and transparency.
- Offer exclusive perks or rewards for existing customers, such as first access to new products, personalized discounts based on purchase history, or VIP experiences.
- Communicate the value proposition of the loyalty program clearly to both new and existing customers, emphasizing the long-term benefits of loyalty and engagement with the brand.

By implementing these strategies, Pet Power can effectively mitigate the drawbacks associated with its branding and marketing strategy, ensuring a smooth transition to sustainable packaging, maintaining brand consistency, managing customer support demands, and optimizing the effectiveness of its loyalty program.

Financial outlook

Pet Power isn't too far off from the business goals it's looking to achieve. With careful planning and execution, Pet Power can leverage its strong brand to support bringing in new customers while increasing the customer lifetime value of its loyal fans. This setup will drive the rise in revenue it's looking for.

To achieve its goal of growing revenue by 6% over two years, Pet Power will need to generate approximately \$24 million in revenue by the end of 2022. They can do that by acquiring new customers and increasing prices.

Financial goals and forecasts

Here is a look at how that forecasted growth will play out.

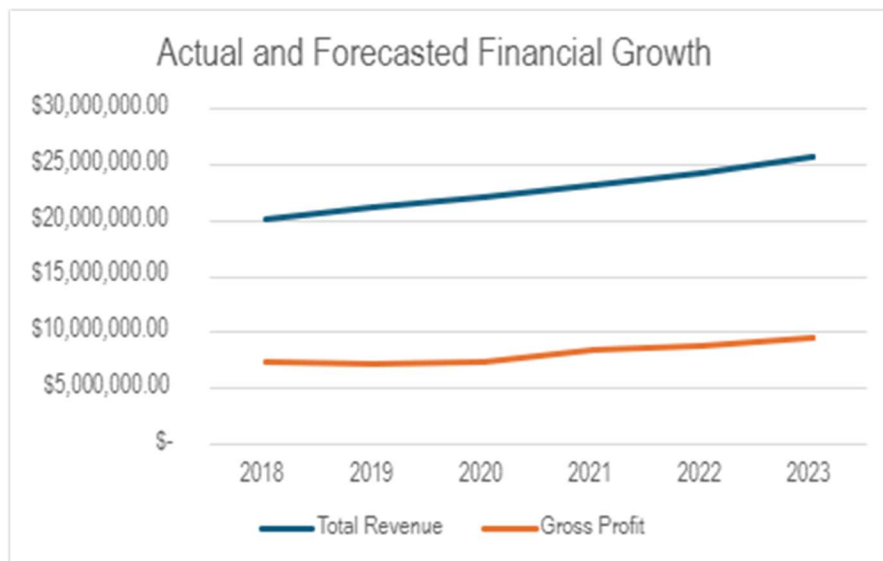
1. Revenue growth: grow our revenue by 6% over the next two years

1.1 Increase sales yearly with new customer acquisitions and a \$.10/kg price increase in 2021. According to average spending data for dog owners, each new customer will bring in approximately \$1,000.

	2020	2021	2022
Revenue	\$22,212,698.00	\$23,154,680.25	\$24,312,414.26
New customer acquisition target	--	476	600

2. Increase gross margin from 33.5% to 36% over the next two years with price increase to compensate for increasing costs. In this forecast, Pet Power can achieve that goal in only one year.

YEAR	REVENUE	GROSS PROFIT	GROSS MARGIN
2021	\$23,154,680.25	\$8,399,138.25	36.3%
2022	\$24,312,414.26	\$8,848,606.247	36.4%
2023	\$25,771,159.12	\$9,565,088.317	37.1%



See **Appendix B** for financial forecast figures.

Pet Power can afford to raise prices. Market research says pet owners are willing to pay more for quality food for their pets.

The modest increase helps to offset the number of new customers needed to meet revenue targets. Pet Power also has a loyal customer base and likely would not lose many customers due to the change.

Note on marketing budget variable

Addie requested forecasting on a \$325,000 increase to the marketing budget. According to a sensitivity analysis, this increase would increase the break-even

volume by 175,000 kilograms by 2023. If the average customer spends \$1,000 annually, Pet Power would need to bring in an additional 175 customers to cover the cost. Alternatively, the company could target 175 current customers to double their spending through the VIP program or a combination. See **Appendix C** for further details.

Implementation

Pet Power will need a comprehensive marketing plan with a three-year roadmap to support the strategy. It can support proposed tactics with a reprioritized marketing budget and the addition of two customer service representatives.

Strategies, Goals, Objectives, and Tactics

Pet Power will continue to be a premium, quality line of dog food. The marketing strategy will support Pet Power's business goals of increasing revenue, driving profit margins and improving online sales.

To get there, Product/Packaging, pricing and promotional strategies will help address the challenges of the business goals.

Promotion

Use targeted promotional campaigns across integrated marketing channels to attract and convert prospective customers to loyal followers. Target the affluent, 30-40-year-old woman. See **Appendix D** for details of target market personas.

Product

Use enhanced, sustainable packaging that appeals to customer values.

Pricing

Set and maintain at a level reinforcing the positioning of a premium product.

Tactics will include digital marketing (e.g., social media, email, content marketing, SEO, PPC), events, public relations and customer loyalty incentives.

1. Increase revenue by 6% over the next 2 years

1.1. Increase new customer acquisitions by 1,000 through integrated marketing tactics over the next 2 years

1.2. Increase customer lifetime value by 1.5% over 2 years by introducing a new customer loyalty program.

1.3. Boost brand awareness by 25% within the next 6 months through integrated marketing campaigns, packaging redesign, strategic partnerships, and increased presence on key social media platforms.

2. Increase profit margin to 36% over the next 2 years

2.1. Implement a strategic price increase of \$0.10 per unit within the next quarter to optimize profit margins while effectively communicating the value proposition to customers to minimize resistance and maintain loyalty

3. Increase the online e-commerce business by 10% per year over the next three years

3.1. Drive a 20% increase in website traffic through targeted digital marketing campaigns over the next year

3.2. Generate 15% more qualified leads through SEO optimization and content marketing strategies over the next year.

3.3. Boost repeat purchase frequency by 15% over the next 6 months through targeted email marketing campaigns and personalized recommendations.

Supporting objectives, tactics and KPIs

Goal	Supporting objectives	Supporting tactics
Increase revenue by 6% over the next 2 years	Increase new customer acquisitions by 1,000 through integrated marketing tactics over the next 2 years	<p><i>Promotional strategy</i> Sponsorship of a pet wellness day at select veterinarian offices and Photos with Santa event KPIs: Event Attendance, Brand Engagement (interactions, inquiries, or engagements during the event), Lead Generation, and Brand Awareness following the event.</p> <p>Encourage satisfied customers to leave positive reviews and testimonials on the website, social media profiles, and third-party review sites KPIs: Number of Reviews/Testimonials, Review Rating average, Review Velocity, Customer Engagement markers</p> <p><i>Product strategy</i> Create valuable and shareable content that attracts backlinks from reputable pet-related websites and blogs. KPIs: Number of Backlinks, Domain Authority (DA) and Page Authority (PA), Traffic from Referring Sites, and Content Engagement Metrics.</p>
	Increase customer lifetime value by 1.5% over 2 years by introducing a new customer loyalty program.	<p><i>Product and Promotion strategy</i> Create a VIP tier with enhanced benefits for top-spending and most loyal customers to incentivize higher spending and long-term loyalty KPIs: VIP Enrollment Rate, VIP Retention Rate, VIP Spending Increase compared to non-VIP members, Customer Lifetime Value (CLV) for VIP Members</p> <p>Use automation tools to send timely and relevant communications to keep members engaged and informed about their rewards and benefits. KPIs: Email Open Rate, Click-Through Rate (CTR), Conversion Rate, Customer Engagement Metrics</p>
	Boost brand awareness by 25% within the next 6 months and maintain good standing through integrated marketing campaigns, packaging redesign, strategic partnerships, and increased presence on key social media platforms.	<p><i>Promotion strategy</i> Identify and collaborate with relevant influencers, bloggers, and vloggers to create authentic and engaging content that showcases products. KPIs: Influencer Engagement Rate, Content Reach, Conversion Rate, Brand Mentions and Sentiment</p> <p>Highlight Pet Power's unique story and value proposition to generate positive publicity and increase brand awareness. KPIs: Media Coverage counts, Brand Awareness Metrics, Customer Acquisition Cost (CAC)</p>

Goal	Supporting objectives	Supporting tactics
Increase profit margin to 36% over the next 2 years	Implement a strategic price increase of \$0.10 per unit in Q3 2021 to optimize profit margins while effectively communicating the value proposition to customers to minimize resistance and maintain loyalty	<p><i>Pricing and Promotion strategy</i> Ensure sales and customer service teams are well-informed and trained to communicate the price increase effectively and handle customer inquiries professionally. KPIs: Customer Satisfaction Score (CSAT), First Response Time (average time taken by the sales and customer service teams to respond to customer inquiries or concerns), Issue Resolution Rate</p> <p>Share the story behind the price adjustment, emphasizing Pet Power's commitment to quality and sustainability to garner positive publicity and support. KPIs: (Post announcement) Media Coverage and Mentions, Brand Reputation and Sentiment, Customer Retention Rate Highlight the new VIP loyalty program benefits</p> <p>KPIs: Program Enrollment Rate, Program Engagement and Participation, Customer Lifetime Value (CLV) for VIP Members</p>
Increase the online e-commerce business by 10% per year over the next three years	Drive a 20% increase in website traffic through targeted digital marketing campaigns over the next year	<p><i>Promotion strategy</i> Launch targeted PPC campaigns on search engines like Google Ads and Bing Ads to drive traffic to website. KPIs: Click-Through Rate (CTR), Cost Per Click (CPC), Conversion Rate, Return on Ad Spend (ROAS):</p> <p>Use website analytics tools like Google Analytics to monitor and analyze website traffic, user behaviour, and conversion rates. KPIs: Website Traffic, User Engagement Metrics, Conversion Rate, Top Performing Pages</p> <p>Identify trends, insights, and opportunities to optimize digital marketing campaigns, content strategy, and website performance to achieve traffic goals. KPIs: Traffic Growth Rate, Lead Generation Rate, Content Engagement Metrics, Opportunity Analysis (Identifies potential areas for improvement or expansion based on data insights and trends)</p> <p><i>Placement strategy</i> Optimize website navigation, product pages, and checkout process to encourage visitors to purchase. KPIs: Cart Abandonment Rate, Average Order Value (AOV), Conversion Rate, User Experience (UX) Metrics</p>

	<p>Generate 15% more qualified leads through SEO optimization and content marketing strategies over the next year.</p>	<p><i>Product strategy</i> Incorporate interactive and multimedia elements like quizzes, calculators, videos, and infographics to enhance engagement, provide value, and encourage lead capture.</p> <p>Promote these interactive content pieces across digital channels to attract attention, drive traffic, and generate leads. KPIs: Engagement Rate, Lead Capture Rate, Content Sharing Metrics, Conversion Rate</p> <p>Conduct thorough keyword research to identify relevant, high-volume keywords that the identified target audience is searching for. KPIs: Keyword Ranking, Search Volume, Keyword Difficulty, Click-Through Rate (CTR)</p> <p>Optimize website content, meta tags, headers, and URLs with these keywords to improve search engine rankings and visibility. KPIs: Organic Traffic Growth, Page Load Time, Bounce Rate, Conversion Rate</p>

Timeline and Schedule

Tactic	Supporting objective	In-market timing
Website enhancement – SEO	Generate 15% more qualified leads through SEO optimization and content marketing strategies over the next year	Jan. 2021
Brand enhancement – Influencer campaign	Boost brand awareness by 25% within the next 6 months through integrated marketing campaigns, packaging redesign, strategic partnerships, and increased presence on key social media platforms.	Jan. - May 2021
Website enhancement – purchase journey optimization	Generate 15% more qualified leads through SEO optimization and content marketing strategies over the next year	Mar. 2021
Digital Marketing – PPC and email campaign	Drive a 20% increase in website traffic through targeted digital marketing campaigns over the next year	Mar - Apr. 2021
Website enhancement – interactive and multimedia tools	Generate 15% more qualified leads through SEO optimization and content marketing strategies over the next year	Apr. 2021
Sustainable packaging update	Boost brand awareness by 25% within the next 6 months through integrated marketing campaigns, packaging redesign, strategic partnerships, and increased presence on key social media platforms.	Jun. 2021
Launch Pet Wellness Day event	Boost brand awareness by 25% within the next 6 months and maintain good standing through integrated marketing campaigns, packaging redesign, strategic partnerships, and increased presence on key social media platforms.	Jun. 2021
Launch loyalty program	Increase customer lifetime value by 1.5% over 2 years by introducing a new customer loyalty program.	Jul. 2021

Tactic	Supporting objective	In-market timing
Launch price adjustment	Implement a strategic price increase of \$0.10 per unit in Q3 2021 to optimize profit margins while effectively communicating the value proposition to customers to minimize resistance and maintain loyalty	Aug. 2021
Launch Quality and Sustainability messaging	Implement a strategic price increase of \$0.10 per unit in Q3 2021 to optimize profit margins while effectively communicating the value proposition to customers to minimize resistance and maintain loyalty	Aug - Sept. 2021
Digital Marketing – PPC and email campaign	Drive a 20% increase in website traffic through targeted digital marketing campaigns over the next year	Oct. - Nov. 2021
Launch in-store Pet photos with Santa event	Boost brand awareness by 25% within the next 6 months and maintain good standing through integrated marketing campaigns, packaging redesign, strategic partnerships, and increased presence on key social media platforms.	Nov. - Dec. 2021

Financing the plan

As marketing efforts yield results and contribute to revenue growth, Pet Power should gradually increase its marketing budget to capitalize on further expansion and market penetration opportunities.

Pet Power should also focus on these strategies to keep marketing costs in check:

Allocate Budget According to Priorities: Prioritize marketing initiatives directly tied to revenue generation and aligning with strategic objectives. Allocate a significant portion of the marketing budget to channels and tactics with a higher potential for driving sales and ROI.

Focus on Cost-Efficiency: Look for cost-effective marketing strategies and channels that offer a good return on investment. Consider leveraging digital marketing channels such as social media, email marketing, and content marketing, often costing less than traditional advertising.

Track and Measure Results: Implement tracking mechanisms to monitor the performance of the marketing initiatives and measure their impact on revenue generation. Use key performance indicators (KPIs) such as customer acquisition cost (CAC), return on investment (ROI), and marketing-attributed revenue to evaluate the effectiveness of the marketing spend.

Budget Allocation

<i>Tactic</i>	<i>2021 spend*</i>	<i>2021-2023 spend</i>
<i>Listing dollars, digital ads (online media) and co-op advertising</i>	\$250,000	\$210,000
<i>Brand story, influencers and publicity</i>	\$62,500	\$62,500
<i>Website enhancements</i>	\$250,000	\$110,000
<i>Loyalty program</i>	\$62,500	\$62,500
<i>Marketing Salaries</i>	\$325,000	\$325,000
<i>Sales Salaries</i>	\$175,000	\$175,000
<i>Total</i>	\$1,250,000	\$1,050,000

*Includes \$325,000 added marketing spend requested by Addie.

Operational changes

Operationally, Pet Power will need to invest in:

- A Customer Relationship Management tool to help them mine data on their customers and gain valuable insights
- A lead-generating and customer loyalty strategy
- A customer service team (two representatives)

For approval

The strategy detailed in this plan sets out to put Pet Power back onto a growth trajectory. Financial forecasts show that Pet Power can support the proposed initiative. The recommended risk mitigation strategies will help ensure the plan achieves the desired outcomes.

To move forward, the executive team needs to approve:

- Implementing a price increase of \$.10 per kg
- Adopting a new marketing plan that focuses on customer engagement and acquisitions
- Approving the hiring of two customer service representatives

Conclusion

Pet Power stands at a critical juncture where strategic decisions will shape its trajectory for the coming years. After comprehensive analysis and careful consideration of industry trends, competitive landscape, internal strengths, weaknesses, opportunities, and threats, we have formulated a strategic direction that aligns with our business goals and values.

This recommendation focuses on leveraging Pet Power's product quality, brand perception, and customer loyalty while capitalizing on emerging market trends, particularly in branding and customer engagement. By refreshing the Pet Power branding and customer engagement strategies, it aims to resonate with

evolving consumer preferences for sustainable, ethically sourced products and personalized shopping experiences.

This approach offers several advantages. It allows Pet Power to scale up revenue growth in a controlled manner while minimizing risks associated with market expansion or drastic operational changes. Moreover, it capitalizes on our existing resources and infrastructure, enabling swift and efficient implementation.

By prioritizing branding and customer engagement, Pet Power enhances its competitive position and mitigates potential threats such as increasing competition, rising costs, and distribution challenges. The focus on innovation, sustainability, and customer-centricity will drive revenue growth and strengthen Pet Power's brand resilience and market leadership in the long term.

In summary, the recommended strategy offers a balanced approach that leverages the company's strengths, addresses important challenges, and capitalizes on emerging opportunities. With a clear roadmap, Pet Power can achieve its business objectives and drive sustainable growth and profitability in the years to come.

Appendix A Competitor overview

	PetSmart	Mars/Royal Canin	Nestle
<i>Product</i>	Food, treats, supplies and services launched and advertised 6 new products in the past twelve months	Veterinarians often recommend Royal Canin dog food for dogs with health conditions. Its line of foods specifically addresses a wide variety of unique healthcare needs that other dog foods don't. It also offers carefully balanced health formulas for each dog breed.	Dry and wet dog food, dog treats Life stage products Therapeutic diets Order online, ship to home
<i>Price</i>	Positions themselves as selling at “everyday low prices.”	Generally, more expensive compared to Purina	Offers a range of products across different price points, including budget-friendly and premium options.
<i>Placement</i>	Online and big box retailer	Online and Pet retailers	Online and Pet retailers
<i>Promotion</i>	Social channels, newsletter Spent over \$100 million on digital, print, and national TV advertising in the last year. They invested in premium ad units and advertised on 250+ different Media Properties in the last year. PetSmart. ⁵ advertised on 250+ different Media Properties in the last year. PetSmart. ⁶	Social channels In-store communications, social media, pet retailer-specific campaigns and trade advertising. Spent under \$100 million on advertising in digital, print, and national TV in the last year. They invested in premium ad units and advertised on 100+ ^{7,8}	Social channels, newsletter, blog, website In-store communications, pet retailer-specific campaigns and trade advertising spent \$100 million+ on paid advertising in 2019 ⁹ They invested in premium ad units and advertised on over 250 different Media Properties in the last year across multiple Media formats. Nestle Purina PetCare launched and advertised 18 new products in the past twelve months. ¹⁰ advertised on over 250 different Media

⁵ <https://advertisers.mediadar.com/petsmart-advertising-profile>

⁸ <https://advertisers.mediadar.com/royal-canin-dog-food-advertising-profile>

⁹ <https://markitors.com/pet-industry-marketing-statistics/>

¹⁰ <https://advertisers.mediadar.com/nestle-purina-petcare-advertising-profile>

Properties in the last year across multiple Media formats. Nestle Purina PetCare launched and advertised 18 new products in the past twelve months.¹¹

	PetSmart	Mars/Royal Canin	Nestle
Culture	We do anything for pets is their motto	We focus our attention on the unique needs of cats and dogs. That obsession with detail is what makes it possible for us to deliver precise, effective nutrition, the world's most precise pet health nutrition our nutritional approach based on nutrients enables us to consider the environmental and social impact of every single recipe we develop	Aim to drive pet nutrition forward and conduct industry-leading research on the well-being of pets
Strengths	The largest omnichannel pet retailer in North America, variety of products, scale	Vet-endorsed, global presence, high-quality ingredients, distribution channel, scale, resources to focus on innovation	Distribution channel, scale, and resources to focus on innovation
Weaknesses	Does not cater to premium products	High price point, lack of grain-free options	Recipes contain plant ingredients like corn gluten or soybean to boost their protein content

Appendix B 2021 Forecasted Financials

Balance Sheet

ASSETS		LIABILITIES	
Current assets:		Current liabilities:	
Cash	\$8,818,222	Accounts payable	\$450,000
Accounts receivable	\$1,250,000	Notes payable	\$2,000,000
Inventory	\$757,500	Shareholders' equity	\$6,368,222
Prepaid expense	\$95,000	Total liabilities:	\$2,450,000
Total assets:	\$8,818,222		

Forecasted Revenue and profit margins

	Actual figures			Forecasted figures		
	2018	2019	2020	2021	2022	2023
Gross Revenue	\$22,212,698	\$21,206,344	\$22,212,698	\$23,154,680	\$24,312,414	\$25,771,159
Total units sold	9,821,765	9,723,456	9,528,675	9,528,675	10,005,109	10,605,415
Revenue per unit	\$2.26	\$2.18	\$2.33	\$2.43	\$2.43	2.43
Gross Profit	\$7,449,884	\$7,250,202	\$7,457,156	\$8,399,138	\$8,848,606	\$9,565,088
Margin	33.54%	34.19%	33.57%	36.3%	36.4%	37.1%

Appendix C Break even analysis with 2 marketing budget options

	2021	2022	2023
Scenario A Break-even volume (kgs)	3,278,090.19	3,322,517.25	3,337,211.19
Break-even dollar sales	\$7,965,759.17	8,073,716.92	8,109,423.20
<hr/>			
Scenario B			
(Additional \$325,000 in marketing spend)			
Break-even volume (kgs)	3,297,148.86	3,341,834.21	3,356,613.58
Scenario B	\$8,012,071.72	8,120,657.13	8,156,571.01
Break-even dollar sales			

Appendix D *Top three customer personas*

	AMY	CHANTAL	LEXI
Demographics	35-year-old woman Married with 2 children University-educated upper manager Household income: \$184,211 Owns single-detached home with spouse	40-year-old woman, married with 3 children University educated entrepreneur Household income: \$155,000 Owns single-detached home with spouse	32-year-old woman Single, no kids University-educated, senior professional specialist Household income: \$140,000 Owns townhome
Psychographics	Prioritizes career and family, sports entertainment, green living, high-quality restaurants, orders online from the U.S. High performer Status seeker Pet has a high place in the family hierarchy but is a reflection of her status	Has time for leisure pursuits that are family-oriented Dines at High-quality restaurants Takes family vacations to resorts annually Values pet for its loyalty and companionship	Dog(s) are her kids and adventure partner Environmentally conscious Health-conscious Sporty and adventurous Traveller She takes care of her dog's nutrition like she does her own
Transactional	Does not appreciate Walmart or other discount stores, pays more for products that are different from the rest. Takes advice from a vet and has strong relationship with them Uses dog groomer and doggy daycare regularly Desires high quality, premium products Needs pet food that is high-status but either easy to obtain (delivery) or from a high-status store.	Uses doggy daycare semi-monthly Takes advice from a vet about nutrition but also does her own research	Looks for endorsements from social influencers Does not consult a vet on nutrition advice unless her dog has a health issue Uses dog groomer regularly but rarely uses doggy daycare
Where are they located?	Suburbs of major Canadian cities	Outer-ring suburbs of major Canadian cities	Urban neighbourhoods of major Canadian cities
Why would this person buy your product or service	Wants only the best for her pet and wants people to know it.	Appreciates sustainable, Canadian-made products	Invests in pet nutrition so she can enjoy a long and healthy life with her dog