



VITAGOLD

Presented by
Kansas State University

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Introduction

“If the bee disappears from the surface of the earth, man would have no more than four years to live.”

—Albert Einstein

Bees are dying in the United States at an unprecedented rate of about 32 percent per year since 2006, having a devastating impact on American agriculture. Colony Collapse Disorder (CCD) is causing the year-round, rapid disappearance of bees from a hive. As reported in the New York Times in October 2010, a team of army scientists and University of Montana researchers discovered the presence of CCD in colonies as a result of a one-two punch featuring a virus and the disease nosema.¹ Separately, these pathogens are not devastating, but together they are 100 percent lethal. Forty percent of our food supply will vanish without bees to pollinate crops.

On behalf of MediBee, we are introducing VitaGold as the solution to the CCD problem. As the newest product

¹ Johnson, Kirk. (2010). Scientists and soliders solve a bee mystery. New York Times.



Raspberries, after passive self-pollination (left and middle) and open insect pollination (right). (Photo by Jim Cane, Bee Research Institute, Longan, USA)

in the “Healthy Hive” collection of successful beekeeping products, VitaGold prevents and treats the disease nosema. Commercial beekeepers can treat and prevent further colony destruction with a few simple applications of VitaGold each year. To protect our nation’s food supply, which is 40 percent reliant on pollination, MediBee saw the need to develop and introduce a return to healthy hives through VitaGold.

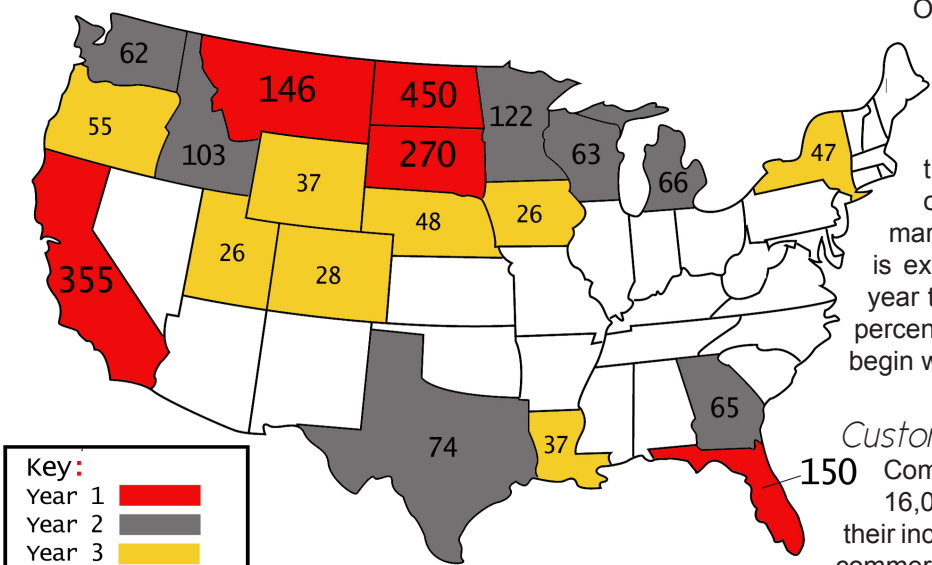
Market Analysis

Market Size:

Year 1 The five states with the largest number of honeybee colonies are North Dakota, California, South Dakota, Florida, and Montana. These states represent 56 percent of the 2.4 million honeybee colonies in the United States. In the first year, market penetration of the targeted states will be 14 percent.

Year 2 The next seven states represent 22 percent of the total honeybee producing colonies in the United States. These states include Minnesota, Idaho, Texas, Michigan, Georgia, Wisconsin, and Washington. As the product continues to become more popular and widely used, sales will continue to grow. In the second year, market penetration from year one target states is expected to increase from 14 percent to 28 percent, and the initial market penetration for year two states will be 14 percent.

Year 3 The remainder of the top 20 states represents 12 percent of the total honeybee producing colonies. This includes



Key:
 Year 1 ■
 Year 2 ■
 Year 3 ■
 #: Number of Colonies x1000

Oregon, Nebraska, New York, Louisiana, Wyoming, Colorado, Iowa, and Utah. The small, but substantial growth of these states is the final important factor to effectively reach 90 percent of the bee colonies in the United States in the first three years of product distribution. During this year, market penetration from year one target states is expected to increase from 28 to 48 percent, year two states will increase penetration from 14 percent to 28 percent, and year three states will begin with a 14 percent market penetration.

Customer Profile:
 150 Commercial beekeepers manage from 200 to 16,000 bee colonies and derive a majority of their income from beekeeping.¹ In the United States, commercial beekeepers account for five percent of

¹ The National Honey Board. (2010.). Honey Industry Facts. Retrieved from <http://www.honey.com/nhb/media/press-kit/>.

the individuals with bees but produce about 60 percent of the nation's honey crop. Most of these beekeepers produce honey for sale. Some commercial beekeepers provide a pollination service to other farmers. The monetary value of honeybee pollination is worth between \$15-\$20 billion annually. They move the bee hives in vast numbers so fruits, vegetables and nuts have enough pollinating insects available for maximum levels of production.

Need:

The past several years differ from previous situations in that colony losses are occurring mostly because bees are failing to return to the hive. This has worried many producers in the agriculture industry because this is very uncharacteristic of honeybees and colony losses are climbing to devastating percentages. Since the winter of 2006-2007 the number of managed honeybee colonies has dropped by an average of 30 percent each winter due to CCD. In the winter of 2007-2008, an estimated 35.8 percent of the managed colonies were lost.¹ When an average of 30 percent of the pollinators is lost, it makes a devastating impact on commercial beekeepers, agricultural producers and consumers.

¹ Johnson, R. Department of Agriculture. (2010). Honey Bee Colony Collapse Disorder (7-500). Washington D.C.

Competitive Analysis

The current competition in the Nosema prevention and treatment market is Vita, a product in the Healthy Hives collection. This market leading solution is under patent, which expires in 2014. Now VitaGold joins the market, providing a treatment as well as vitamins to ensure healthier honeybees. VitaGold has already passed the rigorous approval process of the FDA to become certified by the EPA and USDA, allowing the patent to be granted. MediBee is the only supplier of treatments for nosema, which are Vita and VitaGold. After 2014, the patent for Vita will expire and generic solutions may enter the market. These generics will have to be approved by the EPA and USDA.

SWOT Analysis:

<p>Strengths:</p> <ul style="list-style-type: none"> • Best treatment for nosema • Specialized in bee pharmaceuticals • Established relationship with suppliers and distributors • Reputable company name 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Small company • Premium pricing • Shelf life is one year
<p>Opportunities:</p> <ul style="list-style-type: none"> • Approved by EPA and USDA • Timing of research findings • Greater awareness of need for product • Product treats colony collapse disorder 	<p>Threats:</p> <ul style="list-style-type: none"> • Threat of new branded products • Generic products entering the market • Growing competitive disadvantage of U.S. honey producers in global market

Business Proposition

Key Planning Assumptions:

- Researchers in October 2010 discovered that a virus and nosema present in the same hive cause CCD.
- Since 2006, about 30 percent of the nation's bees have been lost annually from CCD.
- Pollination is required for 40 percent of the nation's food supply.
- Commercial beekeepers are willing to pay for a solution.
- MediBee is the leading bee supply company with the only proven effective treatments.

Marketing Objectives:

- Earn a profit of \$115,000 by the end of year one.
- Achieve a profit margin of five percent by the end of the first year.
- Generate sales of at least \$2.3 million by the end of year one.
- Achieve 85 percent customer satisfaction.

Strategy Statement:

MediBee will provide VitaGold, the most effective treatment for nosema, as a cost-effective solution for commercial beekeepers to combat the devastating effects of Colony Collapse Disorder.

Action Plan

Product:

VitaGold is a water-soluble powder that is fed to honeybees in a sugar water solution. A typical bee colony will require six feedings throughout the year: three in the spring and three in the fall. It is common for commercial beekeepers to use sugar water as a supplemental feeding for bees when nectar is not available. Thus, treating bees with VitaGold requires minimal changes to a beekeeper’s regular routine.

Price:

MediBee will offer VitaGold in three convenient package sizes to distributors: a 0.5 gram package, a 2.0 gram package, and a 9.5 gram package. This offers appropriate feeding counts for bee producers of all sizes. MediBee recommends distributors to have a 100 percent markup when selling the product to consumers.

Size	0.5 grams	2.0 grams	9.5 grams
Number of Feedings	6	24	114
Price	\$12.50	\$41.60	\$197.60
Suggested Selling Price (Distributors to Beekeepers)	\$25.00	\$83.20	\$395.20

Distribution:

VitaGold will be available for resale through two online bee supply companies: Dadant and Sons and the Walter T. Kelley Bee Company. Both companies currently sell a wide range of beekeeping supplies including MediBee products, therefore VitaGold will be the perfect addition to their range of products. Online distributors are the ideal medium to reach the target audience as the majority of beekeepers purchase their supplies online.



Promotion:

Personal Selling

MediBee will have sales representatives in the target market states as sales representatives for VitaGold. These representatives will promote, educate, and provide assistance to local beekeepers. Sales representatives will build on existing relationships with commercial beekeepers to introduce VitaGold. The responsibilities of a VitaGold representative will include beekeeper education and media outreach, interaction with state beekeeping associations and extension involvement. Educational workshops will be hosted in partnership with local extension agents to inform producers about CCD and the importance of preventative treatments.

Social Media

VitaGold will utilize Facebook, Twitter and blogs to raise product awareness and address any questions users may have. These social media outlets will provide customers with a resource for beekeeping information, news, networking, and links to VitaGold’s website. The use of those social media will aid in making VitaGold a household name, with little cost to the advertising budget.

State Beekeeping Associations

MediBee will attend association meetings in the target market states to share information about VitaGold. Advertisements will be placed in every local beekeeping association periodical for the first year.

Articles

“Bee Culture” and the “American Bee Journal” are the two leading magazines for commercial beekeepers. These magazines communicate with a vast majority of VitaGold’s market. A story published in these magazines would be perceived as a trusted source rather than advertising, resulting in positive PR with no direct cost to the advertising budget.

Website

In an effort to provide an abundance of tailored information for the new product, MediBee will have a website dedicated solely to VitaGold at a separate URL. The website will provide product description, instructions, customer testimonials and feedback, links to product distributors and other social media outlets, and customer service contact information.

Beekeeper Education and Media Outreach

MediBee will host educational seminars at the North American Beekeeping Conference & Tradeshow hosted annually in January. The American Beekeeping Federation, the American Honey Producers Association and the Canadian Honey Council will all be in attendance, making it the largest beekeeping conference in North America.¹ MediBee will have staff on site throughout the conference to raise awareness about the product, company, and the benefits of VitaGold. Display booths will be utilized to showcase the product to event attendees. VitaGold product manuals will be distributed free of charge and will include information pertinent to each booth or section of the presentation. These manuals will include information about CCD, treatment methods, product application, and VitaGold benefits. A DVD will also be included featuring an educational video about Colony Collapse Disorder and information on VitaGold as the leading solution to this problem.

¹ The 2011 north american beekeeping conference and tradeshow. (2011, January 08). Retrieved from <http://www.nabeekeepingconference.com/>

Financials

	Year 1	Year 2	Year 3
Total Revenue	\$ 2,399,250.00	\$ 5,866,000.00	\$ 10,796,750.00
Less: Discounts & Allowances	\$45,585.76	\$106,761.21	\$187,863.44
Less: Returns	\$11,396.44	\$26,690.31	\$46,965.89
Net Sales Revenues	\$2,342,267.80	\$5,732,548.48	\$10,561,920.67
Cost of Goods Sold	\$478,650.38	\$1,120,992.61	\$1,972,566.21
Gross Margin	\$1,863,617.42	\$4,611,555.88	\$8,589,354.46
Less Expenses:			
General and Administrative	\$71,977.50	\$175,980.00	\$323,902.50
Distribution	\$113,964.37	\$266,903.00	\$469,658.61
Advertising	\$44,680.03	\$104,417.73	\$183,312.62
Sales Promotions	\$342,546.92	\$800,535.95	\$1,405,396.74
Personal Relations	\$238,293.51	\$556,894.57	\$977,667.30
Personal Selling	\$863,813.98	\$2,018,742.83	\$3,544,043.96
Monitoring and Measurement	\$68,378.64	\$160,141.79	\$281,795.16
Total Expenses	\$1,743,654.95	\$4,083,615.88	\$7,185,776.90
Net Profit	\$119,962.47	\$527,940.00	\$1,403,577.56

Monitoring and Measurement

To ensure expected goals are met, MediBee will monitor success of VitaGold. MediBee will measure sales and profitability, customer satisfaction, and brand awareness. Quarterly sales goals will be set and monitored on a monthly basis by the sales manager. MediBee will collect and closely monitor sales data from our two distributors. This allows MediBee to track sales and determine the location of our consumers. The goal for customer satisfaction is 85 percent and it will be measured by surveys as well as any comments or complaints received by the distributors. Public relations staff will also closely monitor questions and comments posted on the website or Facebook to help ensure customer satisfaction. For brand awareness the set goal is 60 percent in the first year market. Sales representatives will be present at many beekeeper events to spread awareness and strongly encourage positive word-of-mouth promotion.

	Monitoring & Measurement	Contingency Actions
Sales and Profitability	<ul style="list-style-type: none"> Evaluate sales and financial reports monthly Collect and closely monitor sales data from distributors Continue to look for production, marketing, and distribution inefficiencies to decrease cost Continue to look for ways to increase profits through marketing Increase production and continue to expand geographically through the three years 	<ul style="list-style-type: none"> Correct underperforming segments Adjust marketing strategies, depending on results of distributor data Correct production, marketing or distribution inefficiencies to decrease costs Research and identify financial and sales issues before making changes Include a budget for handling customer claims if dissatisfied with the product
Customer Satisfaction	<ul style="list-style-type: none"> Measure customer feedback through surveys to ensure goal of 85 percent customer satisfaction Review customer testimonials to confirm product performance Communicate with distributors to measure product satisfaction 	<ul style="list-style-type: none"> Research and identify customer concerns to take necessary steps to improve products Handle any complaints promptly Evaluate customer interest in other package sizes
Brand Awareness	<ul style="list-style-type: none"> Measure brand awareness among commercial beekeepers through surveys to ensure the 60 percent goal in top five states Analyze customer feedback quarterly Monitor number of website visitors Measure Twitter and Facebook 	<ul style="list-style-type: none"> Encourage word-of-mouth promotion Evaluate brand awareness weaknesses in target audience Attend more trade shows and events Increasing or changing advertising strategies

Conclusion:

To protect our nation's food supply, MediBee is excited to present VitaGold as a simple, economical, and effective solution. The treatment of CCD ensures an abundant food supply and a flourishing commercial beekeeping industry. For a return to healthy hives, make the clear choice: VitaGold.