



# New Mexico State University

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## INTRODUCTION

Nestled amidst the breathtaking scenery of New Mexico's Mesilla Valley, generations of dedicated pecan growers have nurtured their orchards, producing the finest pecans, known for their rich flavor and exceptional quality. The Mesilla Valley Pecan Cooperative (MVP) proudly presents a unique smoking pellet produced from 100% locally sourced pecan wood. These carefully crafted pellets infuse your culinary masterpiece with a unique pecan flavor. Unleash your inner grill master and experience the magic of Burnt Out Pecan Pellets – elevate your outdoor cooking to a whole new level.

## MARKET ANALYSIS

The grilling industry grew 14%, reaching \$6.1 billion in sales in 2021 (Marshall, 2022). Now more than ever, consumers have a strong preference for outdoor cooking. Among Americans, 74% of adults own a grill or smoker and barbecue for a multitude of events (ReportLinker, 2023). Burnt Out Pecan Pellets is the perfect premium product to add a touch of flavorful pecan to their dishes.

### MARKET TRENDS

- 🔥 North America has the largest market share of the global grilling market with 49.7% in 2021 (Market US, 2023).
- 🔥 68% of Americans fire up their outdoor appliances spontaneously (Department, 2023).
- 🔥 Nearly 80% of Americans prefer cooking barbecue with family and friends instead of going to a restaurant (ReportLinker, 2023).
- 🔥 Online grocery sales will continue to grow with overall digital grocery sales in the U.S. estimated to reach \$55.9 billion in 2025 (Ross, 2022).
- 🔥 52% of online shoppers pay attention to labels (IFIC, 2023).
- 🔥 64% of consumers prefer social media advertising featuring influencers (Jeffries, 2024).
- 🔥 Businesses that sell directly to consumers have an expected CAGR of 8.05% (Straits, 2022).
- 🔥 Residential barbecuing is projected to have a CAGR of 5.3% attributed to new product trials (Research, 2018).
- 🔥 75% of Americans care about sustainable choices when purchasing grocery items (Stevenson, 2023).

### MARKET SIZE AND POTENTIAL

With a total of 145.9 million Americans owning a grill and/or a smoker, our primary target market is those who use pellets in their outdoor cooking appliances. This sector has a global CAGR of 5.1% between 2023-2030 and is expected to reach a value of \$958 million in 2030 (Insights, 2022). Our secondary market includes individuals who are searching for a milder smoke flavor.

### BENEFIT TO THE PRODUCER

MVP Cooperative represents pecan producers located in the Mesilla Valley of New Mexico. Established in 2002, the cooperative is comprised of 50 producers representing 3,000 acres of mature pecan trees. Burnt Out Pecan Pellets is a value-added product utilizing annual tree trimming waste. This new enterprise will eliminate both burning or shredding of these trimmings, reducing production costs, while creating a sustainable retail product.



### NEED

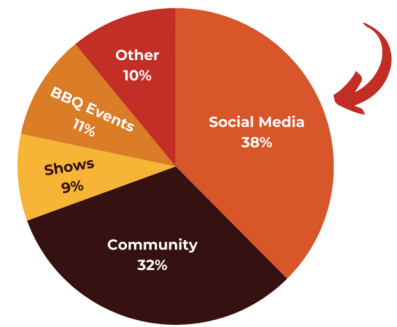
Our target market seeks to amplify the taste of its barbecuing by using a mild, yet rich flavor of pecan wood. The current flavors dominating the U.S. are hickory and mesquite, which often are considered overpowering and less versatile for different types of dishes. Currently, enthusiasts' only pecan options are blended wood pellets with fillers, adhesives, and/or binders. These consumers are constantly looking for the next barbecue trends and are willing to try new recipes and preparation methods. Burnt Out is the only 100% pecan wood pellet on the market today. Barbecue enthusiasts are also environmentally conscious, prefer American-made products, and support products direct from the farm. Burnt Out Pecan Pellets meets all these demands and more!

## SURVEY

Based on primary data collected through an online survey using Qualtrics provided direction for the marketing and promotional tools. The survey consisted of 556 respondents who utilize and are interested in smoking or grilling with wood pellets.

- 🔥 69% identified as the primary grocery shopper
- 🔥 47% responsible with preparing meals
- 🔥 59% of respondents use an electric smoker/grill weekly
- 🔥 Respondents prioritize the type of wood pellet and the price when purchasing barbecue wood pellets

Question: From where do you obtain most of your information regarding specific products for smoking meat?



**Pecan was reported as one of the top four preferred flavors!**

## TARGET MARKET

Our target market is comprised of those who use a grill or smoker regularly, which consists of roughly 79% of the U.S. population (Darnell, 2019). We have identified our secondary market as those individuals who utilize a smoker and prefer pellets as the heat source. This audience accounts for roughly 56% of the U.S. population (NCBA, 2023), resulting in a target market of roughly 145.9 million people.



## CONSUMER PROFILE

Jimmie is a 43-year-old male who lives in Austin, Texas. He grew up watching his father grill and wanted to carry on the tradition. He often hosts events and frequently tries new smoking techniques. He is always on the lookout for new barbecue products, techniques, and recipes via social media platforms.

## COMPETITIVE ANALYSIS

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- +Low input costs
- +Sustainably produced
- +100% pure pecan wood
- +No binders, additives, or fillers
- +Mild flavor and pairs well with all foods
- +Contributes to the local economy
- +Farm-to-Flame

- +Growing consumer support of sustainability
- +Niche market for pure pecan wood
- +Unique to southwest climate
- +Collaboration with barbecue enthusiasts

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- High initial equipment investment
- Saturation in pellet smoking market
- Timeline for harvesting & gathering of inputs
- Consumers unfamiliar with pecan taste profile

- Limited available trimmings
- Established popular brands
- Preferences for outdoor cooking changes
- Social media influence may change
- Changing consumer online shopping habits

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Burnt Out is highly competitive with other pellet products in the marketplace. Burnt Out is a competitively priced, 100% pure pecan wood pellet. Sourced directly from the farm, our pellets are sustainably produced with no added fillers, binders, or additives. Burnt Out offers outdoor cooking enthusiasts with an alternative option to the traditional smoking flavors.

| Competitors                | Price   | Quality              | Farm-to-Flame | Sustainable | Features                                                                                             |
|----------------------------|---------|----------------------|---------------|-------------|------------------------------------------------------------------------------------------------------|
| Burnt Out                  | \$19.99 | 100% Pure Pecan Wood | ✓             | ✓           | Premium Quality, All-Natural, Uniquely Sourced, No Added Flavorings, Binders, Fillers, or Additives. |
| Traeger Wood Pellets       | \$19.99 | Blend                | X             | X           | Premium Quality, All-Natural Hardwoods, No Binders.                                                  |
| Bear Mountain Wood Pellets | \$19.99 | Blend                | X             | X           | 100% Premium, All-Natural Hardwoods, No Binders.                                                     |
| Pit Boss Hardwood Pellets  | \$12.99 | Blend                | X             | X           | All Natural, No Additives.                                                                           |

## BUSINESS PROPOSITION

MVP is a New Mexico-based pecan farmer cooperative. Founded in 2002, the cooperative represents 3,000 acres and markets bulk pecans for its members. The addition of the pelletizer system and Burnt Out Pecan Pellet product line will utilize the trimming waste while providing additional dividends for members.

### STRATEGY STATEMENT

MVP will provide a farm-to-flame model using strictly local, 100% pure pecan wood, to manufacture our premium pellet product. We strive to implement sustainable practices that contribute to the increased returns for our cooperative members.

### GOALS AND OBJECTIVES

Burnt Out will measure its success by evaluating the overall effectiveness of the company's marketing plan. The *sales volume* goal is attainable as it represents a fraction of the 145.9 million outdoor cooking enthusiasts. *Brand awareness* will be established and grow to reflect the Year 3 goal of 1%. *Customer satisfaction* is essential with word-of-mouth being a key component to build brand awareness. Customer satisfaction goals will increase as consumers are exposed and embrace the pecan flavor profile. The final goal of *trimming waste utilization* will provide a solution to the waste problem, plus a new source of income.

**Sales Volume:** Sales will increase 5% each year: Year 1 - 146,000 units, Year 2 - 153,000 units, Year 3 - 161,000 units.

**Brand Awareness:** Year 1 and Year 2 will establish and monitor progress for brand awareness. Year 3 brand awareness will represent 1% of the target market.

**Customer Satisfaction:** We recognize that word-of-mouth is key to the success of our product. As consumers become familiar with the pecan flavor, satisfaction is expected to increase. Year 1 goal of 85% and will increase to 90% by Year 3.

**Utilization of Trimmings:** As the demand for our product grows, we will increase our trimming utilization by 5% each year and use all trimmings by Year 3.

### KEY PLANNING ASSUMPTIONS

- 🔥 Continued rapid growth of the electric grill and smoker market.
- 🔥 Increasing consumer demand for premium grilling products.
- 🔥 Strong demand for unique and flavorful grilling experience.
- 🔥 Consumers will continue to shop online.
- 🔥 Consumers will continue to use social media platforms for barbecuing information.
- 🔥 Continued maintenance trimmings of pecan orchards.

## ACTION PLAN



### Product

Burnt Out Pecan Pellets is a premium, 100% pure pecan wood pellet, packaged in a 20-pound recycled plastic bag. Crafted from local pecan wood, they offer a unique and subtly sweet flavor that elevates your outdoor cooking experience.

### Place

Burnt Out Pecan Pellets will be available for order online through MVP's burntoutpellets.com website, Amazon, and contracted social media influencers' online stores: Barbecue Bible and Grill Nation. 20% of total output will be reserved for wholesale.

### Price

Retail price of \$19.99 for a 20-pound bag of 100% pure pecan wood pellets. Wholesale bulk prices are also available.

## PHILANTHROPY

MVP will give 10 cents per bag of pellets sold to the Feeding America® organization in an effort to help end hunger. Our projected donation is targeted to be \$14,663 in Year 1, which will provide 146,627 meals to people across America (Feeding America, 2024), helping families in need one meal at a time.



## PROMOTION

To maximize the potential of this product, we created a diverse marketing mix. Our target market receives promotional materials in several ways including social media, print campaigns, and in-person barbecue events. Contracting engaging influencers, creating captivating cooking videos, and sponsoring chefs to cook at events with our pellets, are just a few ways we will promote our product to barbecue enthusiasts. Burnt Out is the first 100% pure pecan pellet creating demand through live demonstrations at events and social media platforms. The total estimate for Year 1 is \$684,549.



### Social Media Advertising

Advertisements on Facebook, YouTube, Pinterest, TikTok, and Instagram to reach our target audience, build brand awareness and increase online sales.

Budgeted \$56,600

### Social Media Influencer Marketing

Partnering with influencers who have a large audience of cooking enthusiasts on social media platforms. Discount codes will be used to track the effectiveness of the influencers.

Budgeted \$45,046

### Print Ads and Digital Publications

Featured in the Food Network Magazine. Print ads will be placed in the magazine, reaching an audience of 12.8 million readers with third-page, full-color ad placement in the June-July and August-September publications. Digital ads will be present on the Food Network website as well as the app homepage, utilizing a run-of-the-site digital campaign, advertising across the cooking network.

Budgeted \$71,740

### Amazon Advertising and Referral Fees

Products will be advertised and listed on Amazon while orders will be fulfilled by MVP Coop. Brand awareness will increase and traction will be gained by using a detailed product description, high quality images and customer reviews.

Budgeted \$82,432

### Google My Business & Ads

Online visibility will be maximized by utilizing Google Ads and creating a Google Business profile. This promotional tool along with our website will provide more accessibility to people who search online for products related to pecan pellets.

Budgeted \$26,900

| Marketing Budget Year 1                   |                   |
|-------------------------------------------|-------------------|
| <b>Social Media Advertising</b>           |                   |
| Facebook                                  | \$ 12,000         |
| Instagram                                 | \$ 10,000         |
| TikTok                                    | \$ 20,000         |
| YouTube                                   | \$ 14,000         |
| Pinterest                                 | \$ 600            |
| <b>Social Media Influencer Marketing</b>  |                   |
| Steven Raichlen & Barbecue Bible          | \$ 4,943          |
| James Brown & Grill Nation                | \$ 18,326         |
| Ronny Joseph Lvovski & Primal Gourmet     | \$ 21,777         |
| <b>Print Ads and Digital Publications</b> |                   |
| Food Network Magazine (Print & Online)    | \$ 71,740         |
| <b>Amazon Fees and Placement</b>          |                   |
| Amazon Advertising                        | \$ 53,121         |
| Amazon Referral Fees                      | \$ 29,311         |
| <b>Google My Business and Ads</b>         |                   |
| Google Ad Words                           | \$ 26,900         |
| <b>Events</b>                             |                   |
| 3 - Barbecue Cooking Events               | \$ 33,000         |
| <b>Other Marketing Expenses</b>           |                   |
| Website                                   | \$ 10,000         |
| Philanthropy - Feeding America®           | \$ 14,663         |
| Travel                                    | \$ 12,324         |
| Samples + Member Boxes                    | \$ 10,695         |
| Coupon Codes - Events & Influencers       | \$ 67,504         |
| Contractors & Service Providers           | \$ 248,645        |
| Marketing Memberships & Associations      | \$ 5,000          |
| <b>TOTAL</b>                              | <b>\$ 684,549</b> |

### Featured Barbecue Events

Burnt Out Pecan Pellets will sponsor and attend:

- 🔥 The American Royal in Kansas City, K.S.
- 🔥 The Giant Barbecue Battle in Washington, D.C.
- 🔥 The Texas Monthly Barbecue Fest in Lockhart, T.X.

We will partner with chefs to promote our pellets and sponsor VIP booths to demonstrate the mouthwatering flavor of pecan smoked items to our consumers.

Budgeted \$33,000 and Travel \$12,324



## INVESTMENT

MVP will purchase an industrial grade pelletizer and bagger to be incorporated into the cooperative's current infrastructure and storage facilities. This initial investment, installation, and training will cost \$1.5 million with annual payments and depreciation scheduled over 3 years.

## EMPLOYEES

MVP will hire a full-time marketing manager, a social media manager, and two sales reps. These employees will have full benefits and will earn a sales commission based on product net income. MVP will also employ eight plant operations personnel to operate the pelletizer. In total, MVP will hire and manage 12 employees.

In addition to the new hires, MVP will also contract with a regional videographer, graphic designer, content writer, and food stylist to assist the marketing manager in promoting our product. These individuals will help create the excitement while demonstrating Burnt Out's unique taste profile.

## FINANCIALS

The financial plan for the first year will focus on building brand awareness and increasing sales volume. Budgeting for social media influencers, digital advertising, and events are reflected in the income statement. The estimates are based on interviews and media kit pricings. Returns and Allowances are budgeted at 10% of sales for all three years. Estimated product output is expected to grow at a rate of 5% per year as we increase our usage of trimmings and reduce the volume of firewood. Based on our targeted sales volume and promotional expenses, we are expecting a Total Net Income of \$10,786 in Year 3.

With this investment and the diversification into a new segment of the pellet market, MVP Cooperative will see a profit in Year 3, increasing cooperative dividends while addressing a serious waste issue!

| Income Statement            |                     |                     |                     |
|-----------------------------|---------------------|---------------------|---------------------|
| Sales Revenue               | Year 1              | Year 2              | Year 3              |
| \$ Units Sold               | \$ 2,931,065        | \$ 3,077,618        | \$ 3,231,499        |
| \$ Wholesale                | \$ 183,283          | \$ 183,283          | \$ 183,283          |
| <b>Gross Revenue</b>        | <b>\$ 3,114,348</b> | <b>\$ 3,260,901</b> | <b>\$ 3,414,782</b> |
| COGS                        | \$ 1,533,879        | \$ 1,610,573        | \$ 1,691,102        |
| Returns and Allowances      | \$ 311,435          | \$ 311,435          | \$ 311,435          |
| <b>Net Income</b>           | <b>\$ 1,269,034</b> | <b>\$ 1,338,893</b> | <b>\$ 1,412,246</b> |
| Promotion Expenses          |                     |                     |                     |
| Promotional Tools           | \$ 435,904          | \$ 457,699          | \$ 480,584          |
| Videographer                | \$ 68,500           | \$ 72,000           | \$ 75,000           |
| Graphic Designer            | \$ 55,115           | \$ 58,000           | \$ 60,500           |
| Content Writer              | \$ 51,500           | \$ 54,000           | \$ 56,500           |
| Food Stylist                | \$ 73,530           | \$ 77,077           | \$ 82,130           |
| <b>Promotion Total</b>      | <b>\$ 684,549</b>   | <b>\$ 718,776</b>   | <b>\$ 754,714</b>   |
| Employee Expenses           |                     |                     |                     |
| Employee Salaries           | \$ 240,000          | \$ 240,000          | \$ 240,000          |
| Benefits                    | \$ 72,000           | \$ 72,000           | \$ 72,000           |
| Sales Commission            | \$ 25,381           | \$ 26,778           | \$ 28,245           |
| <b>Operational Expenses</b> | <b>\$ 306,500</b>   | <b>\$ 306,500</b>   | <b>\$ 306,500</b>   |
| <b>Total Expenses</b>       | <b>\$ 1,328,429</b> | <b>\$ 1,364,053</b> | <b>\$ 1,401,459</b> |
| <b>Net Income</b>           | <b>\$ (59,395)</b>  | <b>\$ (25,160)</b>  | <b>\$ 10,786</b>    |

## MONITORING AND MEASUREMENT

| Objectives                                                       | Measurement                                                             | Fails to Meet Expectations                                               | Exceeds Expectations                                                              |
|------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>Sales Volume:</b><br>5% sales increase annually               | Evaluate monthly sales volume and determine proximity to sales goals    | Re-evaluate marketing strategies, prices and consider traditional retail | Increase estimates for growth and increase volume of trimmings                    |
| <b>Brand Awareness:</b><br>Year 3: 1% of target market           | Event surveys will be distributed to direct unaided and aided awareness | Adjust marketing strategies, identify poorly performing influencers      | Continue all marketing strategies and expanding into other events and influencers |
| <b>Customer Satisfaction:</b><br>Year 1: 85% Year 3: 90%         | Survey customers, online reviews and evaluate all returned items        | Explore alternative pellet options; home heating, mulch, animal bedding  | Expand into retail, attend additional barbecue events and culinary experiences    |
| <b>Utilization of Trimmings:</b><br>Year 3: use 77% of trimmings | Evaluate sales volume and determine trimmings usage                     | Increase firewood usage and explore additional bulk wholesale customers  | Eliminate firewood and recruit additional acreage                                 |

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