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Steel City Pops Marketing Strategy

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Steel City Pops Marketing Strategy

by

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An Honors Capstone

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to

The Honors College

of

The University of Alabama in Huntsville

5 May 2017

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Abstract

Steel City Pops is an Alabama-native and family-owned brand serving gourmet popsicles to consumers in three states in the southern United States. The brand focuses on providing consumers a healthy treat made from organic and locally sourced ingredients in a comforting environment that reflects the local community. However, as a firm operating within the frozen dessert industry, Steel City Pops faces fluctuating demand based on factors outside the brand’s control. After analyzing the context of the company and the environment affecting it, a marketing campaign was developed in order to increase market share and brand loyalty of Steel City Pops, and improve in-store sales to potentially support future distribution expansion to grocery retailers. This campaign allows the brand to create and leverage consumer interaction on social media platforms, and promote repeat customers that will develop brand loyalty through a mobile app. Other tactics, such as pay-per-click advertising, can also be used to increase brand awareness. Currently, Steel City Pops utilizes very few marketing tactics; therefore, essentials such as the timeline and budget for each component, how to gauge the effectiveness, and ongoing optimization techniques will also be addressed.
Executive Summary

This marketing campaign was created to promote local brand Steel City Pops (SCP) based on information collected from customers of the Huntsville location. Located in the Bridge Street shopping center, SCP Huntsville possesses a high-end atmosphere and serves both professional and young adults. These customers described needs such as quick service, a high quality product, and convenience, while also expressing low sensitivity to price. Moreover, primary research identified two major opportunities for the brand regarding promotional tactics: increasing brand awareness and creating brand loyalty. Currently, most consumers in Huntsville discover Steel City Pops by word-of-mouth from family or friends, or simply passing by the store while shopping at the mall. Research confirmed that very few customers had been exposed to a Steel City Pops advertisement. However, digital marketing campaigns are a cost-efficient way to reach consumers and increase sales.

Marketing tactics utilized in this campaign aim to increase brand awareness and generate consumer engagement through fun promotions, such as the “Pic Your Pop” campaign. This campaign involves customers sharing photos of their favorite pops online through social media platforms in order to increase brand awareness. Numerous promotional opportunities exist using this style of campaign, such as providing single-offer coupons or encouraging competitive votes. In return, customers receive benefits for sharing the brand name and images of the product, which promotes customer engagement with Steel City Pops while generating brand awareness. Additionally, this report covers the estimated timeline and budget, how to gauge effectiveness, and continuous optimization techniques to ensure a successful campaign.
Company Background

Jim Wathins created Steel City Pops in 2012, which he named after the city in which the brand first opened: Birmingham, Alabama. A Nashville shop that served popsicles made with fresh juice originally inspired Jim to create his brand after visiting the restaurant with his family in 2002. Jim was attracted to these pops because they were brightly colored, all natural and healthy. Nine years later with the support of his family and friends, Jim learned about the restaurant industry and experimented with popsicle recipes. In May of 2012, Steel City Pops opened its first store in Homewood, Alabama, near Birmingham. Jim also offered pops in vending carts located at Farmers Markets to promote the company and establish brand equity.

Today, Steel City Pops owns 14 stores in three states: six in Alabama, one in Kentucky, and eight stores in Texas. The Homewood store is credited as the company’s home base and all pops sold in Alabama are made and distributed from this location. Ingredients are gathered from local markets each week to produce pops, and other stores in Alabama receive shipments from Homewood once a week. Steel City Pops offers two kinds of popsicles: fruit-based or cream-based, with a variety of different flavors throughout the year. Steel City Pops also changes the menu seasonally, incorporating flavors that correspond to seasonal availability of produce and changing consumer tastes. Stores consistently serve at least ten flavors for each type of pop at any given time during the year. Although stores are open all year, the Huntsville Steel City Pops location, among others, performs best during the late spring and all of summer when the weather is hot. This seasonal increase in customer traffic greatly influences the store’s financial capabilities during the slower winter months.
Situational Analysis

The following situational analysis will describe the macro, competitive, and internal environments in which Steel City Pops exists. The macro-environment is analyzed using the PEST analysis, where the political, economic, socio-cultural, and technological factors are identified. Porter’s Five Competitive Forces, including the threat of new entrants, threat of substitutes, supplier and buyer power, and industry competition describe the competitive environment surrounding Steel City Pops. Additionally, understanding customer characteristics aids in creating a market segmentation strategy and choosing an appropriate target. Lastly, the internal environment consists of the firm culture and capabilities of Steel City Pops, which are important to determine the strategic fit of campaign strategies.

Macro Environment

Political Factors

The Code of Federal Regulations Title 21: Requirements for Specific Standardized Frozen Desserts describes multiple regulations that directly impact the production and sale of popsicles. This regulation provides strict standards for the percentage of milk or other natural ingredients, such as fruit or nuts, that may be used in each frozen dessert. There are also specific requirements for labeling and packaging of popsicles: “If the food contains no artificial flavor, the name on the principal display panel or panels of the label shall be accompanied by the common or usual name of the characterizing flavor, eg. ‘Strawberry,’ in letters not less than one-half the height of the letters used in the word ‘popsicle.’” Currently, these labeling
requirements do not directly affect Steel City Pops and its in-store-only products. However, if the company decides to expand and sell to the public through a distributor, these factors may need to be addressed.

Economic Factors

Steel City Pops faces two major economic factors including the changing of weather and the amount of disposable income the average American household possesses. Steel City Pops focuses primarily on the sale of pops, but is willing to make changes in order to appeal to customers when the weather gets colder. For example, Steel City Pops offers hot chocolate and chocolate-dipped popsicles as a tactic to attract customers who may not consider coming into the store during the winter months. The amount of available disposable income also plays an important role in the profitability of Steel City Pops because gourmet popsicles are a luxury. According to TradingEconomics.com, the United States has experienced a growth in disposable income of nearly one billion dollars since January 2016. They also forecast that we will see a growth of approximately 500 million dollars leading into 2017. This information provides major positive reinforcement for the future sale of all luxury products, including pops.

Socio-cultural Factors

Socio-cultural factors such as trending health awareness and growing community lifestyle affect Steel City Pops. Recently, there has been an obvious shift in the desires of consumers in the United States towards health awareness. Major supermarkets like Walmart and Target have increased the shelf space for healthy and all natural products in order to cater to this growing
market. Additionally, consumers’ growing sense of pride in the local community can benefit Steel City Pops because the brand aims to reflect that sense.

Technological Factors

In-house freezers allow consumers to easily substitute pre-packaged ice cream for in-store popsicles; however, Steel City Pops also utilizes this technology by providing pre-packaged boxed popsicles available in store. Technological changes in refrigerated distribution can impact Steel City Pops by improving upon current methods to allow safer transport. As Steel City Pops continues to grow, existing technology used in production-based stores can be expanded to allow more locations to make pops in-house.

Competitive Environment

Steel City Pops operates in the frozen dessert industry; and the threat of new entrants, threat of substitutes, bargaining power of suppliers and buyers, and the industry competition shape the competitive environment in which the company exists.

Threat of New Entrants

The threat of new entrants is high due to few barriers to entry such as low startup cost, low capital investment, inexpensive labor, and low overhead cost. Although starting a popsicle business would be easy, gaining market share in this industry is difficult because of the high volume of competitors. The highly competitive market is one of the major factors that keep people from entering the frozen dessert industry. Steel City Pops attempts to mitigate this risk through product differentiation, utilizing organic, natural ingredients.
Threat of Substitutes

The threat of substitutes is high because a large number of alternatives solve the same need for a snack, and switching costs to consumers are low. Steel City Pops offers single gourmet pops for a fairly expensive price, while major retail supermarkets sell boxes of 24 popsicles for approximately the same price. There are also multiple frozen desserts such as other popsicles, yogurt, ice cream, and sherbert that satisfy the exact same need as a Steel City pop. In addition to direct competitors, Steel City Pops faces competition from other businesses in other industries that satisfy the same need. Fast food restaurants, delis and cafes, and snack brands represent some of the potential threats for Steel City Pops.

Supplier Power

Suppliers to Steel City Pops consist of local farmers who possess moderate bargaining power because of product differentiation. Steel City Pops requires all-natural ingredients and prefers to purchase from local farmers to support the community, which increases the value of suppliers’ products. Because the brand owns locations in different states, the number of suppliers within the area surrounding production facilities, such as the Homewood store in Alabama, may also affect suppliers’ bargaining power. On the other hand, these farmers typically do not possess the capability to vertically integrate forward, which decreases supplier power. Steel City Pops also presents a large buyer to suppliers because production is centralized to only a few locations who purchase for all the stores in the area.
Buyer Power

Buyer power is high in the frozen dessert industry because of the availability of substitutes and low switching costs for buyers. At the Huntsville location, for example, there is a frozen yogurt store within walking distance from Steel City Pops. However, Steel City Pops differentiates its product as much as possible in order to mitigate buyer bargaining power and justify high prices. The brand’s trendy and healthy appeal aids in attracting customers, and people who care about their health have a higher willingness to pay for healthy desserts. Serving a large numbers of buyers can also reduce buyer power, which varies based on individual location traffic. Additionally, most buyers cannot vertically integrate backwards into the frozen dessert industry.

Industry Competition

Industry rivalry within the frozen dessert industry is high; there are multiple firmly established ice cream, yogurt and popsicle companies in the United States market such as Ben & Jerry’s, Yogurt Mountain, Orange Tree, and Maggie Moo’s. Low barriers to entry also allow a large number of small competitors within the fragmented industry. This industry competition serves as a barrier for growth, but also allows Steel City Pops to differentiate themselves from existing companies. Steel City Pops has a healthy, upscale presentation and product, separating it from the competitors listed above. Additionally, increasing trends in health awareness and organic products represent growth opportunities for Steel City Pops.
Complements

Although not considered in Porter’s Five Competitive Forces model, complementary assets can play an important role in a product’s success. Because Steel City Pops provides a frozen dessert, efficient refrigerated distribution technology is essential for the continued growth of the brand. Without this complementary asset, further store expansion and potential channels such as supermarkets is impossible. In addition to distribution, complementary toppings drive in-store profits. Chocolate or caramel drizzle, nuts, and even coconut shavings allow customers to customize their pops to their specific tastes and preferences, while also driving up the price of the pop. Additionally, Steel City Pops offers a unique complementary product: a popsicle holder that prevents pops from making a mess as they melt.

Customer Characteristics

Consumers’ perception, attitude, emotion, and motivation for behavior define the brand’s customer characteristics. In Huntsville, a typical customer to Steel City Pops is also a visitor to the Bridge Street shopping mall. Data from the mall’s website identifies the characteristics of its customers, such as possessing a high level of income, college education, and employment within Cummings Research Park. Therefore, visitors to Steel City Pops in Huntsville typically belong to the middle and upper social classes and perceive Bridgestreet as a luxurious destination. Consumers’ typically reflect a predisposition to respond favorably to local businesses, which is rooted in both attitude and emotional characteristics. Steel City Pops takes pride in locally sourced products, and customers often connect through this underlying sense of community and pride for their city. Additionally, the brand attracts consumers that enjoy frozen desserts, but also
want to maintain a healthier lifestyle because ingredients are all-natural and organic. Overall, impulse motivates most consumers purchasing a Steel City Pop in Huntsville because of the store’s location in an outdoor mall.

**Internal Environment**

The firm culture and the capabilities of Steel City Pops make up the company’s internal environment. Regarding firm culture, employees admit that working at Steel City Pops requires dedication and effort; however, the work is also rewarding. Communication between management and employees is frequent and involved, and everyone is recognized by his or her first name. Team Leads manage on the individual store-level and share equal responsibilities with employees, while General Managers manage all the stores within a state (Alabama’s General Manager is located in Birmingham). A new store is never opened unless the company can pay cash for the building. Steel City Pops typically hires the friends and family of current employees because they already understand the existing culture; however, the hiring process is very in-depth to ensure only the best-fit individuals proceed through training. At the end of each year, the company hosts an annual Christmas party, at which they select a non-profit organization to donate to based on profits from that year. Steel City Pops even has its own cow—when the store first opened, Poppy the cow provided all the milk used in popsicle production.

Overall, Steel City Pops is a company centered around people, from natural ingredients acquired from local farmers to dedicated employees that help the brand reach out to the community. Steel City Pops in Huntsville serves hundreds of people every day; last summer the Huntsville location was the most profitable store, generating over $10,000 per day. This location
is open from 12 P.M. to 9 P.M. Sunday through Thursday and from 12 P.M. to 10 P.M. on Fridays and Saturdays with three or four employees scheduled each day. According to current employees, this amount of staff is sufficient to receive shipments and serve customers at the store-level most of the time. General managers are responsible for final marketing decisions, but employees are encouraged to give feedback and offer new solutions.

SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>- The use of all natural ingredients purchased directly from local farmers attracts customers that value health and their community.</td>
<td>- The product faces seasonal demand shifts: sales for frozen desserts decrease during the winter months.</td>
</tr>
<tr>
<td>- The close-knit work environment (in which the owner is very involved) allows employees to feel comfortable contributing ideas and relaying important information.</td>
<td>- Awareness for seasonal offerings like hot chocolate is low among consumers.</td>
</tr>
<tr>
<td>- Steel City Pops currently benefits from high growth, which also increases brand recognition.</td>
<td>- The brand currently utilizes little to no paid advertising.</td>
</tr>
<tr>
<td>- The Huntsville store is a great destination for customers during warm weather.</td>
<td>- The Huntsville store’s location is a disadvantage during the winter because the mall is visited less frequently.</td>
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<table>
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<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
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<tbody>
<tr>
<td>- Run an advertisement campaign to promote new seasonal offerings.</td>
<td>- Steel City Pops faces a high level of competition from substitutes including, but not limited to: other frozen dessert shops, cafes that serve both food and drink, and full-service restaurants.</td>
</tr>
<tr>
<td>- Expand distribution to include selling pre-packaged pops at major retailers like Whole Foods.</td>
<td>- New entrants face few barriers to entry, making it easy for competition to enter the market.</td>
</tr>
<tr>
<td>- Design a loyalty or rewards program to encourage customers to return within a short period of time.</td>
<td>- Consumers tend to substitute frozen desserts for warmer alternatives when the weather is cold.</td>
</tr>
<tr>
<td>- Extend hours into the earlier lunch period (11 A.M.) to attract working consumers in the area.</td>
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Market Research

Market research is necessary in order to identify customer needs and preferences, and primary data was collected to better understand the market segments that Steel City Pops appeals to and the segments currently being targeted. To conduct primary research, a brief questionnaire was developed, in addition to conducting interviews, in order to shed light on both potential and existing customers. Questions were designed to identify consumer needs, provide insight regarding competitive advantages, and measure the impact of current promotional tactics.

Data collected from the survey revealed that, among potential customers that were unaware of the brand, needs included a high quality product, convenience, large selection, and reasonable price. Existing customers primarily chose Steel City Pops because of the brand’s quality product, reasonable price, and fun atmosphere. Both sets of consumers were found to be more likely to purchase frozen desserts if available at a grocery store, which caters to their need for convenience. Additionally, many customers that were interviewed explained that they first discovered Steel City Pops simply by passing the store while at the mall. These consumers are largely purchasing on impulse (since the need for convenience is already met); therefore, preferences for desserts and the need for relief from the weather greatly influence their decision making. Primary research also identified a major opportunity for Steel City Pops: increased promotion. Few customers had ever seen a Steel City Pops advertisement, and very few described themselves as regular customers.
Marketing Goals & Objectives

The value proposition for Steel City Pops includes colorful gourmet pops made with 100% organic and locally-grown ingredients, served in an iconic and fun environment that is reflective of the local community. Steel City Pops provides the functional benefit of a natural and refreshing treat, while offering social and emotional benefits through the brand image and its involvement within the community. Consumers perceive Steel City Pops differently from other frozen dessert brands because of this unique value proposition.

Overall marketing goals for Steel City Pops should primarily consist of increasing brand awareness and consumer involvement with the brand. As previously mentioned, primary research identified the opportunity for increased promotion. The action-oriented decision problem for market research addresses how Steel City Pops can increase brand awareness and drive customer loyalty, while the information-oriented research problem consists of identifying target customers and determining the attributes most important to them. Based on market research, marketing objectives include establishing segmentation bases and a target segment in order to developing a successful marketing campaign that will increase brand awareness among consumers in this segment. Additionally, developments made during this campaign aim to increase customer loyalty and encourage repeat purchases.
Marketing Strategies

The fundamental marketing strategy of Steel City Pops consists of its market segments, targeting and positioning strategies. Based on this strategy, the brand’s marketing mix reinforces targeted consumers’ perception of the brand. Understanding these existing strategies is important in the development of a temporary marketing campaign that reflects the brand and its customers.

Segmentation

Research revealed major segments based on demographics, geographics, psychographics, and behavioral factors. Steel City Pops appeals to demographic segments including adult professionals with high income and high level of education, who are typically over the age of 30 and belong to the middle and upper social classes; younger individuals between the ages of 16 and 29 that are students or young professionals belonging to the middle class; and middle to upper class families with young children. Potential geographic segments are derived from consumers’ sensitivity to climate. For example, during the summer many people seek relief from the heat; in the winter, some consumers do not consider frozen desserts at all, while the cold does not affect other consumers’ decision. The market also consists of psychographic segments regarding whether or not consumers consider health when purchasing frozen desserts. Finally, behavioral segments that stood out specifically for the location at Bridge Street include consumers that visit the mall frequently for shopping other than food, and consumers that happen to pass by the store while at the mall.
Targeting

Based on collected research, Steel City Pops should continue to target consumers within the healthy psychographic overall, but should also pursue the adult professionals and impulse buyers that visit the shopping center at the Huntsville location. Consumers in the adult professional demographic segment need a high quality treat or a refreshing dessert, and wish to enjoy their leisure time. Many of consumers within this demographic in Huntsville are employed at Cummings Research Park and visit the shopping mall during lunch. Because of the location of Steel City Pops in Huntsville, the brand should also consider impulse buyers shopping at the mall. These consumers are looking for quick refreshment and a fun atmosphere because convenience is already provided. Out of these these segments, the Steel City Pops Huntsville location should primarily focus on targeting the consumers in the adult professional demographic, many of which already frequent the shopping mall. Huntsville has been the fastest growing city in Alabama since 2000, with highly educated, high income professionals in single-households increasing as much as 27% between 2000 and 2010 (The Big Picture Huntsville). Therefore, this segment is large and maintains high growth potential in the area. Although competitive forces pose a threat within the market because of the variety of quality substitutes available, consumers within this demographic manage a high level of disposable income and enjoy being healthy. These characteristics prove a strategic fit with Steel City Pops, as gourmet popsicles satisfy these consumers’ need for a refreshing treat, and they are willing to pay for an organic and healthy dessert.
Positioning

Although the value proposition is the same for all three groups of consumers, it appeals to each group for slightly different reasons. Steel City Pops provides colorful gourmet popsicles made from locally-sourced and organic ingredients, and serves them in a fun environment rooted in the local community. Consumers within the health psychographic primarily value the healthy and delicious dessert with a reasonable price. The adult professional demographic finds value in the brand through the high quality product, relaxing store environment, and iconic brand image. Frequent visitors to Bridge Street are attracted to the low-risk purchase, the store’s fun and casual atmosphere, and the colorful look of the product. Additionally, a growing sense of pride in the local community adds value to consumers within each of these segments because the brand aims to reflect this sense of community through its positioning strategy. Overall, Steel City Pops should continue to position itself as a high quality, healthy, and fun place for a snack.

Marketing Mix

In order to satisfy the needs of target consumers, the marketing mix elements of Steel City Pops including its product or branding, distribution method, pricing, and marketing communication should reflect its positioning strategy. Steel City Pops currently utilizes line extension branding for different flavors of pops and toppings, and brand extension to enter seasonal product categories such as hot chocolate. According to research findings, Steel City Pops should continue providing a variety of pop flavors and seasonal alternatives including hot chocolate. Not only do these products appeal to and attract the target audience, but these extensions also help to differentiate the Steel City brand from its competition.
Regarding placement or distribution, Steel City Pops currently employs a direct, exclusive channel of distribution, selling directly to consumers through brick-and-mortar shops. A potential opportunity for Steel City Pops exists in the expansion of distribution to include indirect retail channels with organic markets, such as Whole Foods or Earth Fare Organic Market. By shifting to multiple channels of distribution, Steel City Pops can reach a larger number of consumers, especially within the health psychographic, who may have never visited the brick-and-mortar location. Primary data demonstrated that consumers would be more inclined to purchase Steel City pops if they were available in a retail location. Out of a surveyed group individuals that were generally unaware of the brand, 70% responded that they would be more likely to try the product in a supermarket setting. Steel City Pops can also increase sales to brand-loyal consumers (especially during the winter when traffic at the outdoor mall decreases) by providing an indirect and convenient avenue for purchasing. Partnering with retailers would be a fairly easy addition to current operations because store locations already offer small pre-packaged boxes of popsicles.

Moving on to price, research confirmed that target consumers feel the price of pops reflects the value they receive. Therefore, the current value-based pricing model that Steel City Pops employs is sufficient, allowing consumers to receive high value at a reasonable price while the business profits from low production costs. Although the current pricing model is appropriate, marketing communication and promotion poses some challenges for Steel City Pops. The brand is currently under-positioned because Steel City Pops only advertises online without any form of physical or traditional marketing. Recommendations for increased promotional activity are covered in the next section.
Implementation

Before engaging in a marketing campaign, Steel City Pops should consider minor changes to its promotional strategy. As previously mentioned, the brand employs few marketing tactics and relies primarily on positive word-of-mouth marketing. Out of the surveyed group, only 16% claimed they had seen a Steel City Pops ad online. Depth interviews revealed that customers typically discovered the brand simply passing by the store while shopping, or hearing about it from a friend. Additionally, research showed that many consumers are not frequent visitors to the Huntsville location, because the mall is not always convenient. In order to improve marketing communication, Steel City Pops Huntsville should place prominent and unique signage along the main strip and by the store to attract customers who are already shopping at the mall. As mentioned earlier, these consumers already have the need for convenience satisfied. Surveys also revealed that many consumers do not visit Steel City Pops more than once a month, which is about as frequently as they visit the mall. Steel City Pops can drive sales at this location through the implementation of a rewards program that creates incentive for customers to stop by the store, even if they are not planning on shopping. Potential channels and campaign ideas for this program are included in the marketing campaign.
Marketing Campaign

Campaign Objectives

Goals and objectives for the campaign must be SMART in order for a strategy to be successful; that is, objectives should be specific, measureable, attainable, realistic, and time-oriented. There are three SMART goals to be accomplished throughout the duration of this campaign. The first objective is related to increasing brand awareness in the Huntsville area. Currently, the Steel City Pops brand Facebook page has more than 30,000 likes; however, the Huntsville store page only has 600 likes. Considering Bridge Street alone reaches over 25,000 customers, increasing likes on the Huntsville page to 10% of the local market is an attainable and realistic goal, achieving almost 3,000 likes by the end of the campaign. Additionally, this seasonal campaign aims to increase in-store sales at the Huntsville location by 35% during the summer months (May-September), by increasing customer loyalty and promoting repeat visits. Through the development of a brand app that features this loyalty rewards program, this campaign intends to improve customer retention rates by 150% within the first 6 months of the app’s release. Although this program would initially begin in one area, it can be incorporated throughout the different regions; recommendations regarding the timeline will be discussed later. If these goals are met, Steel City Pops is better prepared to enter the colder winter months and can potentially support expansion into indirect channels such as grocery retailers.
Marketing Tactics

Social Media

Social media has become a powerful tool to reach and interact with consumers that also allows for the development of brand voice and personality. Steel City Pops currently utilizes social media to share photographs and announce promotions; however, few consumers directly participate in the conversation. In addition to advertising, social media can be used for community management, sales and lead generation, insights and research, and promoting brand awareness. Steel City Pops recently implemented localized “store” pages on social media, which allows it to maintain multiple relevant communities under a central brand. This strategy allows customers to receive the information most pertinent to them, and also maintains a close-knit and active community environment. However, the existing community appears one-sided and lacks frequent participation from customers.

In order to engage consumers, the “Pic Your Pop” campaign is a fun marketing campaign that involves customers sharing photos of their favorite pops online through social media platforms developed to increase brand awareness. In return, customers can receive a coupon for their next visit or contribute to a contest, and the potential promotions are endless. For example, tags could be used to create a competition between flavors, and the winning flavor could be discounted on a designated day. Several other social media campaign ideas are outlined in the timeline. Although target consumers are not price sensitive, promotions draw attention and greatly reduce the price of a pop with extra toppings. This campaign also promotes customer
engagement with Steel City Pops while sharing the brand name and images of the product. Additionally, increased brand awareness and engagement greatly influences in-store sales.

Mobile Application

Mobile marketing relies on reaching consumers at the right time, place and mood to facilitate their needs, and providing a convenient touchpoint that encourages them to convert. In order to engage more consumers online, Steel City Pops should develop a mobile application integrated with a customer rewards program that promotes repeat purchases and drives brand loyalty. Moreover, customers using the app and receiving discounts are more likely to communicate in-person and online about their positive experience, thus increasing SCP’s already strong word-of-mouth marketing. Appendix 1 demonstrates what the SCP app could look like after development. In addition to customer login and loyalty rewards, the app could feature in-app order and payment processing, because approximately 30% of e-commerce occurs through mobile applications. Related content can also complement the other features of the mobile app, such as a customized activity feed that includes both official brand and customer-created posts. The budget and timeline for the development of this mobile application will be discussed in the next sections.

Pay-per-click Advertising

To capitalize on location marketing for different stores, Steel City Pops should implement a Google AdWords campaign, since Google currently possesses the best contextual and geographical targeting worldwide. Search advertising is an inexpensive, low risk endeavor that can reach at least 40,000 people within the Huntsville area. Appendix 2 provides an example
of a search advert for the “Pic Your Pop” social media campaign and a list of keywords that prompt the ad. Based on competitors adverts, Google estimates that a clickthrough rate of 3.4% can be achieved, generating over 1,300 clicks per month to an enticing landing page.

Pay-per-click advertising aids in increasing brand awareness, and clicks generated from this advert can drive in-store sales through conversion. Specific timelines and estimated budgets for pay-per-click campaigns will be addressed in the next section.

**Timeline**

Digital marketing tactics are continuous and must provide consistent messages on all channels; therefore, organizing campaign events according to a timeline is beneficial to ensure overall objectives are met successfully. On social media, Steel City Pops already possesses a brand image and hosts occasional promotions. The “Pic Your Pop” campaign is designed to run throughout the summer beginning in June, with different events scheduled each month. Advertisement on social media for the promotion should begin two weeks in advance in order to generate excitement and awareness among consumers, and a sample advert can be found in Appendix 3. The first month should ultimately introduce the campaign and encourage customers to interact with the brand by sharing photographs with their pops. After sharing an image on social media with a designated tag, customers receive a single-use promotional coupon for the month of June. This coupon could be designed for the entire market or segmented based on customer submissions; for example, a customer that shared a photo featuring two or more people could receive a buy-one-get-one coupon. The following month’s promotion aims to involve customers with the brand and each other, by creating a competition between flavors. July’s “Pic
Your Pop” campaign pits two types of pops against each other, such as two fan favorites, where customers share images with tags to vote. Depending on customer participation, these events could run for short two-week periods with a new competition the following month. At the end of the competition, winning flavors would be discounted for a limited time to encourage return visits. Additionally, the loyalty rewards program built within the mobile application could be used as a promotional tactic within this campaign. Approximately 28 weeks should be allowed for app development; although the app will not be ready to launch this summer, the rewards system would be available by next year if this campaign were recycled. Lastly, pay-per-click advertising is an ongoing endeavor; however, optimization of keywords and content is recommended every 3-4 months.

Budget

Because Steel City Pops currently employs few marketing tactics, it is important to consider the cost of the recommended tactics in order to create a sustainable budget. The industry average cost of social media management is between $4,000 and $7,000 per month; however, SCP Huntsville could leverage its location by offering credit-based or low-paying internships to college students. This would significantly lower costs of social media management and benefit the local community, which greatly reflects the brand. To continue, according to Oozou’s app cost calculator, a simple mobile application for both iOS and Android operating systems featuring user profiles, an activity feed, media uploading, social sharing, and payment processing for in-app purchases would cost approximately $60,000. For maintenance, Steel City Pops should expect to pay 20% of the initial development cost (about $12,000 per year) to update,
track, and manage the app (Moore). Although these are significant costs, they can be incurred in parts as previously discussed in the timeline. Additionally, the development of a mobile application is beneficial to the organization and brand as a whole rather than an individual store. Finally, pay-per-click advertising is an inexpensive method of promoting brand awareness, as Steel City Pops only pays when a customer clicks on the advert. The sample shown in Appendix 2 limits the budget to $13.50 a day; however, this limit can be changed easily at any time. In order to achieve effective search advertising, Steel City Pops must frequently optimize keywords and other parameters, which will be discussed in a later section. This role could be taken on by the social media manager to save costs, or outsourced to an ad agency who charge a percentage of the ad revenue generated.

**Gauging Effectiveness**

In order to gauge the effectiveness of each marketing tactic and identify which tactics should be continued in future promotions, it is important to know which key metrics to analyze. Gauging the effectiveness of social media is possible through tools offered by individual platforms, Google Analytics, and social media dashboards. Each of these tools provide access to trends in views, clicks, and shares, while allowing click tracking to better understand customers’ needs. Additionally, Steel City Pops can compare trends to the campaign schedule to determine if correlation exists between increased social media presence and conversion rates. To minimize costs, SCP should utilize the free version of Google Analytics to analyze social media trends. Regarding the mobile application, the number of downloads, click-through rates, and conversion rates contribute to mobile analytics. The volume of mobile promotions used in-store would also
reveal increased brand awareness and repeat customers. Lastly, pay-per-click advertising campaigns are easy and inexpensive to manage, as Google AdWords includes analytics as well. The number of impressions (views), click-through rate (clicks to the site), and conversion rate (purchases in-store) can be used to directly measure the effectiveness of search adverts.

**Ongoing Optimization**

Key metrics that gauge effectiveness also allow for ongoing optimization, which calls for testing to improve the effectiveness of digital marketing efforts. For social media campaigns, optimization techniques include continuously setting milestones every few month, and tracking the success through analytics tools. For example, as discussed in the campaign timeline, social media marketing efforts should aim to double the amount of likes every two months during the campaign. Additionally, the content, times of posts, types of multimedia, platform, and brand personality can all be tested to optimize social media marketing. Regarding the mobile application, analytics including information on the type of device, network, browser, and screen size being used to view the app or mobile website can be used for ongoing optimization. This aggregated data provides profiling and segmenting opportunities to adjust messages, design, and user experience based on the target audience during the campaign. To continue, optimization techniques for pay-per-click advertising include ongoing monitoring of keyword quality scores, ad groups, and account levels. These metrics identify adverts that offer higher click-through and conversion rates and separate them from ads providing little return on investment. Additionally, if within the first three months the click-through rate is less than a quarter of a percent, the AdWords campaign can be temporarily suspended to conduct further research and testing.
Conclusion

Steel City Pops’s new digital marketing portfolio includes a social media campaign strategy, mobile application, and pay-per-click advertising in order to increase brand awareness and create brand loyalty. The strategy was created after conducting a thorough analysis of the internal and external environment of Steel City Pops and its customers. Research found that the needs of target consumers were ultimately met; however, promotional strategies often failed to reach these consumers. In addition to the rapid growth experienced in Texas, Steel City Pops can leverage marketing strategies to continue growth throughout all of its different locations. As mentioned throughout the report, this strategy focuses on increasing sales and awareness for Steel City Pops in Huntsville. By striving to meet the SMART objectives previously outlined, SCP Huntsville can successfully reach the large market available despite the competitive industry. Increased success in direct sales at the in-store level can further prepare the brand for growth through the expansion into new distribution channels, such as healthy grocery retailers across the country.
Bibliography


1. Mobile Application
2. **Google AdWords**

- **Potential audience:** 39,125 people per month
- **Estimated ad clicks:** 817 - 1363 clicks per month

**Budget**

- **Average daily:** $13.49
- **Maximum monthly:** $410.10

**Sample keywords:** pops, popsicles, fruit, healthy popsicles, popsicle company, popsicle shop, gourmet popsicles
3. “Pic Your Pop” Pre-announcement Ad