

**C212-Task One**  
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United Hemp is an industrial hemp supplier, with headquarters in Portland, Oregon. Formed in 2012, and incorporated in 2013, United Hemp owns a dozen hemp farms in 4 US states, supplying raw and processed hemp to several manufacturers.

In 2017, after losing a contract with a major manufacturer, United Hemp's leadership took a risk and decided to manufacture hemp-based paper and construction products. The paper proved to be a hit in the cannabis industry, leading the company to add industry specific hemp-made products to their portfolio.

Recently, United Hemp has begun to set its eyes on the global market. Fueled by a cannabis legalization in Canada, a loosening of hemp restrictions in Europe and the US, and a recent purchase of a production center, United Hemp feels prepared to take its brand to the next level. In order to fuel this expansion, United Hemp is seeking to expand its production business globally.

The purpose of this paper to propose a viable marketing strategy for United Hemp. This proposal will identify products the company can offer to the global market, and how they will provide a competitive advantage. It will also discuss the customer relationship management (CRM), distribution, pricing and promotional strategies in order to be effective.

### A1. New Products and Services

United Hemp has been proven competent in processing hemp fiber. While the focus has been on manufacturing paper and construction products, this ultimately leads to a limited portfolio of offerings. United Hemp would be best served by introducing two new products for the global market, hemp-based fabric and hemp-based bioplastics.

In order to successfully test the global viability of these products, it is recommended that United Hemp tests these offerings in the Canadian market. Canada is advantageous due to its proximity to the United States, relaxed industrial hemp laws, and recent legalization of cannabis.

In order to identify the global need for Hemp Fabric and Hemp-based bioplastics, three research methods were used. During the exploratory research phase, the marketing team traveled to Canada to directly observe the commercial hemp market. The team met with six companies that processes hemp into consumer products, each of which demonstrated profitability and rising demand for affordable hemp fabric and bioplastics. Then, the marketing team ran series of focus groups, discussing the hemp market with customers, retail businesses, and suppliers. These groups reinforced the conclusions from the direct observations. Finally, the team ran a series of experiments, comparing the effectiveness of several product offerings in business-to-business and business-to-consumer markets. It was determined that supplying raw fabric and bioplastics to suppliers will be the most likely to be profitable and effective.

United Hemp's main competitor is American Hemp, which supplies raw textiles and raw CBD oils to various markets. American Hemp originally had a first-mover advantage in the US market, and still enjoys a significant market share. By effectively introducing hemp fabric to the global market, United Hemp can gain a first-mover advantage over its competitor and develop intimacy with customers in our target environment. By introducing bioplastics to the portfolio of affordable product offerings, United Hemp can utilize their operational excellence to grow their global market share.

When launching these products in Canada, there are two risks to be aware of. First, there are risks of regulatory barriers with the Canadian Government. Hemp and marijuana come from the same species of plant, with hemp being classified in Canada as having less than 0.3%

psychoactive THC (Canada, n.d.). It is important that United Hemp maintains its testing standards to ensure their products can be exported globally. Second, since the Canadian industrial hemp market is more mature, there is a risk that consumers may prefer Canadian-made products to their American counterparts. Since Canadian hemp is most often cultivated for CBD oils, Canadian hemp prices remain high. If United Hemp can keep shipping costs low enough, they can drive demand for their products.

## A2. Customer Relationship Management (CRM)

It is recommended that United Hemp adopts the use of CRM software to manage its global operations. Salesforce offers four features that makes it the ideal software for the company. First, Salesforce provides Opportunity, Lead, and Account Management functionality, allowing salespeople to effectively turn prospects into lasting customers. Second, the software provides sales data and forecasting, allowing United Health to monitor and adjust for market trends. This functionality will also be key to monitoring performance of product offerings as they are introduced into new markets. Salesforce offers a mobile app, allowing sales teams to enter and update information in real time. This will provide marketing teams real time information, allowing them to adjust CRM strategies for each client. Finally, Salesforce offers Multi-Currency support, allowing for seamless integration of foreign currencies.

Effective use of CRM will be vital for driving customer satisfaction. Ferrell and Harltine (2014) noted that “Customer satisfaction is the key to customer retention. Fully satisfied customers are more likely to become loyal customers, or even advocates for the firm and its products. Satisfied customers are less likely to explore alternative suppliers and they are less price sensitive.” As United Hemp brings its two new products to international markets, the

information generated by Salesforce will be used to review and adjust the marketing team's strategies. For example, if sales forecast for fabric product indicates a slowdown, the marketing team can consider using various financial or bonding strategies to drive sales, or even decide to adjust the marketing mix altogether. Information can also be used to communicate customer needs or to share feedback, increasing ability for the firm to respond appropriately. By utilizing this information effectively, United Hemp can continuously keep its customers satisfied, driving customer retention.

### A3. Distribution Channels

United Hemp's current distribution channel consists of direct distribution to buyers. When selecting a distribution channel for Canada, two considerations must be made. First, United Hemp must consider Canada's laws and regulations surrounding industrial hemp and its importation. If raw American Hemp does not meet Canada's regulatory standards, United Hemp may be forced to produce its products locally, or risk supply issues. Second, since both nations are in the North American Free Trade Agreement, United Hemp must weigh the costs and benefits of importing finished fabric and bioplastics from the United States against manufacturing from inside Canada.

With these considerations in mind, United Hemp should consider using industrial distributors to market its product to the Canadian market. In their book "Marketing", Pride and Ferrel say, " (distributors) can perform the needed selling activities in local markets at a relatively low cost to a manufacturer and reduce a producer's financial burden by providing customers with credit services. Also, because industrial distributors usually maintain close relationships with their customers, they are aware of local needs and can pass on market

information to producers (Pride & Ferrell, 2014).” This allows United Hemp to focus on its excellence in production.

- **Supply Chain.**

United Hemp’s Global Supply Chain should not be dramatically different than the firms current supply chain. We will just be exporting our raw and finished goods to a Canadian Distributor. Our distribution partner will do all work selling our products to buyers and will facilitate communication between buyers and United Hemp. The buyers will manufacture and distribute the finished goods to consumers. One possible disruption to our supply chain is risk of our distributor not selling our product. If our distribution partner does not aggressively market our products to businesses, it could disrupt demand for our products and negatively impact sales.

## **A4 . Pricing Strategy**

United Hemp will be best served by employing a Competition based pricing strategy. Since United Hemp sells relatively homogenous materials, they must consider the prices of the products they are intending to replace as well as their own competitors. In business markets, where price is a key consideration, United Hemp must be competitive to survive. For these reasons, the following prices should be set for its new product offerings:

- Hemp Fabric: \$15.01/yard
- Hemp Bioplastics: \$0.30/pound

- **Costs.**

There are several important costs associated with the development and launch of fabric and bioplastics. One of the biggest challenges was accounting for increased variable costs. Fixed costs are set to remain low at \$4/yard for fabric and \$0.5/lb for bioplastics. With the increase in shipping costs, variable costs for fabric will be \$7.92/yard for fabric and \$0.15 for bioplastics.

This puts total costs at \$11.92/yard and \$0.25/yard. At the stated prices, fabric will achieve a 26% markup and Bioplastics a 25% markup. One thing to note is that these margins will be sensitive to shipping costs.

- **Acceptance.**

The marketing determined customer acceptance of these prices by survey of several distributors. The marketing team asked a small sample of domestic distributors about prices in these categories. Much of the sample indicated interest in the marketing team's proposed price.

- **Competitor Prices.**

The distributors noted that competitor hemp fabric averaged \$15.20/yard. Bioplastics averaged \$0.33/lb or more. While most distributors were sensitive with competitors' prices, the lowest competitor's price for fabric was reported to be \$14.99/yard and \$0.34 for bioplastics.

The proposed prices will be competitive in the market and will drive demand.

## **A5. Promotional Strategy.**

United Hemp should continue using a Push Policy for its promotional strategy. United Hemp's global promotional strategy should be focused its sole target market, distributors and wholesalers. For this reason, most of the promotional mix should be focused on Personal Selling and Sales Promotion activities to attract and retain clients.

- **Media Channels**

The firm should use two forms of mass media and two forms of social media to promote its products to the global market. United Hemp should focus its traditional mass media strategy towards industry-specific magazines and direct mail advertisements. United Hemp should take out ads in major hemp and cannabis publications, such as HEMP Journal and Cannabis Culture. Distributors are more likely to read these publications and see United Hemp's ad. Using direct

mail will ensure distributors are aware of the brand and what it offers. United Hemp's Social Media strategy should be centered around Search Engine Optimization. To accomplish this, United Hemp should utilize social networks such as Facebook, Twitter, and Instagram to develop an online brand presence. Secondly, the firm should post a recurring blog on the firm's website, to be shared via social networks. This will drive traffic to the blog and will also drive the website to the top of search listings, therefore benefiting SEO.

- **Justification.**

These channels were chosen specifically to reach our target market. Distributors need only to be aware of United Hemp. By inserting the brand into these four media channels, the brand has multiple opportunities create awareness with distributors. The social media strategy will focus on general awareness of the brand, while traditional mass media will specifically target the market. If done effectively, United Hemp will present itself as a viable alternative and an opportunity to drive profitability. This will drive interest, which will give the sales teams more opportunities to secure deals.

- **Sales Promotion.**

Sales Promotions should focus on giving the sales teams tools to success. One effective promotion activity is to offer a buying allowance for purchasing specified quantities of the firm's products. This will encourage distributors to carry United Hemp's products and will drive market penetration. Another activity would be to provide deal loaders, or specialized displays, for new distributors. These displays will make it easier for distributors to promote the brand to its network, and will drive demand for United Hemp's products



## Conclusion

By introducing hemp-based fiber and bioplastics to the Canadian and global markets, United Hemp can utilize its first-mover advantage towards gaining market share for its brand. By following the marketing strategy provided in this proposal, United Hemp can expect an effective market penetration, competitive prices, customer retention, and enhanced growth. This will set up United Hemp for long-term success.

### References

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