# 2013-2020

# The Drop Mobile Coffee Truck

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# Executive Summary

To Whom It May Concern:

We have identified a major market opportunity in the Lincoln market. Coffee consumers value above all, three things: the atmosphere of a coffee house, the quality of taste, and the convenience in getting that cup. While most coffee houses have the atmosphere and quality nearly perfected, the greatest stride in the convenience in getting that cup of coffee has been the drive-through—an act that still requires the average consumer to go out of their way. We have tapped into a want within the coffee drinker consumers: the want for the quality cup of coffee to come to them. With an estimated market of 110,785 coffee consumers in the city of Lincoln, the numbers are there to turn this idea into a profitable business.

"The Drop is mobile convenience serving individual and groups of coffee consumers in the three identified business districts of Lincoln. While other coffee shops take time out of your day and make you go to them, The Drop comes to a location near you, saving you time in travel and in line. In this way, The Drop gives customers convenience, a unique experience, and quality coffee." We primarily aim to target groups of business professionals and UNL students as a secondary market. Business professionals have the discretionary income to spend on a quality cup of coffee in addition to the delivery fee.

The product itself comes in a twofold: the first is the quality cup of coffee and the second is the delivery service. Essentially, any order over $25 is free, while delivery to an area within a one mile radius of a truck is $1. We priced the minimum order for free delivery at $25 to encourage individuals to order in large groups—ideally business meetings or study groups. The coffee itself is competitively priced similarly to Starbucks. We want customers to realize that this is a quality product and therefore worth spending the extra dollars on. Since we deliver straight to the customer, we cut out a lot of costs when dealing with intermediaries.

We have identified three business districts within Lincoln and will cover all three districts. They are downtown, 56$^{th}$ and 0 Street, 27$^{th}$ and Pine Lake. Within each district will be one truck with two drivers. There will also be a delivery car operating during opening hours to make the farther deliveries around Lincoln. The trucks will be on a set route within the districts where customers will be able to know ahead of time and meet them on a walk-up basis.

Since this is a local company, we focused on marketing the local way—newspapers, radio ads, local events, and even getting involved with the Lincoln Chamber of Commerce. Social media will play a huge role in increasing awareness of the company, specifically through Facebook and Twitter. Additionally, we want to create a Drop App that will make ordering a three-step process. Through the app, they will be able to find locations of The Drop trucks, place orders, and keep track of their customer loyalty points.

Coffee provides high margins of about $2.35 per cup. If we take those margins and multiply them among the estimated 110,785 coffee drinkers in Lincoln, we have a recipe for success. The amount needed to get The Drop up and running is $202,875. On an annual basis we will also incur total fixed costs of $265,705.56, which includes marketing costs of $4,425, and variable costs of $1.65 per average ticket. The Drop looks to break even in quarter 3 of year 2 assuming all profit goes towards paying off startup costs in our first two years of operation.

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## The Drop (Introduction)

Imagine yourself stuck at a typical early morning staff meeting. The presenter drones on and on about financials and calculated risks and you find yourself struggling more and more to stay awake. The presenter senses the disengagement from the audience.

“Stay with me, guys,” he quips. “Twenty more minutes and we’ll take a ten minute break.” *Ten minutes? That’s hardly enough time to run out and grab a good cup of coffee.* Sure, your office has its industrial coffee pot, but what is the drab taste compared to a steaming caramel latte?

Many business professionals find themselves in these types of situations as well as others. Poor weather may confine you to your desk based on the amount of effort that it takes to put on your protective gear. Your nearest coffee shop may be five minutes too far out of your drive from your office. This is where The Drop comes in.

54 percent of Americans report drinking coffee daily (Coffee Shop 2012). If you find yourself in this 54 percent, why not treat yourself to the convenience of our service—we bring quality coffee to *you.*
Coffee, a mainstay in many American homes, has become a billion dollar industry on which many businesses have grown from. Starbucks, Caribou, and Scooters may instantly pop into your mind, however, these brick and mortar industries have a common flaw: they require the customer to go to *them*. By offering delivery as well as close proximity, The Drop offers quality coffee to consumers in the way that is most convenient to them.

The Drop will function with three mobile coffee trucks that will travel along specified routes in the three business districts of Lincoln, Nebraska. These will serve as a walk-up service in which customers can simply place an order to go in the window. In addition to the coffee trucks, two delivery vehicles will be on call to make deliveries if the customer needs the coffee to go to *them*. Directly from our positioning statement, “The Drop comes to a location near you, saving you time in travel and in line. In this way, The Drop gives customers convenience, a unique experience, and quality coffee.”

Since coffee has proven itself to be a staple of the American population (of those 54 percent that reported drinking coffee daily, 60 percent reported *needing* coffee to start their day), it has become almost an essential need in the minds of the consumers. While our research reported that the number one factor of purchasing coffee from a brick and mortar store was “atmosphere,” there was an attribute that was the second most important and which no company had effectively delivered on—convenience. When you combine a need (coffee, or food) with a want (convenience), this product becomes indispensable, and ultimately, a recipe for success.

There are an estimated 110,785 coffee drinkers in Lincoln. According to the International Coffee Organization, coffee has grown at a 7.46 percent growth rate since World War II. All of our research leads us to believe that this growth will steadily continue.

Based on the marketing objectives we have set in terms of goals, we expect to generate sales of roughly $500,000 within the first year. Through year 5 we project sales growths of 10 percent annually. The total operating cost per year for operations will be $265705.56. That will be in addition to the $202,875 we will need to cover anticipated startup costs. As for the variable costs it will cost us an average of $0.49 per drink, $0.68 per baked goods, and $0.37 per delivery. The profit margin for the average ticket of 1.5 drinks, .8 baked goods, and delivery will be 72.19 percent.

# Primary Research

***Coffee Truck Survey***

## Methodology

To conduct basic primary research, we created a convenience survey on Google Forms. We decided to conduct a convenience survey because of the time restriction of gathering the information (which we decided was one week in order to have time to analyze the results in depth) and because it is a typically low-cost (or in our case, free) way to gather information.
As a group, we structured 32 questions that we believed would help us to gather pertinent information about what our target market would want in terms of service and offerings (see Appendix K: Coffee Survey). The questions varied from rating scales, select all that apply questions, and written responses. There was a definitive break in the questions. If a respondent did not drink coffee (question 9), they skipped down to question 16. We did this to prevent getting false answers about a respondent's coffee drinking habits if they indeed did not consume coffee. We received 142 responses in all.

However, there were many flaws in conducting this type of survey. The first and main flaw was that we did not build a pool of responders that fully represented the target market that we wanted to go after. In response to that lack of action, we received responses that were greatly skewed towards young to middle age groups (70 percent of our respondents were between the ages of 16 and 29) and a dominant female response rate (65 percent over 35 percent male). Despite these flaws, we decided that this sample would serve to make basic assumptions about our business plan.

We coded all of the answers into numerical inputs. For written responses, we developed categories under which all written responses could fit under and then assigned each category a numerical input. We used the statistical analysis software SPSS to come up with correlations between the information that was recorded. For guidance and basic questions about the software, we contacted Jessica Mikeska, a Doctoral Candidate for the Department of Marketing at UNL.

## Findings

Using cross tabulations to find correlations between our data, we found a wide variety of information. From here on after, our "target market" will be coffee drinkers who live in Lincoln and are between the ages of 16 and 29. 74.7 percent of our respondents fit under this category.

### *Timeframe to Sell*

In order to make assumptions about what time of day would be our primary timeframe to sell coffee, we wanted to use times in which at least 50 percent of our respondents were drinking coffee. We found that between 6 am and 9 am, 67.5 percent of respondents reported drinking coffee. This percentage increased to 74 percent between 9 am and 12 pm (noon). Our secondary timeframe to sell coffee (in which 29.9 percent of our respondents reported drinking coffee) was between 12 pm (noon) and 3 pm. At this point, 31 percent of our target market reported drinking coffee.

### *Coffee Purchasing and Consumption*

We discovered that our target market will typically buy their coffee at grocery stores (57.1 percent of respondents did) or at a coffee house (51 percent of respondents did).

The main places where our target market will drink coffee were at work (58.4 percent) and at home (62.3 percent). Surprisingly, only 27.3 percent of our target market will typically drink coffee at a coffee house. What this tells us is that of the respondents who typically buy their coffee at a coffee house, on 33 percent will stay to drink it there. After further analysis, we discovered that the majority of this population were in the age range of business professionals. This implied that while they enjoyed the great tasting coffee of a coffee house, they simply did not have the time to enjoy the atmosphere. 31.2 percent of our target market reported drinking coffee at school, which made sense due to the student population that answered our survey.

Another question asked was their frequency of consuming snacks with their coffee. Due to the information reported on our survey, we can concluded that because the majority reported to “sometimes” or “hardly” ever enjoy snacks with their coffee, we can really limit our offerings of snack products since they won’t be a desired commodity.

When asked to rate their preference of taste (1) over price (7), 69.8 percent gave a rating of at least a 3 or below, which means our target market prefers a quality tasting cup of coffee over an inexpensive one.

## *Potential Offerings*

| Beverage | percent Interest |
|---|---|
| Juice | 3.9 |
| Smoothie | 14.3 |
| Hot Chocolate | 11.7 |
| Milk | 1.3 |
| Tea | 26.0 |
| Water | 3.9 |
| Bottled Soda | 1.3 |

When trying to determine what beverages to offer in our mobile coffee truck, we determined strong interest in coffee (64.9 percent more likely to purchase) and specialty drinks (67.5 percent more likely to purchase). As far as interests in other types of beverages, the table to the left summarizes the results.

However, we did find that 81.8 percent of respondents preferred drinking water with their snack food, so we can assume that this is a product that we will need to have some on hand to satisfy the consumers who purchase a snack (as well as offer cold water during the hot summer months).

## *Attractiveness of Coffee Houses to Consumers*

Within our target age group, we found that either 22.4 percent of our respondents frequented a coffee house only once a week, while 43.5 percent frequented as infrequently as once every two weeks to once a month.

When we ranked the qualities that attracted customers into a coffee house, 28.6 percent of respondents said atmosphere. The next two were convenience and quality at 20.8 percent and 16.9 percent, respectively. We made the assumption that if we wanted to be successful, we really needed to capitalize on the 2nd and 3rd qualities as we cannot offer the first quality due to The Drop being a mobile truck.

| Quality | percent |
|---|---|
| Convenience | 20.8 |
| Perks | 5.2 |
| Products Offered | 6.5 |
| Quality | 16.9 |
| Atmosphere | 28.6 |
| Social Benefits | 5.2 |
| Price | 5.2 |
| Service | 2.6 |

***Customer Benefits***

When asking respondents what benefits they currently receive from visiting a coffee house, 51.9 percent of respondents answered “atmosphere” and 40.3 percent answered “great meeting place.” Again, this made us aware of what was important to customers and what we could not compete in. Luckily, the next two highest benefits were “drive thru” at 29.9 percent and “loyalty program” at 24.7 percent.

Since we have the benefit of a drive through feel, we focused on what to offer through our loyalty program.

41.6 percent of respondents showed a strong desire for a “buy something, get x free”. However, offering many free items often can damage our premium brand as well as hurt our profit margins. The free offerings could be offered once a year (such as a birthday reward). 14.3 percent of respondents showed an interest in discounts, something we could offer more than once a year.

***Smartphone and App Capabilities***

Only 7 of our respondents living in Lincoln did not have a smartphone (9.1 percent). We decided that a mobile app to keep track of our loyalty program and rewards would be most beneficial to our business. Even though 49.4 percent of respondents reported never using a “brand” app (such as Target rather than a social media app like Facebook or a utility app like Gmail), we still want to go ahead with the development of The Drop App as we believe that our average user will get great use out of our truck-tracking capabilities and or app-ordering capabilities (for instance, professionals who are in a business meeting). At least 90.9 percent of our target market have a smartphone and as long as we provide effective ways for the consumer to interact with our brand, we believe they will use it.

## Secondary Research

***Situational Analysis***

### Critical Environmental Conditions

As a business, the coffee market is something that we will need to pay special attention to as the volatility of the market (as well as the climate of the coffee growing countries) can affect prices, quality, but most importantly, our supply. To help combat some of the volatility, Starbucks has recently purchased its own coffee field to focus solely on resolving the issue by directly controlling its coffee bean supply (Burkitt).

An article in the Business Insider revealed further environmental trivia about the global coffee industry. From 1990 to 1995, of the 50 countries with the highest deforestation rates, 37 of those countries’ main industry was coffee bean production (Goldschein).

Consumers might also be concerned with the pollutants that are put out by the trucks driven. However, to combat this issue, food trucks have been proven to be “greener” than a traditional brick and mortar restaurant. With minimal infrastructure maintenance, less energy needs, and about the same amount of waste as a small café or restaurant, food trucks outweigh their disadvantages in environmental impact substantially (Pastor).

## Social Implications

The coffee culture typically regards the coffee house as a “third place” (ex. Starbucks) where customers can relax or meet a friend. Wikipedia refers to the coffee culture as “a social atmosphere or series of associated social behaviors that depends heavily upon coffee, particularly as a social lubricant.” The coffee house becomes another home—a place to unwind and read a book—with the atmosphere to go with it. Many coffee houses today forgo the modern sleek look for a quaint and cozy interior, complete with comfortable furniture and occasionally a crackling fireplace. The coffee house is where you go for a first date, a meeting with a friend you haven’t seen in a while, or a place you go to get away and spend a little “you” time. Blogs about coffee culture muse over coffee for its socializing abilities. “Coffee promotes conversation because it is a hot beverage. Beverages, when included in a conversational scenario, create natural pauses in a conversation that occur when you take a sip, feel the cup for temperature etc. These pauses allow the people involved in the conversation time to think and digest the conversation at a natural pace, which allows the conversation to go deeper than a conversation in passing.” (Moore).

In today’s fast-paced society, however, there is less and less time to sit and enjoy your cup of Joe. With the extension of drive-throughs in many chain coffee houses, it has brought in the consumer who quickly stops by to grab a cup of coffee on their way to work. Apart from the hour-long lunch break, we saw a significant gap in where individuals couldn’t leave their workplace to purchase a cup of coffee of about the same quality that they preferred from a chain coffee house.

Our main constraint on our product is that we will not be able to provide the “traditional coffee atmosphere”. We would be forgoing this typical meeting place and changing how customers view their coffee vendors. We will still be able to provide some elements such as aromas and great customer service, but not to the full extent of a coffee house. We will need to figure out a different way of appealing to the everyday consumer that walks by our trucks. The physical exterior of the truck can help to add to the appeal to the consumer by looking different from all other food trucks.

## Political Implications

The typical consumer in Lincoln, Nebraska, generally welcomes the food truck as an alternative to the usual sit-down restaurant. There is a food truck festival in which customers can stop by and try out some of the different offerings from various food trucks. Probably the most notable food truck in Lincoln is the Asian-fusion food truck, Heoya. The food truck was a hit, drawing in many customers, until legalities constrained where the truck could and couldn’t park. Pressures from competing businesses are forcing city council members to place ordinances and restrictions on how long food trucks can be parked on public property.

This forced Heoya (and other food trucks) to work out arrangements with other businesses that allow them to park in private lots. Consumers keep flocking to these locations to purchase their favorite meals. There has been some outcry in the media about the disapproval of these ordinances from the general public. The outcry from the Lincoln community has been heard. Since the current ordinance is considered outdated since it was created with ice cream trucks in mind, the current mayor’s administration is looking to create permits that food vendors can purchase for parking (Arenson).

The outcome is still not certain as the legislation to allow food trucks to park on publicly owned land was met with high opposition from the Nebraska Restaurant Association, due to the competition it will cause. As recently as July of 2013, a new bill was proposed which ultimately went unpassed.

## Legal Implications

Current food truck legislation requires food trucks to purchase an annual $410 temporary food establishment permit to the city and a state $65 one-time permit. All of the food truck's employees must have food manager permits in addition to food handler permits (Hicks).

According to the Nebraska guidelines for food handler and food protection manager permits, we would need one Level IV permit for a Food Protection Manager in addition to Restricted Manager (Level III) permits. The Level IV permit is applicable to the manager of a food establishment and must be present on premise at all times. The Level III permit is for establishments that "do not prepare and serve potentially hazardous foods such as bar managers, coffee shop managers, and bakery managers.

## Economic implications

According to our marketing research, the taste of the coffee is more important than the price. Proving itself as a near "necessity," the National Coffee Association backed this claim up in 2010 with 84 percent of consumers claiming that they had not changed their consumption habits despite the economic environment during and post-recession.

Globally, coffee farms are the economic livelihood of over 25 million people (Goldschein). Coffee is the world's second-most-valuable commodity export by developing countries, after oil (Coffee Research Institute). There is implication that increased coffee prices in the United States help to increase the income share of the richer population, rather than income share of poor population, in the coffee producing countries (Tiwari and Bisht).

Within the US, the main factor that affects the price of coffee is carbonated soft drink consumption. When the price of one goes up, so does the price for the other, which implies that they are substitute products (Tiwari and Bisht). The Affordable Health Care act will require that we provide health insurance to our employees that work 30 or more hours in a week. If we are not careful to monitor that our employees do not go over this benchmark, it can affect our cost to make the product, and ultimately the price to the consumer. It is a current issue trying to be resolved or increased understanding of the Nebraska Restaurant Association (Legislative Alert).

## Cooperative Implications

Our cooperatives will be based on our suppliers and partners. The Drop will need to create a solid partnership with a coffee bean supplier. The trust established within this partnership will allow The Drop to consistently receive quality beans for each of its products. Additionally, this supplier would need to provide deliveries based on a regular schedule, increasing frequency when business increases. More focus on our suppliers will be needed during our busy times to make sure that the supplier can keep up with demand. These arrangements will be outlined in our initial partnership.

Many of our internal processes will be taken on by The Drop's management, including payroll. These managers will also be in charge of minor marketing tasks such as updating the social media based on their locations. Marketing efforts will be taken on by a single marketing employee. This employee will structure future promotions, website edits, and scheduled social media posts. There may also be events that are arranged by this individual depending on the time of year and events that will be attended.

In order to increase efficiency, we will have set processes in place for each of our tasks on the trucks. These processes will outline the steps associated with each task. In order to run successfully and see what works, these processes will be updated periodically to make sure they are being completed using best practices. Using this measure can also encourage our employees to grow within the company by suggesting improvements to processes. This could also increase our employee retention, therefore reducing our costs associated with turnover.

Employees would also be one of our greatest tools when deciding new drink options. These employees will be interacting with the customers on a daily basis finding out their likes and dislikes will provide the opportunity to capitalize on our employees' creativity. Each employee would be encouraged to keep track of popular trends through the business and finding creative drink mixes that our customers would love.

## Competitors and Industry Analysis

According to an article from the Wall Street Cheat Sheet, the four leading competitors in the coffee industry are Starbucks, Yum! Brands, Dunkin Brands, and McDonald's (McWhinnie). However, Yum! Brands own KFC, Pizza Hut, Taco Bell, WingStreet, and East Dawning, none of which we believed could offer coffee as a standalone product and therefore, did not consider a major competitor in the coffee industry in which we categorize ourselves.

A study conducted in 2012 from the Small Business Development Center Net also mentions the possible competitors of Peet's Coffee and Tea, Caribou Coffee, and Seattle's Best Coffee. Seattle's Best Coffee has since been acquired by Starbucks and Peet's and Caribou have been acquired by the private German company Joh. A. Benckiser Group.

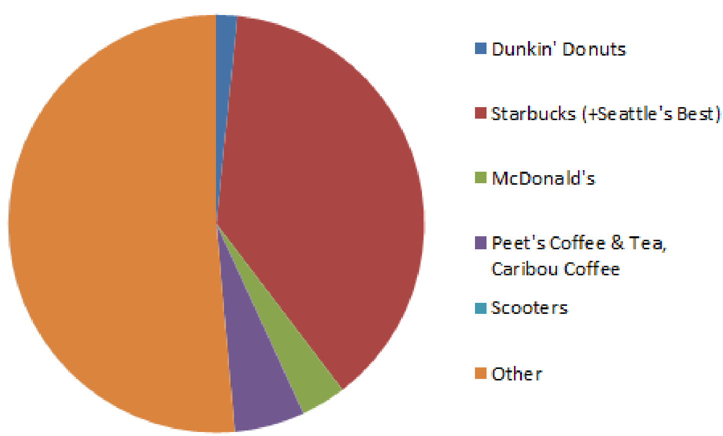
For the purpose of our competitor and industry analysis, we focused on the three largest publicly traded coffee companies.

| Brand | Brand Strengths | Brand Weaknesses | Competitive Strategy |
|---|---|---|---|
| Starbucks | Brand<br>Starbucks experience<br>Leading coffee house<br>Sound financial profits<br>Drive-through<br>Wi-Fi | Oversaturation<br>Inconsistent experience<br>Prices during recession | Starbucks focuses on affordable luxury. Every trip into Starbucks should be a moment to savor, filled with knowledgeable employees and superior quality of taste. After initial success of this model, they began to switch to "convenience" themes which resulted in the degradation of the Starbucks experience. Since then, they have converted back and have successfully regained some of that experience. |
| Dunkin' Donuts | Strong loyalty<br>Strong advertising | No strong penetration into | Dunkin' Donuts really puts an emphasis on their customer loyalty. They want to make sure that |

| | | | |
|---|---|---|---|
| | and marketing<br>Pricing | emerging markets<br>Health trend<br>Lower market share<br>Weaker brand | every experience is a pleasurable one and do The offerings are personalized towards specific themes around the holidays (heart-shaped donuts for Valentine's day). They offer fresh, raw materials for making their product. Their focus has been semi-successful. Dunkin' has a lesser quality reputation than Starbucks in terms of coffee, but more consumers go there for the pastries rather than the coffee. |
| McCafe | \$1 menu<br>Efficient drive-through<br>Breakfast menu<br>Coffee can be purchased throughout day<br>Strong brand<br>Financial backing<br>Wi-Fi | Perception of lesser quality<br>Perception of unhealthy | Their competitive strategy is to be fast, convenient, and affordable. They capitalized on their drive-through efficiency and upped the taste of the coffee. The have made McCafe coffee easy to access as the customer is also able to get food for their entire family. Their strategy has proven to be very successful. |

The coffee shop industry had about $10 billion in sales in 2012 according to the Small Business Development Center Net. We calculated the market share by finding the total revenue at the end of 2012 and dividing it by the total industry sales. Since Pete's, Caribou, and Seattle's Best are now privately traded companies, we figured out market share using last known revenues (2008 for Peet's and 2009 for Caribou). Coffee sales make up 5 percent of McDonald's total sales (McDonald's Corporation).

| Company | Market Share |
|---|---|
| Dunkin' Donuts | 1.62 percent |
| Starbucks (+Seattle's Best) | 38.00 percent |
| McDonald's (McCafe only) | 3.50 percent |
| Peet's Coffee & Tea, Caribou Coffee | 5.47 percent |
| Scooters | .005 percent |



### *Substitute Products*

As mentioned above, the direct substitute product for coffee is soda. When the price of coffee goes up, so does the price for soda (Tiwari and Bisht). However, the 2012 State of the Industry: Carbonated Soft Drink study suggests that they soft drink industry is showing signs of decline on the tails of a health kick trend. While the dollar amount of sales increased from 2011 to 2012, the actual sales volume decreased by 2.8 percent, suggesting that they adjusted the lagging sales with higher prices in order to keep profits up.

### *Local Coffee Houses*

As far as local coffee houses, the competitors that we identified were The Coffee House, The Mill, and Meadowlark. While these companies don't have the massive revenues such as Starbucks, they do hold emotional appeal to consumers due to them being local to Lincoln as well as being fairly established for some time. However, it is important to note that local coffee houses have a limited amount of locations and are not readily available to everyone. The typical consumer has to go out of their way to travel to these destinations in order to get a coffee from one of these coffee houses.

# Marketing Plan

## Marketing Objectives

Our marketing objectives were as followed:

Objective 1: To obtain an 80 percent awareness rate amongst Lincoln coffee drinkers within our first full year (September 2014 to September 2015).

- This amounts to 88,628 individuals.

Objective 2: To have 20 percent of Lincoln coffee drinkers make at least one purchase of The Drop products during our first full year (September 2014 to September 2015).

- This amounts to 22,175 individuals.

Objective 3: To make sales of $500,000 during our first full year (September 2014 to September 2015), with a growth rate of 10 percent annually through year five.

- This amounts to $500,000 in year 1, $550,000 in year 2, $605,000 in year 3, $ 665500 in year 4, and $732050 in year 5.

## Segmentation and Targeting

Our segmentation criteria are limited to individuals in Lincoln, Nebraska, both male and female, between the ages of 20-49 that drink coffee at least two to three times a week, and have some college or at least a bachelor's degree.

The total amount of coffee drinkers in Lincoln is estimated to be about 110,785 people.[1] By targeting individuals who have some college, but no degree (for instance, students currently in school) and individuals with at least a bachelor's degree, we were able to target 78,258 individuals out of the total 110,785, which is already 71 percent of our possible market. Individuals in college or with at least a bachelor's degree tend to have white-collar office jobs in which coffee is easily incorporated into the work culture. The Lincoln census reported 53,152 individuals with jobs related to management, business, science and the arts; in addition to 35,901 individuals with jobs related to sales and office occupations. We also saw this market as an opportunity for our delivery service.

Using the VALS Framework to understand the mindset and buying behavior of consumers, we have identified three types that we feel describe our potential customers the best. The first type of consumer is the innovator. This person has abundant resources, is receptive to new ideas and technology, and places a high importance on image. They will have the money to make frequent purchases throughout the week and may be more open to switching brands to something new and unique, like The Drop.

The second type of consumer is the striver. Strivers are trendy and fun loving, and are very active and impulsive consumers. These types of consumers will be the ones who will be more apt to stop by the truck on their way to the office if the craving suddenly hits. They will be the early adopters of this product to show that they are the most on trend with the new offerings.

The third type of consumer is the experiencer. Experiencers are impulsive buyers, but don't necessarily have loyalty to any particular brand. They like offbeat things and place an emphasis on having cool "stuff." These consumers will be willing to try something new, different to any typical coffee shop experience that they have had before. Their fickly loyalty may or may not be an issue as we have already noted that our consumers will typically have an alternate product that they turn to after our hours of operation (VALS Types).

| | Repeat Purchase | | |
|---|---|---|---|
| Relative Attachment | | High | Low |
| | High | Premium Loyalty | Latent Loyalty |
| | Low | Inertia Loyalty | No Loyalty |

According to Jill Griffin's *Customer Loyalty: How to Earn It, How to Keep It*, there are four levels of loyalty that a customer will have.

For our product, we chose not to focus on premium loyal customers and customers that have no loyalty. Premium loyal customers will already be so attached to their particular brand that they will not consider switching. Customers with no loyalty may buy your product once or twice, but won't be able to be developed into repeat purchase customers. In the long run, these types of consumers will do more harm to our business than good.

Our main focus will be on customers with inertia loyalty. These consumers, although having a low level of attachment, buy your product out of habit. They buy whatever is most convenient to them. Luckily, convenience is our main competitive advantage over the traditional brick and mortar coffee shops. Our secondary focus will be on customers with latent loyalty. Alone, these types of consumers will always buy your brand. However, if they are with another person, they will forgo their want of our brand for the want of the other person.

Understanding the basic demographics, buying behavior and loyalty of our target market will better help us to identify what our potential customers will look like. Basing our characteristics off of an article by CNN Money, we have come up with four typical consumers of The Drop.

Our first consumer is the married socialite. She is typically in her late 20s or early 30s with a household income of $50,000 to 100,000. She looks for green and trendy things and shops at Banana Republic and Gap. She will most likely purchase our product in the south district route of The Drop near the South Pointe Mall directly from the truck on her way to and from the stores.

Our second consumer is a member of the collegiate crowd. He is typically 18 to 23 years old and is very active on his phone. He shops at American Eagle and Express and watches *Family Guy*. He will most likely purchase our product in the west district route of The Drop near downtown and UNL campus. Being an avid mobile phone user, he will use the app to find the location of The Drop truck nearest to him and purchase directly from the truck.

Our third consumer is a shooting star. She is in her 30s to 40s and is married with no kids. She makes over $100,000 a year and has a graduate degree. She shops at Sephora and Ann Taylor and talks about her stock investments and travel plans. This type of consumer will have the resources to place the delivery. She will most likely purchase The Drop products while at work when presenting new ideas to her colleagues.

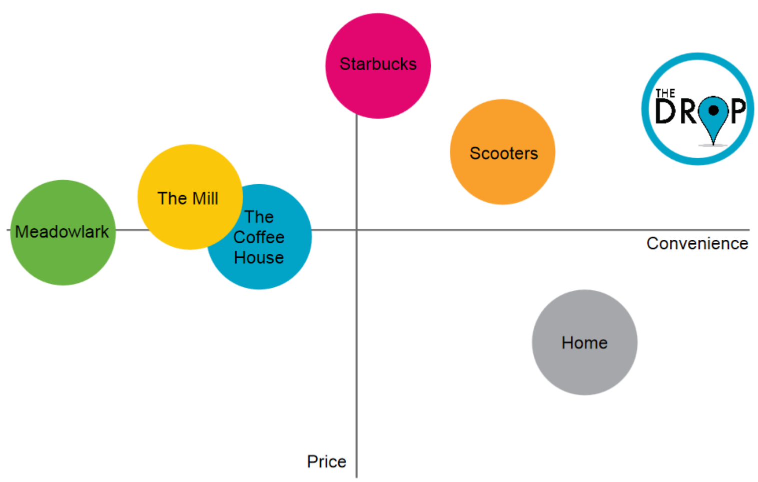
Our fourth consumer is a city mixer. He is childless, single, and enjoys going to museums and theaters. He shops at Trader Joe's and Whole foods. For entertainment, he reads *The New York Times* and watches *The Office.* Like our shooting star, he will also most likely purchase the delivery option for The Drop products to make the offering more convenient to him.

Married socialites and collegiate crowd members will be seeking the benefit of a fun and unique experience while shooting stars and city mixers will be seeking the benefit of convenience.

### Positioning

The dimensions of our positioning would be the price of our products in relation to other competition, and convenience, our differentiating factor.

#### ***Positioning Map***




#### ***Positioning Statement***

"The Drop is mobile convenience serving individual and groups of coffee consumers in the three identified business districts of Lincoln. While other coffee shops take time out of your day and make you go to them, The Drop comes to a location near you, saving you time in travel and in line. In this way, The Drop gives customers convenience, a unique experience, and quality coffee."

## Marketing Mix

## Product

The tangible product themselves are the coffee, specialty drinks, other beverages, and accompanying snacks. When consumers purchase our tangible products, they are also purchasing the generic product of convenience—whether this is the convenience of the delivery service or a convenient location near the buyer—which is our main competitive advantage. Our product is a consumer good which can be further classified as a convenience good. Convenience goods are purchased frequently with little effort, and sometimes impulsively (Peter and Donnelly 87-88).

The quality of our tangible product (coffee) will be of comparable quality in terms of taste to that of Starbucks. Our research showed that there was more importance placed on the taste over the price of coffee. Consumers will be willing to spend more on coffee that they think tastes good. We wanted to differentiate ourselves from the bland, generic coffee that they may be getting offered while at work. If we succeed in making a comparable quality of taste, the consumer will see that we are providing a good value by providing great coffee at a higher price, rather than perceiving themselves as receiving less value from poor tasting coffee at a high price.

### *Product Life Cycle*

During the introduction phase, we will be focusing on introducing our product to our target market. We expect our market to be small during this stage as this is a new way of providing an old service. Some people may not be receptive to the idea and others may wait until it is more mainstream to try it out. The menu will remain fairly limited, but with depth, to provide different variations of the same basic offering. The product offerings may be tweaked during this time after taking in suggestions from patrons.

During the growth stage, we will expect our market to grow as more and more people try our product. We aim to perfect the taste of our product offerings during this time so no more resources will be needed on product development. As we bring in more customers, we expect to begin to benefit from economies of scale and therefore hope to reduce the production costs, but not the price to the consumer.

During the maturity stage, we expect to reach the peak of our market share capture and will most likely experience a decline in growth percentages. The product itself during this time might change between the maturity stage and the decline stage to provide new variations to the products to keep them interesting to the consumer. During this time, we expect to have perfected our differentiation strategy among all other food trucks and coffee houses in Lincoln.
During the decline stage, as profits or sales begin to go down, we may choose to scale back our product offerings. If our target market no longer proves to be marketable, we will look into researching new potential markets.

### *Packaging*

When deciding on packaging, we wanted our look to stand out from your typical coffee experience. Since The Drop offers a different experience than your typical coffee retailer, we needed to be recognizable from the consumer's perspective, preferably in a single glance. The main focus behind the look of The Drop was brightness. The Drop's color scheme was to be completely the opposite of the dark browns and natural earth tones used in many coffee establishments. Each element in The Drop's branding identity is designed to work harmoniously with each other. When the colors are alone or combined, they represent the brightness and fresh look desired from the brand.

The typography used for the logo is Futura. This was chosen due to the modern lines and balance in circular letters. Futura should only be used for our logo or titles in marketing materials. Our secondary font used for marketing materials will be Helvetica Neue. These two fonts complement each other while still providing balance. Due to most of our marketing efforts being displayed on screens, these san-serif fonts are easier to read than serif fonts, providing a better digital experience for our customers.

Our products will be backdropped with white, unless previous arrangements made or for promotional items. Font will always be black for main messages with grey as optional or subtext when needed. Blue will be the standard color for the pin in the logo. However, while any color from our pallet is acceptable for the logo's pin, blue will be the most widely used due to its gender neutrality and calming identity.

The packaging of the products that will reach our customers hands, cups and treat bags, are the only items that will have a regularly scheduled change of the color pallet. The colors of the cups and bags will be our standard white, however the pin in our logo will change depending on the time of year or promotional period. These changes in color are to stimulate customers to buy during that time since they will recognize the logo, though with a new bright color, will also recognize that it is different. For a visual representation of this information, please see Appendix H.

### ***Product Mix and Product Line***

The Drop coffee truck will produce five different product lines; Brewed Coffee, Espresso, Tea, Other, and Food. These five different lines will be offered, based on our research findings, where people typically bought from these five lines when visiting their favorite coffee shop. The Drop will be offering our drinks hot or iced allowing us to serve our customers year round. Each of our product lines will have differing depths depending on drinks we are able to create for our guests.

Throughout the year, there will be three standard brewed coffee roasts offered. Dark, Medium, and Light roast coffee each attract different audiences based on their flavors profiles. These profiles need to be considered as they separate the strong coffee flavors to the weaker flavors, which are important to different guests. There will also be a specialty coffee offered during promotional times of the year when different beans become available.

Similarly, there are many different ways to prepare espresso. We currently offer seven different espresso drinks which also can be combined with any syrup flavoring to delight our guests. Having multiple options for our guests is important since creating the perfect espresso beverage is different for each person. Due to the low cost associated with espresso, it is easy to offer different syrups, drink types, or milk for each guest. This product line, due to its popularity and ease of customization, allows us to create specialty drinks throughout the year depending on the season.

Tea was also popular in our survey results as a top drink. Black, green, earl grey, chai, herbal, and specialty teas are all offered by The Drop. The reason to offer all of these varieties is to please the different tastes of our customers. Teas can also be customized with milk, honey, or however the guest likes to prepare their ideal cup.

Our Other Drinks section is a broad offering that is attractive to those people coming to our truck that are not looking for coffee or tea. These drinks are also great options for children. These options include: hot chocolate, apple juice, apple cider, milk, and lemonade. Some of these drinks, such as the hot chocolate and lemonade, also become more popular during different seasons and offer our ability to be creative with flavors and promotions.

Finally, The Drop also offers a limited amount of food. Our main products will be doughnuts, pastries, and bagels. These foods were most popular among coffee drinkers. They have also been chosen due to their ability to compliment the coffee. Even though our survey results indicated it was rare for people to purchase food and coffee together, The Drop will still be offering these limited food options due to the morning being our most popular time.

**Full Menu**

| **Brewed Coffee (hot or iced)** | **Espresso (hot or iced)** | **Tea (hot or iced)** | **Other Drinks** | **Food** |
|---|---|---|---|---|
| Light Roast | Americano | Black | Hot Chocolate | Doughnuts |
| Medium Roast | Latte | Green | Apple Juice | Pastries |
| Dark Roast | Mocha | Earl Grey | Apple Cider | Bagels |
| Specialty | Cappuccino | Chai | Milk | |
| | Espresso | Herbal | Lemonade | |
| | Macchiato | Specialty | | |
| | Specialty Lattes | | | |

## Promotion

We have four advertising objectives for our campaign. The first object is to create awareness since we are launching a new service and we need to let our target markets know about it. Our second objective goes hand in hand with the first objective: get the idea across of a new product. By doing this, some of our target market may be more apt to try it to be trendy and ahead of all other consumers. Our third advertising objective is to inform consumers about our product availability. With this as an objective, we will also be directly promoting our competitive advantage—convenience. Our final advertising objective is to convey the idea that the consumer is getting good value for their money. We don’t want them to think of our product as over-priced for a non-brand name of coffee, but rather that they are paying for the convenience to them.

We will be using different types of media to put out our promotions. The theme of our promotions will be our introductory slogan, "Coffee Drops…and So Do We!" with the use of the hashtag #dropLNK to integrate our marketing campaign across most platforms.

## *Advertising*

### Radio

For our radio spots, we will be focusing on 106.3 KFRX and Froggy 98. Since a lot of the individuals that we target are in professional work settings, country stations are most often the happy and most appropriate media for all the employees to listen to. Most consumers listen to the radio while they are driving to work and most businesses keep the radio on during the work hours, which makes radio ads an effective way for The Drop to reach customers. There are multiple country stations in Lincoln, but Froggy 98 is the most popular. In the car, most people listen to 106.3 KFRX as it is the pop station. Here we can air spots when we think consumers will be commuting to work.

We decided to run these ads on Monday's and Wednesday's once in the morning around 7am. This will give us the audience we need throughout the day and around the times consumers usually want coffee. The cost per ad is $25, and since we will be running 8 ads a month it will come to $200 a month. Our estimated yearly cost is about $2,400. Since radio ads are in audio format, we will have to be able to capture our audiences' attention in less than a minute. While this may present a challenge, we will be able to reach a larger audience. According to the Radio Advertising Bureau, adults age 24 to 54 listen to the radio about 14 hours per week and about two hours daily.

The advertising objective of these ads will simply be to provide information to the consumers about locations, delivery options, and how to place orders. Radios are relatively low cost and are able to target local markets well.

Estimated yearly cost: $2,400

### Newspaper

Business profiles are free as opposed to ads. We did not pursue ads in the newspapers because we felt that we would reach a limited amount of our target market for a short period of time. We will request for an extensive profile to be put in the business sections of these newspapers. By putting the profile in the business section, not only are we creating awareness of our product to the general reader, but we are also targeting the business professionals that will buy our product.

We will request a profile with Richard Piersol, the Business Editor at the Lincoln Journal Star as well as to Nate Sindelar, the Arts and Life Co-editor at the Daily Nebraskan. We feel that the two main benefits of using a newspaper are the intensified local coverage as well as the credibility lent to a piece printed in the newspaper.

Business profiles have more chances of being published if there is more of a "story" behind the release as opposed to just general information. For our "story," we wanted to use the theme of six UNL students putting this marketing plan into fruition.

Estimated yearly cost: $0 if selected

**Outdoor (Truck)**

By advertising on our truck, we will be able to repeat the exposure of our brand every time we drive by a business or as a customer stands in line. Advertising on our truck will be a one-time cost that will be implemented into the cost of the truck.

Since we will be limited as to what we put on the truck to avoid a cluttered look, we will have to be selective about what makes it onto the truck. On the truck, we will feature The Drop logo, social media handles, the website, and the promotion of The Drop App.

Estimated yearly cost: $0 (built-in with the truck cost)

***Sales Promotion***

**Loyalty Programs**

Our research showed that there was a high interest in loyalty programs that offered a free or discounted item with so many purchases. After deliberation, it was decided that there would be a strict limit on the number of free items given away to customers as there is absolutely no profit made from that giveaway. Our main exception would be a free drink of choice on a customer's birthday if they were a Drop App user.

Since word-of-mouth will be an important form of creating awareness and trial of our product, we decided to create some combination of a referral and a discount program. When a user installs The Drop App, one of the prompts will ask how they heard about The Drop. If it was a referral, there will be an option for them to input the name of the person who referred them, along with their Drop App user ID number to correctly identify the user if two people have the same name. Once they are inputted as referrals, credit will go to their Drop App account which will allow them to take certain percentages off their drink. They can either use their discounts as they come in, or allow them to accrue for even more savings.

Estimated yearly cost: $0 (built-in with The Drop App cost), $200 (estimated two birthday redemptions per day), $750 (estimated that 5 percent of all drinks sold will be sold at an average of 50 percent off)

**Groupon and Living Social**

When discussing the idea of using Groupons and Living Social deals to create awareness at the launch of our business, we initially thought this would be a good idea. We figured that while we wouldn't be making a lot of profit from it, that it might drive consumers in and create awareness. On further reading from Groupon and Living Social terms, we realized that 1) we would hardly make *any* profit from it, 2) it would be extremely difficult to integrate The Drop App's software to accept Groupon or Living Social deals as they are two distinct platforms, and 3) our average ticket was for $5.41; the deal that we offer (even at 50 percent) may not be enough to drive in the number of customers that wanted.

In addition, we realized that our target market would most likely have enough resources to be able to purchase the product without any discount. For people who have the resources that most of our target market has, they generally do not look for deals on convenience goods such as coffee.

In essence, using Groupons and Living Social deals would most likely be more trouble than what they were worth, so we decided to forgo them.

**Contests**

Our contests and giveaways will primarily be held through Facebook. Facebook has more capabilities to provide engagement and track submissions from the consumer. Twitter will be used to promote the contests.

Contests will run about once every two months to prevent our Facebook posts from becoming oversaturated with content that readers may tire of looking at. They will be held for a minimum of one week to a maximum of two weeks and require that the hashtag #droplnk be incorporated into all media submissions.

An example of a contest would be The Morning Look Challenge. We would encourage readers to submit their mornings before they've had their morning cup of coffee. The humor in the contest, although little to do with Drop products, encourage readers to take a longer look at our post and share the content among their own Facebook friends. Readers will then be able to vote for the worst morning look of all the submissions and the winner will receive a free beverage on us.

Another contest would be The Naming Challenge. When we come out with a new seasonal drink, we put out the basic ingredients and give users a week to submit names for the drink. The winner would be chosen by The Drop staff and be featured in a video delivering five cups of the named beverage right to the winner's doorstep. When the winner opens the door or comes to the lobby, a small amount of confetti would be thrown to give the video a bit more flair and excitement.

Estimated yearly cost: $20 (estimated five free drinks every two months)

**Seasonal Offerings**

As an added enticement for purchasing Drop products, we will be coming out with what we will be referring to as limited edition seasonal drinks. These drinks will not be discounted, but the exclusivity and limitations on their availability will tempt consumers to come out for a drink that they have never tried. Examples of flavors would be pumpkin spice in the fall and a peppermint hot chocolate in the winter.

Estimated yearly cost: $0

## ***Public Relations***

We will be putting out two press releases in the first month of operations. Again, press releases were preferable to ads in a newspaper because they are free. Similarly to our business profile in the newspaper, the theme will continue to be of six UNL students putting this marketing plan into fruition.

On September 1st, 2014, we will put out a press release announcing the arrival of The Drop in Lincoln, Nebraska. We will send press releases to Richard Piersol, the Business Editor at the *Lincoln Journal Star* as well as to Nate Sindelar, the Arts and Life Co-editor at the *Daily Nebraskan*. On September 29th, 2014, we plan to put out a follow-up press release with the general results from the first month. An example off the follow-up press release can be found in Appendix G).

Our main source of PR will come from The Drop's donation of "expired" products to local soup kitchens. While the products themselves will still be safe to eat, food regulations require distributors to toss out food past their selling date. The products we look to donate will be the food items—pastries, donuts, bagels, and condiments. On our website, we will list this as a way that The Drop helps the local Lincoln community.

### *Personal Selling*

**Local Events**

By attending and selling at local events, we can promote The Drop on a personal one-on-one setting with residents as well as businesses. Some of the ideas that we have for local Lincoln events are as followed:

**KFOR Bridal Fair**

The KFOR Cornhusker Marriot Fall Bridal Forum is held at the Cornhusker Marriot Hotel. There are over 50 exhibitors that go to the bridal fair to display their services and products. These services and products range from cakes, dresses and suits, to planning honeymoons. Other bridal fairs report to have anywhere between 75 to 200 people in attendance.

Since this fair can be a day-long process for some people, The Drop can offer to cater coffee to sell at a discount. While the price may drop down to $1 rather than $1.50 for a cup of coffee, we are still making a profit from this type of event while still increasing our name recognition.

Estimated yearly cost: $75 (loss of profit from discount)

**Lincoln Marathon**

The Lincoln Marathon typically takes place the first Saturday in May. There are two factors that make this event appealing to us: the time of day and potentially the weather. Since marathons usually begin early morning, some runners as well as bystanders coming to support them will be looking for a beverage that will provide them some energy. Additionally, if the weather is cold, there will be the added factor of a warm drink.

There is no cost to The Drop as we will sell our products at full cost.

Estimated yearly cost: $0

**Game day Saturday**

On every Nebraska Cornhusker Game Day Saturday, Memorial Stadium becomes the third largest city in the state of Nebraska. Memorial Stadium holds just over eight-one thousand Husker fans every game and many more go to the downtown Lincoln area to be near the game. To promote The Drop brand, we plan on having our three trucks strategically placed in the Bottoms, north downtown, and south of O

Street. We would find a place to park and would station there for the majority of the day. With targeting the Husker Game Day crowd, we hope to build more brand recognition with all of the foot traffic.

Estimated yearly cost: $120 (parking and permits)

**Farmers Market**

From May 4 until October 12, the Farmers' Market in the Historic Haymarket attracts many individuals from all across the Lincoln area. To have a stall at the Farmers' Market, it will cost The Drop $1,155 for the entire season. When the Farmers' Market kicks off in May, we will promote The Drop's cold drinks and when the weather cools off towards the end of the season, we will start pushing the hot drinks and specialties like the pumpkin spic lattes. Having The Drop present at the Farmers' Market in the Historic Haymarket helps build ties with the community of Lincoln. It shows that we are a local company of Lincoln selling great hot and cold coffee or tea.

Estimated yearly cost: $700

**Big Red Welcome**

At the Big Red Welcome, The Drop will create a game and give away small samples to interact with the students and create brand awareness. By talking to students one-on-one, The Drop can better explain its processes to avoid confusion when placing first time orders. We will have a QR code for people to scan to take them directly to our app to download. We'll make sure to promote that we deliver, how to find where the trucks are currently located, and how we will be targeting students directly during final and dead weeks. Getting brand recognition with the social, trendsetter students will help promote The Drop by word of mouth.

Estimated yearly cost: $160 (rental space)

## ***Direct Marketing***

**Social Media**

Since we expected that radio spots would eat the most out of our marketing and advertising budgets, we looked into free alternatives for further promotion. Based on this fact, we decided early on that we were going to base most of our promotions on social media. In addition to being a free alternative, the younger sector of our target market is very mobile-friendly which will help to tie in the app on their smartphones as well. By promoting the use of technology, we are also promoting the "fun, trendy, and modern" vibe of our brand.

Our first step was to come up with a basic list of characteristics that our social media pages will have. Our Facebook page will serve more for engagement with our customers. Engagement on Facebook will encourage readers to "Like" or "Share" content, whereas on Twitter, it will encourage readers to "Retweet"—either way encouraging awareness. All of our Facebook and Twitter posts will have a casual resonance to them. By being less formal, we really want to emphasize the "humanness" of our pages as an extension of the brand that we want to promote. The more human the posts, the more readers relate to them. All of our social media accounts will provide basic information such as routes, delivery options, and encourage the use of The Drop App.

On Facebook, posts will be one to two scheduled posts a day (to prevent slowing down of the business by using staff time to post during our busy times). One post will be between 6 am and 9 am when customers will be going to work and needing their morning start. The other post may be between 10 am and noon reminding customers to stop by The Drop for lunch.

On Twitter, we will post about six tweets a day. These will be informational tweets about our current locations (since we are mobile trucks), or a limited number of flash deals. These tweets will appear about once an hour from 6 am to noon.

Our next step was to see what our competitors' were doing. We checked out our main competitors' Facebook and Twitter pages to see how often they posted and most importantly, what they were posting. What we saw was a lot of clutter about deals, which were not appealing to us as readers. The Twitter pages served more as informational platforms while the Facebook pages allowed customers to engage a bit more with pictures and more detailed information. We saw pictures from sponsored events, product offerings, giveaway winners, and Lincoln events--anything that you can pretty much imagine. We have laid out the basics of the competitors' posts in the table to the left.

Our three goals of the Facebook page are to let people know us, ask questions, and share stories. We can let people get to know us by posing 30-60 second clips of our staff, events, and giveaways to help them put a face to the name. By asking questions such as: "What would you like to see more of on this page?" and "Why do you like this page?" we can find out how to make our social media pages more effective and personalized to our customers. And by sharing stories, we encourage the same consumers to share our content and better relate to and trust the brand.

| | |
|---|---|
| **Starbucks**<br>**Twitter**: Deals, holiday coffee pictures, inspirational quotes, news about Starbucks<br>**FB**: Deals, pictures, Starbucks news | **Scooter's**<br>**Twitter**: students drinking coffee, giveaway winners, sponsored events, Lincoln events<br>**FB**: wrong Twitter name, Scooter's news, deals, product offerings |
| **The Coffee House**<br>**Twitter**: daily specials, deals, product offerings<br>**FB**: Funny cat pictures, news about The Coffee House, product offerings, deals | **The Mill**<br>**Twitter:** daily specials, deals, product offerings<br>**FB**: product offerings, sponsored events, student made media (class projects) |

Most of our Twitter posts will be information based. For these posts, we envisioned a student scrolling through their Twitter feed and realizing that a Drop truck will be located nearby their apartment on their way back home from class.

**The Drop "Voice"**

One thing we want to carefully monitor is the type of content that we post. While pictures are easily the most eye-catching type of post, due to the Facebook algorithm, they are placed towards the bottom of the typical user's newsfeed. Content that is only words gets placed higher up. By balancing these two types of posts, we can make sure we are putting up engaging content as well as making sure what we most is the most effective it can be in reaching the greatest number of people.

As a brand, we want to stress to the consumers that we listen, not monitor, their conversations online. We want to emphasize the importance of human engagement to all of management when coming up with content. We discussed what we wanted our Facebook and Twitter posts to look and sound like. Rather than just simply "shill" our products to the readers, we want them to take a look at our post and really enjoy it. We came up with the example of engaging with our customers on the spot to find out information about them. If we realized that it was one of their birthdays, for instance, after asking permission, we would post a picture of our guest with their Drop product wishing them a happy birthday and what they were enjoying. After each post, we would yet again include the hashtag #dropLNK to link together all of our social media posts.


After more research, we discovered that social media users prefer educational content over self-promoting content. There were many directions that we could take with this, but we feel the following examples best describe what type of educational content we would like to post.

In promoting an environmentally conscious business, we could post about the new trend in recycling of coffee grounds. We would discuss the many ways that coffee grounds can be used: as fertilizers, around the house, in beauty routines, etc.

The main product of the business is there—the coffee. However, readers are learning something new, rather than reading about a deal, and therefore are more engaged. Thus, the more engaged a customer is with the content, the more likely they are to "Share" and "Like" content which in the end increases awareness.

**Increasing Social Media Presence**

When creating a new page, substantial growth in the first few months is key. The longer a page is active, the less growth in "Likes" it will receive (as represented in the Projected Facebook "Likes" Through 2020 table). As you can see, the initial growth rate is 55 percent and quickly dwindles down to 10 percent the following year. These projections were made based on growth rates from similar competitors such as The Mill and The Coffee House.

Our main goal is to create that initial growth by encouraging all staff, family members, friends, and sponsored events to "Like" The Drop Page on Facebook. In order to meet our end of the year goal of 300 likes by January 1st of 2014, we will offer discounts through community growth. For example, we might put out an offer that states that if we reach 300 likes by January 1st, lattes will be 10 percent off for the entire month. While we may take a hit on full profit potential by offering a discount, as a new business we really want to spread awareness that we have arrived in Lincoln.

For customers standing in line, we can encourage them to "Like" The Drop as well as a mean for them to occupy themselves while waiting. For our target market that do not have smart phone capabilities, you can set up your page to accept "Text to Like" messages. By doing this, a consumer only has to text "like

The Drop" to 32655 (which is the number for Facebook) and they will automatically become a fan of the business.

Special phrases will be used to create some sort of differentiation from other businesses asking customers to "Like" or "Follow" their social media pages. Most notably, we really want to push the phrase of "Dropping" over to our social media pages since that ties in with our brand name. Below are our projected social media users projected through the year 2020.

| Projected Facebook "Likes" Through 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Jan | | 330 | 1007 | 2184 | 3054 | 3424 | 3621 |
| Feb | | 363 | 1078 | 2250 | 3084 | 3441 | 3624 |
| Mar | | 399 | 1153 | 2317 | 3115 | 3458 | 3628 |
| Apr | | 439 | 1234 | 2387 | 3146 | 3475 | 3631 |
| May | | 483 | 1321 | 2458 | 3178 | 3493 | 3635 |
| Jun | | 531 | 1413 | 2532 | 3209 | 3510 | 3639 |
| Jul | | 585 | 1512 | 2608 | 3241 | 3528 | 3642 |
| Aug | 50 | 643 | 1618 | 2686 | 3274 | 3545 | 3646 |
| Sep | 78 | 707 | 1731 | 2767 | 3307 | 3563 | 3650 |
| Oct | 120 | 778 | 1852 | 2850 | 3340 | 3581 | 3653 |
| Nov | 186 | 856 | 1982 | 2935 | 3373 | 3599 | 3657 |
| Dec | 300 | 942 | 2121 | 3023 | 3407 | 3617 | 3661 |
| GR | ≈55% | 10% | 7% | 3% | 1% | 0.5% | 0.1% |

| Projected Twitter "Follows" Through 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Jan | | 20 | 34 | 57 | 97 | 165 | 280 |
| Feb | | 21 | 35 | 60 | 102 | 172 | 292 |
| Mar | | 22 | 37 | 63 | 106 | 180 | 305 |
| Apr | | 23 | 39 | 65 | 111 | 188 | 319 |
| May | | 24 | 40 | 68 | 116 | 197 | 334 |
| Jun | | 25 | 42 | 71 | 121 | 206 | 349 |
| Jul | | 26 | 44 | 75 | 127 | 215 | 364 |
| Aug | 16 | 27 | 46 | 78 | 132 | 224 | 381 |
| Sep | 17 | 28 | 48 | 82 | 138 | 235 | 398 |
| Oct | 17 | 30 | 50 | 85 | 145 | 245 | 416 |
| Nov | 18 | 31 | 53 | 89 | 151 | 256 | 434 |
| Dec | 19 | 32 | 55 | 93 | 158 | 268 | 454 |
| GR | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |

**The Drop Website**

The Drop website will function as a sort of hub for all social media and online functions. The main features of the site will be the menu, hours of operation, routes, and catering options. In addition, we will also have links to connect to our social media platforms, a link to The Drop App along with a basic how-to video of how to place an order, the top 10 frequently asked questions about how The Drop Works, a brief company history, and the PR of our donations to local soup kitchens.

The website will host a live feed of all of our social media posts to avoid looking static.

***B2B Promotions***

**Brochures**

We really want to promote The Drop to the businesses of Lincoln as they will be a majority of our customer base. We would like to go around to businesses and hand out brochures with our information and menu that way they can become familiar. These menus' ideally will be hung or placed in break rooms where employees will look at them and possibly be enticed to make an order. We wanted to come up with an easy, and more importantly, tangible reminder of our brand in areas where employees will frequent often during their work day.

According to the Downtown Lincoln Association website, there are around 970 businesses in the downtown area alone (Downtown Lincoln Association). However, a lot of the businesses are bars and also a few coffee shops, which are areas that will we generally avoid promotions in. If we hit around 40 percent of the bigger businesses, plus extras to hand out at different local events, we estimate that we will need about 10,000 brochures.

Estimated cost (not yearly): $690

**Chamber of Commerce**

We would like to also get involved with the Lincoln Chamber of Commerce due to the network connections alone. The Chamber of Commerce has over 140,000 contacts so being able to get our name with that amount of people would make a huge difference (Lincoln Chamber of Commerce). Once a month, they host a small business get together so members can just shoot around ideas for each other and gain some insights.

We want to be able to go into the meeting and present information about ourselves and in addition to handing out business cards as just a point of contact. We feel that about 500 business cards would be suitable for each meeting, plus extras to people as they can hand them out to others as well. The price of the business cards will not cost us much at all, only around $15 for 500 is a very cheap cost we can incur.

Startup cost (not yearly): $15

**Samples**

To create awareness of our brand before we open, The Drop will drop off samples to different companies a week or so before we begin operations. Consumers are more apt to purchase a full-size version of something that they have sampled before. We aim to provide 5 samples to around 20 businesses in each location we are in. By delivering our samples to these companies, it makes them aware of The Drop and what kind of company we are. The costs for this are very minimal and will not affect us at all.

If we drop off 100 samples per each truck geographic area (which we have three), at $0.18 per sample, we will incur a total cost of $54.

Startup cost (not yearly): $54

**The Drop App**

All of our marketing will have integrated the importance and ease of using our app. As you can see here, it’s a pretty simple app which once you program your favorite order into, becomes a 3 click process to have your drink ready for you.

## Distribution

### *Channels*

Being a mobile coffee truck, we have the advantage of not having to go through any channels to get to our customers as we deliver straight to them. We have the advantage of going straight to the customer and bringing them the excellence service that they expect. If we had to deal with other channels and intermediaries delivering our coffee to our customers that may not bring the great service that The Drop will bring. As being the ones that make the delivery to our customers we ensure that everything is done to our standards and that customer is happy and will come back to the drop.

### ***Coverage***

We will be covering three separate locations within the Lincoln city limits. These locations will be in heavily business located areas. We will be located in downtown Lincoln, 56th and O Street area, and also in South Lincoln (27th and Pine Lake). We chose these three locations because with our hours of operation, they will be the most heavily populated and within a very short distance of businesses. We feel that it will give us the best chance for success and make us the most profit.

## Price

The pricing of our products was one of the most critical decisions we had to make. The price had to reflect our positioning and be competitive, all while remaining profitable. We have decided to set each price at an even $0.50 to keep prices attractive and simple for consumers to register. Also note that prices listed do not include sales tax. Sales tax on each item will be paid by the customer. There were three main categories of products and services that we have priced: beverages, baked goods, and delivery services.

### ***Beverages***

Within beverages, we have divided our product offering into five main categories: coffee – hot, coffee – cold, specialty – hot, specialty – cold, and other non-coffee drinks. Products in each of these five categories will be sold in two sizes. Regular size will be 12 ounces, and large size will be 20 ounces.

Both hot and cold coffee will be priced at $1.50 for a regular and $2.00 for a large. This includes all basic coffees regardless of roast, flavor, or if caffeinated. These prices are comparable to that of Starbucks or other premium coffee shops. The reason the price is higher is that the customer is ultimately paying for the convenience of the coffee. Based on the research we conducted, people valued taste and convenience over price. People were willing to pay more if it means they will get these two benefits. We feel we can adequately provide both. To figure the cost of each item, the average cost of coffee, the cup, lid, sleeve/straw, and coffee filter were used. These items will be purchased from a wholesaler. A more in-depth breakdown of costs can be found in Appendix B. The cost to make a cup of coffee regardless if hot or cold or size is roughly $0.20 to $0.23. The lack of cost variation is due to the only difference between each drink is the amount of coffee beans used. Coffee beans are relatively cheap and provide a huge margin.

Specialty coffee drinks will be priced higher than non-specialty items. Hot and cold Regular 12 ounce cups will be priced at $3.50 and hot and cold large 20 ounce cups will be priced at $5.00. Again similar to the non-specialty coffee items, these prices are very comparable to our premium coffee shop competitors. The cost of each specialty items is relatively low at $0.56 for regulars and $0.88 for larges. The main difference between specialty and non-specialty drink costs is the inclusion of milk and powders.

All other drinks that do not fall into the coffee or specialty coffee category will be priced at $1.50 and $2.00 for 12 ounce and 20 ounce cups respectively. Other drinks included are, but not limited to, hot tea and hot chocolate. These are priced relatively low as the profit margin on other drinks is noticeably slim, especially when compared to the coffee and specialty drinks. This was done as not many consumers purchase something other than coffee when attending a coffee shop. Also by pricing all other drinks at a standard price we maintain a consistent offering in terms of price as seasonal items come and go.

As we plan to give out several discounts for beverages through our promotional efforts, there will be a slight decrease in the percent return. We project that the sales discount throughout the year will affect the yearend profit margin by no more than 0.5 percent. The benefits of this loss of margin will be seen in the number of trials and awareness rate obtained through the use of sales promotions.

| Beverage Prices | | |
|---|---|---|
| | Regular (12oz) | Large (20oz) |
| Coffee - Hot | $1.50 | $2.00 |
| Coffee - Cold | $1.50 | $2.00 |
| Specialty - Hot | $3.50 | $5.00 |
| Specialty - Cold | $3.50 | $5.00 |
| Other Drinks (Non-Coffee) | $1.50 | $2.00 |

### Baked Goods

We will only be offering three different baked goods. All of our baked goods will be purchased through food wholesalers rather than being freshly made. They will be shipped to us in food service casing (packaged together to be sold individually at a counter) rather than individually in sleeves for retail. This ultimately allows us to buy in bulk, carry items with longer shelf lives, and receive a higher return than if we were to hand bake our food items. Donuts will be priced the lowest of our baked goods offerings at $1.50; the wholesale cost of these is $0.55 per individual donut. Bagels and pastries will be priced slightly higher at $2.00. Both the bagels and pastries can be obtained through a wholesaler for $0.75.

These prices were set to obtain roughly a 250 percent return on each item. Obtaining a certain rate-of-return was more important to us for baked goods than with beverages as many consumers viewed baked goods as a complementary product. If they purchased a drink, they were more likely to purchase a baked good, regardless of pricing. The only exception were if the price of baked goods were absurdly high compared to other competitors, which ours are not.

| Baked Good Prices | |
|---|---|
| Donut | $1.50 |
| Bagel | $2.00 |
| Pastry | $2.00 |

### Delivery Services

Three different delivery options are available through The Drop. Orders within one mile of any of our three truck locations are priced at two different points depending on the size of the order. If an order is for less than $25 total, we will add a $1.00 surcharge to the receipt. If it is $25 of more, the delivery is free. We have priced it this way to deter small orders that may take a long time to deliver. Delivering within this mile radius of the truck is rather inexpensive. Assuming a fuel price of $3.50 and an average of 14 miles per gallon (mpg), it will cost right at a quarter to make each delivery.

For deliveries outside of a one mile radius of our truck, we will only do deliveries for orders $25 and over. Because the orders are relatively large compared to single orders, we will be offering free delivery.

This again will hopefully result in multiple people or businesses pooling together to make an order. The average cost of delivery outside of one mile will be $1.06 (see Appendix B for calculation). This is a cost we are willing to incur as the profit margins on the beverages and baked goods being delivered will make up for the cost of delivery.

The surcharge for delivery will be something that should be evaluated rather regularly as the cost of fuel fluctuates regularly. We also may need to assess the $25 receipt threshold for free delivery based on the trends in both the size and number of deliveries being made on a daily basis.

| Delivery Service Price | | |
|---|---|---|
| | Order Less than $25 | Order of $25+ |
| Within 1 Mile of Truck | $1.00 | FREE |
| Outside of 1 Mile of Truck | Not Available | FREE |

## Implementation and Control of the Marketing Plan

### Sprout Social

We decided to use Sprout Social to streamline the efficiencies on how we use social media. It has the ability to connect and manage multiple profiles and networks easily as well as schedule messages in advance. Sprout's reports are very detailed and through, and provide metrics across all social networks, specifically Facebook Analytics. On Sprout Social, we will be able to compare ourselves to competitors such as Starbucks or Scooters. One notable factor is the automatic adage of Facebook Analytics into the package.

Sprout Social will provide us charts with our logo in the corner to use for official meetings. Sprout Social will cost us $39 per month, but the first month is free. The estimated cost for this program is $429. Even though this is costing us money out of our marketing budget, it will help us in managing our social media sites as well as save us time.

Spout Social is also designed to help with our customer engagement. Since we are encouraging our customers to interact with us through social media, this tool will make sure we answer every comment and see every interaction. The mobile tools Sprout Social offers will also help our drivers update locations and be able to interact with customers no matter where they are located.

This tool will also allow us to download our data we receive so we can roll out personalized direct marketing campaigns to our most engaged users.

Estimated yearly cost: $429

### Methods to Evaluate Marketing Plan

#### *Google Alerts*

Google Alerts are emails that are sent to our company when Google finds new results on The Drop. They are used to find out what is being said about our service and product. Google Alerts will also keep us up to date on our competitors and on the coffee industry as a whole. A great benefit of this product is that it will not cost us any money if we keep within the parameters of the free service. We will be able to tell when our competitors are lowering their prices as well as offering new promotions. We will be able to use Google Alerts to track how many consumers are actively searching for us and if we do not find this number to be up to our objectives and standards, we can use this information to reevaluate our marketing strategy.

#### ***Tweet Beep***

Tweet Beep is just like Google Alerts, but for Twitter. It will keep track of conversations that mention our company in any way and provide us with hourly updates. Tweet Beep also allows us to keep track of who is tweeting our website even if they do not use our full URL name. The process is similar to Google Alerts in which we would choose key phases that we would like to be notified about when used. To use this product for free, we can have up to ten words used to alert us.

We see this tool as beneficial were we to go into expansion. If we see our business is growing exponentially, we can choose to pay between $3 to $20 a month for additional key phrases. This product will give us an idea of how many consumers tweet about us as well as follow our post about deals and locations. If the analytics don't prove to be up to our standards, we can once again reevaluate our marketing strategy.

## Schedule

**January-May 2014**

During this time, we will be applying for, testing for, and receiving all permits for The Drop. While we will put in all of our efforts to complete the permit applications within January, we have given ourselves up until May to receive them.

**March 20-22 and April 24-27 2014**

In March we will be attending the National Coffee Association convention in New Orleans and in April we will be attending the Annual Specialty Coffee Association of America in Seattle. These conventions are going to help us stay more competitive with quality and the current coffee trends.

**June-July 2014**

On June 2nd, we will begin our app development process. We will also begin to start purchasing our equipment, including the trucks and start looking for wholesalers to purchase our coffee from. In late July, we are going to start actively looking for employees and continue the interview process into August, in addition to testing our app for any kinks or flaws.

**August 2014**

We will continue testing our app and hiring individuals up until August 8th. On August 11th, we will begin training our employees. As part of the training process, we will bring brochures and business cards to the businesses located near where our truck will be located. During the week of the 18th, we will hand out samples in the same area that we handed out brochures to the local businesses. Radio ads will begin airing every Monday and Wednesday starting August 18th.

We will have two soft openings before our grand opening. The first one will be August 24th during Big Red Welcome and the second will be August 30th in time for the first Husker game.

**September 2014**

Our first official day that we will be open is on September 1st. During that week, we aim to put out a profile of our business in the Lincoln Journal Star as well as the Daily Nebraskan. We will be open for Game Day Saturdays the 6th, 20th, and 27th in addition to the Farmer's Market on the 13th. On the 29th, we will put out a press release about the state of our business. Our first contest will run September 8th through the 12th. We will begin to attend Chamber of Commerce meetings every fourth Wednesday of the month.

**October-November 2014**

We will begin our Pumpkin Spice seasonal drink on October 1st. This will run through November 28th. We will attend the final two Farmer's Markets on the 4th and 11th. Game Day Saturday will only be once this month on the 25th. We will run another contest November 3rd through 7th and be available for early morning shoppers on cold Black Friday.

**December 2014-January 2015**

We will begin our Peppermint Mocha season drink on December 1st. We will run a student promotion during dead and finals weeks in which we will offer extended hours. We will attend the Chamber of Commerce meeting on the 13th as this meeting particularly pertains to small businesses and will increase our network. We will run a new contest January 19th through the 23rd.

On the first weekend in January, management will do an evaluation of the social media strategy and make adjustments if needed.

**February-April 2015**

Our promotions will be a BOGO 50 percent for Your Valentine from February 9th through the 13th and a contest running March 16th through the 20th set to coincide with St. Patrick's Day. Management will again attend the abovementioned conventions; this year they will be March 20th through 22nd and April 23rd through 26th. We will again offer our dead and finals week student promotion with extended hours from April 20th through April 30th.

**May 2015**

Our contest will be run May 4th through the 8th and is set to coincide with Mother's Day. The Farmer's Market will begin the 2nd Saturday in May. We will also be providing drinks for The Lincoln Marathon which will be held on May 3rd.

**June-August 2015**

Our seasonal Strawberry Lemonade will be offered starting June 1st. On the first weekend of June, management will again evaluate the social media strategy and see if the changes they made in January have been effective. If not, the strategy may alter again.

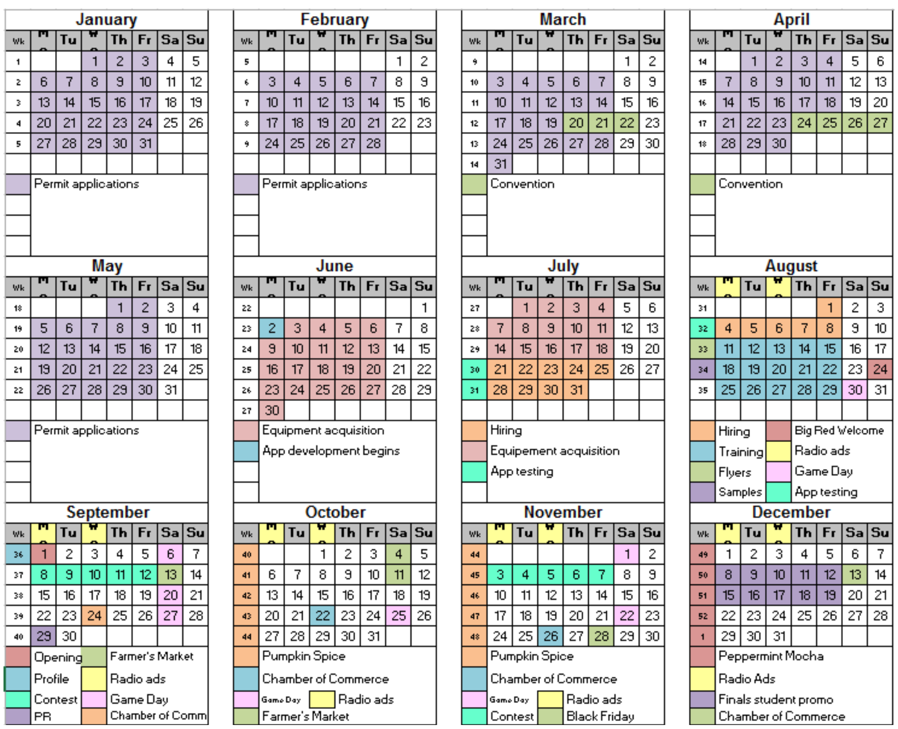
Our promotional contest will run from June 29th to July 3rd to coincide with the 4th of July. We will also be providing drinks for the Lincoln Bridal Fair on July 19th.

**September 2015**

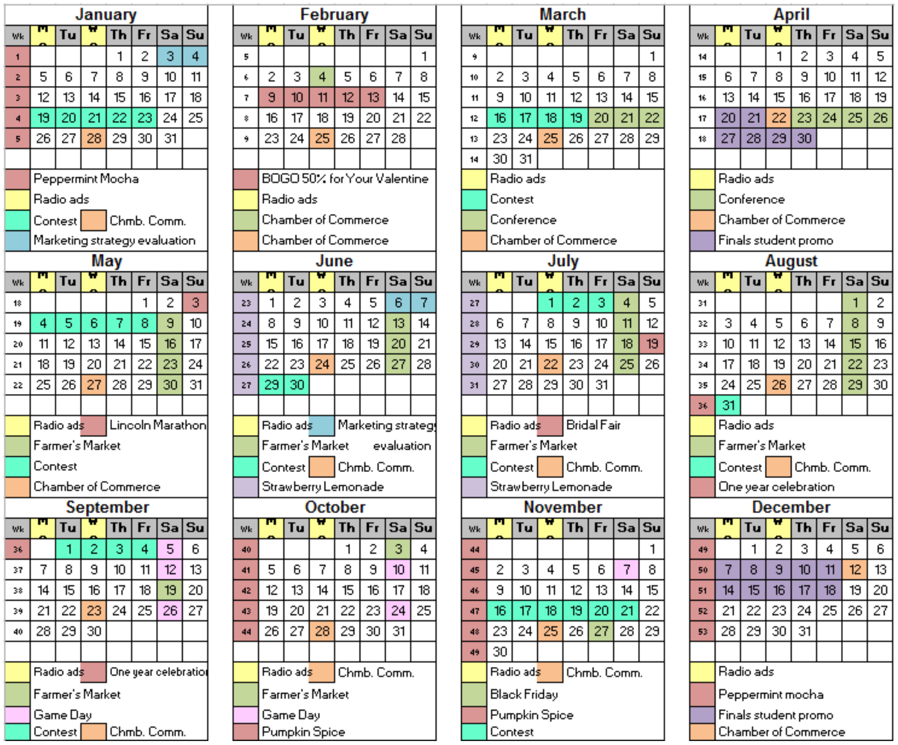
Here is where the schedule will gain consistency for years to come. Every year during the first week of September, we will celebrate our one year anniversary. We will run a contest to coincide with this event.

## *2014 Time Table*

Expanded views of these same calendars are available in Appendices I and J, respectively.




## *2015 Time Table*




## Summary

In this busy day and age, consumers are finding less and less time to enjoy the small indulgences in life. Hectic schedules are driving away the once massive flock that stationed themselves at coffee houses enjoying that perfect cup of coffee. While coffee houses have tried to accommodate for said hectic-ness by installing drive-through windows in some of their shops, the long lines during the morning rush have proven to take too long to bear, and consumers have begun to surpass the quality coffee for the bland, tasteless brew provided at their workplace.

What The Drop has done is identified this particular need within the market and has figured out a way to fill this void. What consumers need is coffee to come to them. It is important to note that while consumers may lose the typical atmosphere of a coffee house, they retain the same quality of taste and gain a convenience factor. Employees no longer have to spend their entire lunch break stuck in traffic just to get a good cup of coffee; they don't even have to put on their coats. The Drop brings it right to the door.

Our target market for this product includes coffee drinkers within the city of Lincoln, ages 18 to 49. These individuals will hold at least some college or at least a bachelor's degree. Simply by these criteria alone, we will have targeted 71 percent of the estimated total number of coffee drinkers. Our ideal consumers will have a taste for the indulgences in life and have the discretionary income to treat themselves to said indulgence. We are not looking to take market share from the die-hard Starbucks loyalists, but rather the individuals who buy out of habit. By targeting these individuals we can but our resources into developing this segment into die-hard Drop fans.

Our primary target market is business professionals. This market has the resources to spend for our premium prices and is also in the perfect setting to place large group orders. Whether management wants to order six coffees right before their meeting or four employees in neighboring cubicles decided to treat themselves, there should never be a lack for people to go in for your Drop order.

Our secondary target market is UNL college students. It is around this time that individuals really develop their need for coffee. While the majority of students lack the resources to place large orders on an everyday basis, we can identify this segment with small, individual orders that will increase our profits with the delivery fee. For instance, if five individual students place an order for themselves, with that delivery alone, The Drop will make $5. With a basic $1 to cover the cost of delivery, The Drop profits $4 just by taking multiple orders to the same location.

"The Drop is mobile convenience serving individual and groups of coffee consumers in the three identified business districts of Lincoln. While other coffee shops take time out of your day and make you go to them, The Drop comes to a location near you, saving you time in travel and in line. In this way, The Drop gives customers convenience, a unique experience, and quality coffee." We primarily aim to target groups of business professionals and UNL students as a secondary market. Business professionals have the discretionary income to spend on a quality cup of coffee in addition to the delivery fee.

The product itself comes in two dimensions: the quality of the coffee and the delivery service. To encourage individuals to make large quantities of purchases, we have stationed a minimum $25 order for free delivery. With the thinking that your average group might hold about $20 worth of coffee, the added incentive to spend $5 for free delivery might push consumers to order additional pastries as well. If there is an order under $25, The Drop will deliver that order for just $1 if it is within a 1 mile radius. Two delivery vehicles will be in operation during opening hours to make these said deliveries.

But what about consumers who just want to place a small order and are outside of that one mile radius? The Drop also features mobile coffee trucks that follow routes along the three business districts within Lincoln. The districts are downtown, 56th and 0 Street, 27th and Pine Lake. Chances are The Drop will be within a short driving or walk-up distance from your business sometime during the day. This still places The Drop at a significantly closer distance than your typical Starbucks or Scooters. Consumers will be able to pre-order their drink through The Drop App or place a walk-up order at the truck.

Granted, the prices of The Drop products aren't going to be the lowest in the market. The coffee itself is competitively priced similarly to Starbucks. We recognize the quality of our product and we want our customers to realize the quality as well. By pricing higher, we increase our profit margins as well. Additionally, by delivering straight to the customer, we cut out intermediaries within our business and save costs there as well.

Our promotional efforts will be aimed towards a local market. This means that we will be focusing on newspapers, radio ads, local events, and the Lincoln Chamber of Commerce. In addition to these platforms, we will promote awareness of the company and pursue customer engagement through social media—specifically Twitter and Facebook. Through these platforms we will host contests, customer engagement posts, and location updates.

All of these promotional efforts will stem back to The Drop website in which we will live stream all social media posts, provide hours of operations, routes, menu, delivery options and more. Most of our website functions will also be available through The Drop App. We plan to spend significant resources on the development and testing this application so ordering becomes a three step process.

One of our biggest factors for pursing the coffee market is that coffee provides high margins of about $2.35 per cup. The amount needed for startup costs (including equipment, trucks, and supplies) to get The Drop up and running is $202,875. On an annual basis we will also incur total fixed costs of $265,705.56, which includes marketing costs of $4,425, and variable costs of $1.65 per average ticket. The Drop looks to break even in quarter 3 of year 2 assuming all profit goes towards paying off startup costs in our first two years of operation.

# Appendix

## Subscripts

[1] With a population of 265,404 according to the Lincoln, Nebraska 2013 census, there are 205,157 individuals over the age of 18 (77.3 percent). Coffee Shop 2012 reports that 54 percent of Americans claimed to drink coffee daily. This puts the total estimated number of coffee drinkers in Lincoln at 110,785.

## Financials

### *Appendix A - Operational Expenses*

| Start Up Costs | | | |
|---|---|---|---|
| Item | Cost | Quantity | Total |
| Food Truck (Equipped/ Up to Code) | $55,000.00 | 3 | $165,000.00 |
| Generator | $2,500.00 | 3 | $7,500.00 |
| Espresso machine | $600.00 | 3 | $1,800.00 |
| Industrial Coffee Machine | $500.00 | 9 | $4,500.00 |
| Coffee Grinder | $125.00 | 3 | $375.00 |
| Register/POS System | $1,000.00 | 3 | $3,000.00 |
| Initial Marketing Costs | $2,000.00 | 1 | $2,000.00 |
| Truck Wrap | $2,500.00 | 3 | $7,500.00 |
| App Development | $8,000.00 | 1 | $8,000.00 |
| Professional, Legal and Consulting Fees | $1,200.00 | 1 | $1,200.00 |
| Misc. Expenses | $2,000.00 | 1 | $2,000.00 |
| | | | $202,875.00 |

| Annual Fixed Costs | |
|---|---|
| Depreciation Expense - Vehicle | $1,000.00 |
| Depreciation Expense - Equipment | $1,000.00 |
| Insurance Expense | $5,000.00 |
| Maintenance Expense | $5,000.00 |
| Marketing Expense | $4,425.00 |
| Miscellaneous Expense | $6,000.00 |
| Payroll Expense (w/ Taxes) | $217,780.56 |
| Permit and License Expense | $2,500.00 |
| Garage Rent Expense | $15,000.00 |
| Fixed Fuel Expense | $5,000.00 |
| Supplies Expense - Office | $3,000.00 |
| | $265,705.56 |

*Appendix B - Variable Price per Product/Service*

| Beverage | Unit Price | Regular (12oz) | | Large (20oz) | |
|---|---|---|---|---|---|
| | | Quantity | Total | Quantity | Total |
| **Cup of Coffee - Hot** | | | | | |
| Coffee (lbs) | $0.22 | 0.025 | $0.01 | 0.045 | $0.01 |
| Cups | $0.10 | 1 | $0.10 | 1.000 | $0.10 |
| Lids | $0.05 | 1 | $0.05 | 1.000 | $0.05 |
| Sleeves | $0.07 | 1 | $0.07 | 1.000 | $0.07 |
| Filters | $0.11 | 0.1 | $0.01 | 0.100 | $0.01 |
| **Total Cost Per Item** | | | $0.22 | | $0.23 |
| **Sales Price** | | | $1.50 | | $2.00 |
| **Profit Margin** | | | $1.28 | | $1.77 |
| | | | | | |
| **Cup of Coffee - Cold** | | | | | |
| Coffee (lbs) | $0.22 | 0.025 | $0.01 | 0.045 | $0.01 |
| Cups | $0.13 | 1 | $0.13 | 1.000 | $0.13 |
| Lids | $0.05 | 1 | $0.05 | 1.000 | $0.05 |
| Straws | $0.01 | 1 | $0.01 | 1.000 | $0.01 |
| Filters | $0.11 | 0.1 | $0.01 | 0.100 | $0.01 |
| **Total Cost Per Item** | | | $0.20 | | $0.20 |
| **Sales Price** | | | $1.50 | | $2.00 |
| **Profit Margin** | | | $1.30 | | $1.80 |
| **Specialty Coffee - Hot** | | | | | |
| Coffee (lbs) | $0.22 | 0.031 | $0.01 | 0.031 | $0.01 |
| Cups | $0.10 | 1 | $0.10 | 1 | $0.10 |
| Lids | $0.05 | 1 | $0.05 | 1 | $0.05 |
| Sleeves | $0.07 | 1 | $0.07 | 1 | $0.07 |
| Filters | $0.11 | 0.1 | $0.01 | 0.1 | $0.01 |
| Milk (oz) | $0.04 | 9 | $0.36 | 17 | $0.68 |
| **Total Cost Per Item** | | | $0.58 | | $0.90 |
| **Sales Price** | | | $3.50 | | $5.00 |
| **Profit Margin** | | | $2.92 | | $4.10 |
| | | | | | |
| **Specialty Coffee - Cold** | | | | | |
| Coffee (lbs) | $0.22 | 0.031 | $0.01 | 0.031 | $0.01 |
| Cups | $0.13 | 1 | $0.13 | 1 | $0.13 |
| Lids | $0.05 | 1 | $0.05 | 1 | $0.05 |
| Straws | $0.01 | 1 | $0.01 | 1 | $0.01 |
| Filters | $0.11 | 0.1 | $0.01 | 0.1 | $0.01 |
| Milk (oz) | $0.04 | 9 | $0.36 | 17 | $0.68 |

| | | | | | |
|---|---|---|---|---|---|
| **Total Cost Per Item** | | | $0.56 | | $0.88 |
| **Sales Price** | | | $3.50 | | $5.00 |
| **Profit Margin** | | | $2.94 | | $4.12 |
| | | | | | |
| **Other Drink - Tea** | | | | | |
| Tea Bag | $0.26 | 1 | $0.26 | 1 | $0.26 |
| Cups | $0.10 | 1 | $0.10 | 1 | $0.10 |
| Lids | $0.05 | 1 | $0.05 | 1 | $0.05 |
| Sleeve | $0.07 | 1 | $0.07 | 1 | $0.07 |
| Water | $0.00 | 1 | $0.00 | 1 | $0.00 |
| **Total Cost Per Item** | | | $0.47 | | $0.47 |
| **Sales Price** | | | $1.50 | | $2.00 |
| **Profit Margin** | | | $1.04 | | $1.54 |
| **Other Drink - Hot Chocolate** | | | | | |
| **Chocolate Syrup Pump** | $0.21 | 1 | $0.21 | 2.000 | $0.42 |
| **Cups** | $0.10 | 1 | $0.10 | 1.000 | $0.10 |
| **Lids** | $0.05 | 1 | $0.05 | 1.000 | $0.05 |
| **Sleeve** | $0.07 | 1 | $0.07 | 1.000 | $0.07 |
| **Whipped Cream** | $0.09 | 1 | $0.09 | 1.000 | $0.09 |
| **Milk (oz)** | $0.04 | 10 | $0.40 | 20.000 | $0.80 |
| **Total Cost Per Item** | | | $0.91 | | $1.52 |
| **Sales Price** | | | $1.50 | | $2.00 |
| **Profit Margin** | | | $0.60 | | $0.49 |

| **Baked Goods** | |
|---|---|
| Bagels | 0.75 |
| **Total Cost Per Item** | $0.75 |
| **Sales Price** | $2.00 |
| **Profit Margin** | $1.25 |
| | |
| Donuts | 0.55 |
| **Total Cost Per Item** | $0.55 |
| **Sales Price** | $1.50 |
| **Profit Margin** | $0.95 |
| | |
| Pastries | 0.75 |
| **Total Cost Per Item** | $0.75 |
| **Sales Price** | $2.00 |
| **Profit Margin** | $1.25 |

| Delivery | | | | | | |
|---|---|---|---|---|---|---|
| Delivery Distance (Miles) | Cost per Gallon | Average MPG | Cost of Fuel Used | Percentage of Total Deliveries | Percentage of Deliveries Over 1 Mile | Weighted Contribution to Average Cost of Deliveries over 1 Mile |
| **1** | $3.50 | 14 | $0.25 | 40.00 percent | | |
| **2** | $3.50 | 14 | $0.50 | 20.00 percent | 33.33 percent | $0.17 |
| **3** | $3.50 | 14 | $0.75 | 18.00 percent | 30.00 percent | $0.23 |
| **5** | $3.50 | 14 | $1.25 | 13.00 percent | 21.67 percent | $0.27 |
| **10** | $3.50 | 14 | $2.50 | 8.00 percent | 13.33 percent | $0.33 |
| **15** | $3.50 | 14 | $3.75 | 0.75 percent | 1.25 percent | $0.05 |
| **20** | $3.50 | 14 | $5.00 | 0.25 percent | 0.42 percent | $0.02 |
| | | | | 100.00 percent | 100.00 percent | $1.06 |

## *Appendix C – Profit Margin per Average Ticket*

| Variable Costs per Ticket | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Beverage Costs | | | | | | | | | | | |
| | Regular (12oz) | | | Large (20oz) | | | | | | | |
| Product | Sale Price | Cost | Percent of Product Units | Sale Price | Cost | Percent of Product Units | Weighted Sale Price Per Unit | Weighted Cost Per Unit | Percent of Total Beverage Units | Weighted Contribution Towards Average Beverage Sales Price | Weighted Contribution Towards Average Beverage Cost |
| Coffee - Hot | $1.50 | $0.22 | 40.00 percent | $2.00 | $0.23 | 60.00 percent | $1.80 | $0.22 | 30.00 percent | $0.54 | $0.07 |
| Coffee - Cold | $1.50 | $0.20 | 40.00 percent | $2.00 | $0.20 | 60.00 percent | $1.80 | $0.20 | 10.00 percent | $0.18 | $0.02 |
| Specialty Coffee - Hot | $3.50 | $0.58 | 40.00 percent | $5.00 | $0.90 | 60.00 percent | $4.40 | $0.77 | 25.00 percent | $1.10 | $0.19 |
| Specialty Coffee - Cold | $3.50 | $0.56 | 40.00 percent | $5.00 | $0.88 | 60.00 percent | $4.40 | $0.75 | 15.00 percent | $0.66 | $0.11 |
| Other Drinks - Hot Chocolate | $1.50 | $0.91 | 40.00 percent | $2.00 | $0.20 | 60.00 percent | $1.80 | $0.48 | 10.00 percent | $0.18 | $0.05 |
| Other Drinks - Tea | $1.50 | $0.47 | 40.00 percent | $2.00 | $0.47 | 60.00 percent | $1.80 | $0.47 | 10.00 percent | $0.18 | $0.05 |
| | | | | | | | | | 100.00 percent | $2.84 | $0.49 |

| Baked Good Costs | | | | | |
|---|---|---|---|---|---|
| Product | Sale Price | Cost | Percent of Total Baked Good Units | Weighted Contribution Towards Average Baked Good Sales Price | Weighted Contribution Towards Average Baked Good Cost |
| Donuts | $1.50 | $0.55 | 33.33 percent | $0.50 | $0.18 |
| Bagels | $2.00 | $0.75 | 33.33 percent | $0.67 | $0.25 |
| Pastries | $2.00 | $0.75 | 33.33 percent | $0.67 | $0.25 |
| | | | | | 100.00 percent |

| Delivery Costs | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Delivery Within 1 Mile | | | Delivery Outside of 1 Mile | | | | | |
| Product | Sale Price | Cost | Percent of Total Deliveries | Sale Price | Cost | Percent of Total Deliveries | Weighted Sale Price Per Delivery | Weighted Cost Per Delivery | Percent of Total Tickets Using Unique Delivery |
| Delivery Surcharge | $1.00 | $0.25 | 40.00 percent | $0.00 | $1.06 | 60.00 percent | $0.40 | $0.74 | 50.00 percent |

| | |
|---|---|
| Average Beverage Price | $2.84 |
| Average Beverage Cost | $0.49 |
| Average Baked Good Price | $1.83 |
| Average Baked Good Cost | $0.68 |
| Average Delivery Price per Ticket | $0.20 |
| Average Delivery Cost per Ticket | $0.37 |

| | | |
|---|---|---|
| Average Ticket Price | $5.93 | |
| Average Ticket Cost | $1.65 | |
| Profit Margin Per Ticket | $4.28 | 72.19 percent |

**Average Ticket Contains:**

| | |
|---|---|
| Number of Beverages | 1.50 |
| Number of Baked Goods | 0.80 |

## *Appendix D – Break Even Point Calculation*

| | |
|---|---|
| **Total Fixed Costs** | **$468,580.56** |
| Start-Up | $202,875.00 |
| Annual Fixed Costs | $265,705.56 |
| | |
| **Contribution Margin per Ticket** | **$4.28** |
| | |
| **Tickets Needed to Break Even (One Year)** | **109,514** |
| **Tickets Needed to Break Even (Two Years)** | **171,613** |

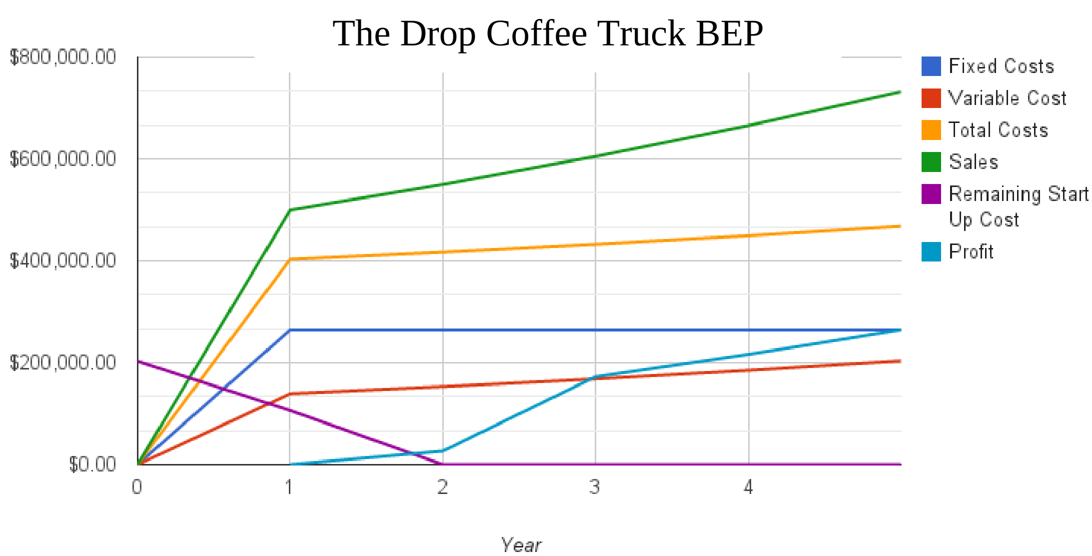
## *Appendix E – Sales Forecast*

| Five Year Sales Forecast* | | | | |
|---|---|---|---|---|
| Year 1 | $500,000.00 | | Annual Growth Goal: | 10.00 percent |
| Year 2 | $550,000.00 | | | |
| Year 3 | $605,000.00 | | | |
| Year 4 | $665,500.00 | | | |
| Year 5 | $732,050.00 | | | |
| *Forecast based on stated sales goals | | | | |

## *Appendix F – BEP and Sales*

| Year | Fixed Costs | Variable Cost | Total Costs | Sales | Profit Before Paying Off Start Up | Remaining Start Up Cost | Profit |
|---|---|---|---|---|---|---|---|
| 0 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $202,875.00 | |
| 1 | $265,705.56 | $139,027.49 | $404,733.05 | $500,000.00 | $95,266.95 | $107,608.05 | $0.00 |
| 2 | $265,705.56 | $152,930.24 | $418,635.80 | $550,000.00 | $131,364.20 | $0.00 | $23,756.15 |
| 3 | $265,705.56 | $168,223.26 | $433,928.82 | $605,000.00 | $171,071.18 | $0.00 | $171,071.18 |
| 4 | $265,705.56 | $185,045.59 | $450,751.15 | $665,500.00 | $214,748.85 | $0.00 | $214,748.85 |
| 5 | $265,705.56 | $203,550.15 | $469,255.71 | $732,050.00 | $262,794.29 | $0.00 | $262,794.29 |

*Assuming all profit is plowed back to pay off startup costs, BEP occurs in Q3 of year 2



## Market Research

### *Appendix K: Coffee Survey*

# Coffee Survey

The first page of questions are simply for demographic purposes.

**Who are you taking this survey for?** *

**Last Name Initial**

**First Name**

**May we contact you for follow up information in the event that we need it?**
Examples of follow up questions may be an additional survey, an interview, etc.

**What city do you currently live in?**

**What state do you currently live in?**
Please write in format of NE, IA, for example.

**Age**

- ○ 16-20
- ○ 21-29
- ○ 30-39
- ○ 40-49
- ○ 50-59
- ○ 60-69
- ○ 70+

**Sex**

- ○ Female
- ○ Male
- ○ Other: ____

**Do you drink coffee?**

- ○ Yes
- ○ No

**Where do you typically purchase your coffee?**
Select up to 2

- ☐ Grocery Store
- ☐ Convenience Store
- ☐ Coffee House
- ☐ Specialty Store
- ☐ Restaurant
- ☐ Other: ____

**What times of day to you consume coffee?**
Check all that apply.

- ☐ 12am-3am
- ☐ 3am-6am
- ☐ 6am-9am
- ☐ 9am-12pm
- ☐ 12pm-3pm
- ☐ 3pm-6pm
- ☐ 6pm-9pm
- ☐ 9pm-12am
- ☐ Other: ____

**Where do you frequently drink coffee?**
Select up to 2

- ☐ Work
- ☐ Coffee Houses
- ☐ School
- ☐ Home
- ☐ Restaurants
- ☐ Other: ________

**How many cups of coffee do you consume when you are at work/school/home?**
On average per day

- ○ 0
- ○ 1-2
- ○ 2-4
- ○ 4-6
- ○ 6-8
- ○ 8-10
- ○ 10-12
- ○ more than 12
- ○ Other: ________

**On average, how often do you eat food with your coffee?**
Examples are pastries, snacks, bagels, meals, desserts, etc.

- ○ Every Time
- ○ Every Other Time
- ○ Sometimes
- ○ Hardly
- ○ Never
- ○ I don't drink coffee

**What is more important to you when purchasing coffee: taste or price?**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
|---|---|---|---|---|---|---|---|---|
| Taste | ○ | ○ | ○ | ○ | ○ | ○ | ○ | Price |

**If visiting a coffee house, what type of drink are you MOST likely to purchase?**
Select up to 3

- ☐ Water
- ☐ Tea
- ☐ Bottled Beverage (water, soda, etc)
- ☐ Coffee (black, or with sweetener/milk, etc)
- ☐ Specialty Drink (latte, cappuccino)
- ☐ Juice
- ☐ Smoothie
- ☐ Hot Chocolate
- ☐ Milk
- ☐ Other: ______

**If you currently frequent a coffee house, how often do you visit?**

- ○ Once a week
- ○ 2-3 times a week
- ○ 4-5 times a week
- ○ 6-7 times a week
- ○ Once every 2 weeks
- ○ Once a month
- ○ I never visit

**What do you typically drink when you are having a snack?**
Select up to 2

- ☐ Juice
- ☐ Water
- ☐ Coffee
- ☐ Tea
- ☐ Soda
- ☐ Milk
- ☐ Other: ______

**If you currently frequent a coffee house, what attracts you to the store?**
If you do not frequent, leave blank

**Do you enjoy any benefits from visiting coffee shops?**
Select as many as you enjoy

- ☐ Loyalty Program
- ☐ Delivery
- ☐ Email Coupons or Specials
- ☐ Discounts
- ☐ Birthday Coupons
- ☐ Atmosphere
- ☐ Great Meeting Place
- ☐ Drive Thru
- ☐ None
- ☐ Other:

**What type of bonuses or perks would you like to receive from a loyalty program?**

**What is your preferred form of payment?**
Select up to 2

- ☐ Check
- ☐ Cash
- ☐ Debit Card
- ☐ Credit Card
- ☐ Smart Phone

**What type of Phone Operating System do you currently use?**

- ○ Android
- ○ iOS
- ○ BlackBerry
- ○ Windows Phone
- ○ I don't own a "smart" phone
- ○ I don't own a phone

**Have you ever used your phone as a mode of payment?**

**How willing would you be to use your phone to make purchases?**
(Assume this option to be as safe as using a credit or debit card)

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Yes, I'd definitely do it. | ○ | ○ | ○ | ○ | ○ | No. I'm not interested. |

**How willing would you be to use your phone to make purchases?**
(Assume this option to be as safe as using a credit or debit card)

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Yes, I'd definitely do it. | ○ | ○ | ○ | ○ | ○ | No. I'm not interested. |

**How willing would you be to use your phone for scannable discounts or coupons?**
(Either via email, text message, or in applications)

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Yes, I'd definitely do it | ○ | ○ | ○ | ○ | ○ | No. I'm not interested. |

**How willing would you be to use your phone to make purchases from a pre-loaded gift card?**
For example, at the beginning of the month, you would pre-load $20 on your card. Using your phone, you can scan the screen to take the money out of the $20 you pre-loaded on your card at the beginning of the month.

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Yes, I'd definitely do it | ○ | ○ | ○ | ○ | ○ | No. I'm not interested. |

**Are branded phone apps interesting to you: as in, how often do you use them?**
Target, Old Navy, and Walmart are great examples. (NON-EXAMPLES: Facebook, Twitter, Instagram)

- ☐ Daily
- ☐ Every Other Day
- ☐ Once a Week
- ☐ Once a Month
- ☐ Every Other month
- ☐ Never
- ☐ Other: ______

**How often do you get delivery of food items?**
Per month

| | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Often | ○ | ○ | ○ | ○ | ○ | Never |

**What is the main deterrent from getting delivery?**
Select up to 2

- ☐ Wait time
- ☐ Tip
- ☐ Reliability
- ☐ Price
- ☐ Ease
- ☐ Location
- ☐ Size of order
- ☐ Other: ________

**How many peoples' orders do you typically gather when ordering delivery?**
Select up to 2

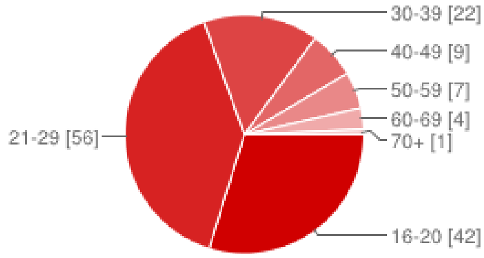
- ☐ Just yourself
- ☐ 2-5
- ☐ 6-9
- ☐ 10+

**When you order delivery, what form of communication do you typically use?**

- ○ Phone Call
- ○ Text Message
- ○ Online Ordering
- ○ Ordering via Phone App
- ○ Other: ________

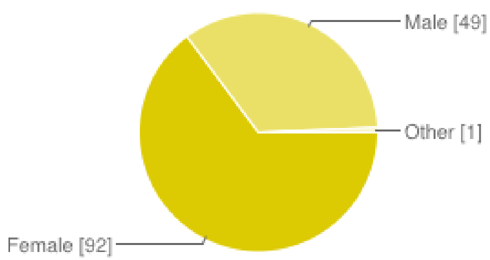
## *Appendix L: Coffee Survey Results*

### Age



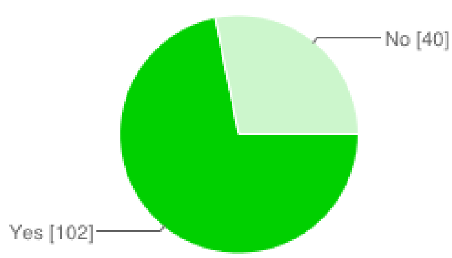

| | | |
|---|---|---|
| 16-20 | **42** | 30% |
| 21-29 | **56** | 40% |
| 30-39 | **22** | 16% |
| 40-49 | **9** | 6% |
| 50-59 | **7** | 5% |
| 60-69 | **4** | 3% |
| 70+ | **1** | 1% |

### Sex




| | | |
|---|---|---|
| Female | **92** | 65% |
| Male | **49** | 35% |
| Other | **1** | 1% |

### Do you drink coffee?

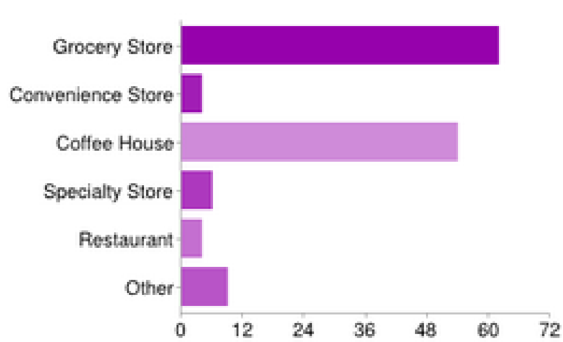



| | | |
|---|---|---|
| Yes | **102** | 72% |
| No | **40** | 28% |

---

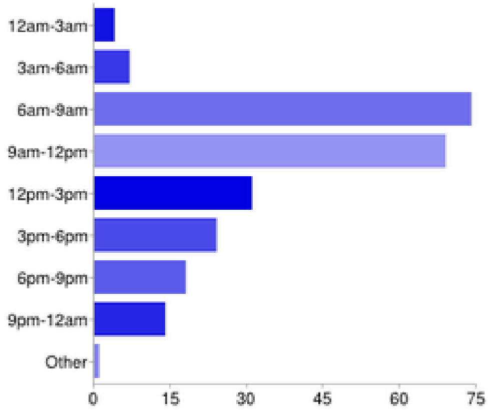
**Consumption patterns:**

**Where do you typically purchase your coffee?**



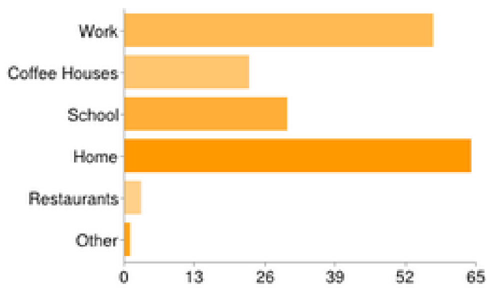

| | | |
|---|---|---|
| Grocery Store | 62 | 45% |
| Convenience Store | 4 | 3% |
| Coffee House | 54 | 39% |
| Specialty Store | 6 | 4% |
| Restaurant | 4 | 3% |
| Other | 9 | 6% |

What times of day to you consume coffee?



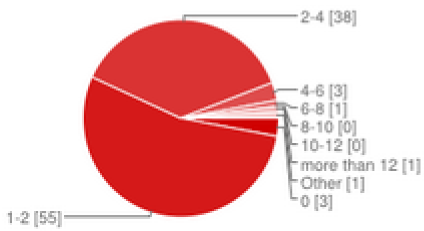

| | | |
|---|---|---|
| 12am-3am | **4** | 2% |
| 3am-6am | **7** | 3% |
| 6am-9am | **74** | 31% |
| 9am-12pm | **69** | 29% |
| 12pm-3pm | **31** | 13% |
| 3pm-6pm | **24** | 10% |
| 6pm-9pm | **18** | 7% |
| 9pm-12am | **14** | 6% |
| Other | **1** | 0% |

Where do you frequently drink coffee?



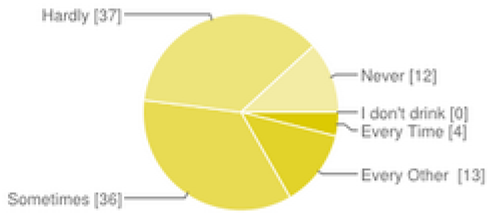

| | | |
|---|---|---|
| Work | **57** | 32% |
| Coffee Houses | **23** | 13% |
| School | **30** | 17% |
| Home | **64** | 36% |
| Restaurants | **3** | 2% |
| Other | **1** | 1% |

How many cups of coffee do you consume when you are at work/school/home?



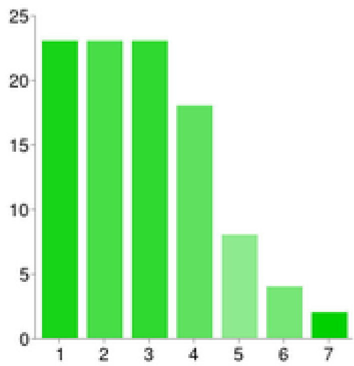

| | | |
|---|---|---|
| 0 | **3** | 3% |
| 1-2 | **55** | 54% |
| 2-4 | **38** | 37% |
| 4-6 | **3** | 3% |
| 6-8 | **1** | 1% |
| 8-10 | **0** | 0% |
| 10-12 | **0** | 0% |
| more than 12 | **1** | 1% |
| Other | **1** | 1% |

**On average, how often do you eat food with your coffee?**




| | | |
|---|---|---|
| Every Time | 4 | 4% |
| Every Other Time | 13 | 13% |
| Sometimes | 36 | 35% |
| Hardly | 37 | 36% |
| Never | 12 | 12% |
| I don't drink coffee | 0 | 0% |

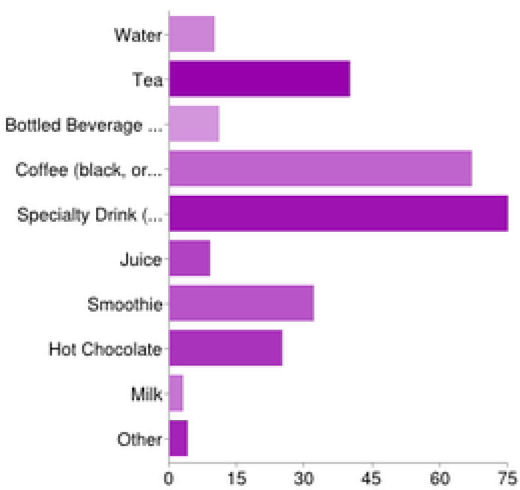
**What is more important to you when purchasing coffee: taste or price?**




| | | |
|---|---|---|
| 1 | 23 | 23% |
| 2 | 23 | 23% |
| 3 | 23 | 23% |
| 4 | 18 | 18% |
| 5 | 8 | 8% |
| 6 | 4 | 4% |
| 7 | 2 | 2% |

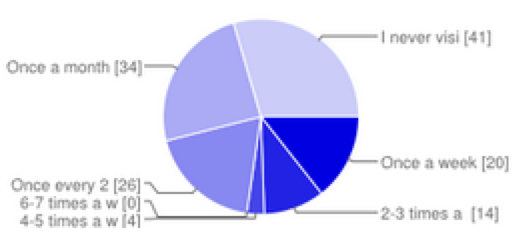
## Purchasing patterns:

**If visiting a coffee house, what type of drink are you MOST likely to purchase?**



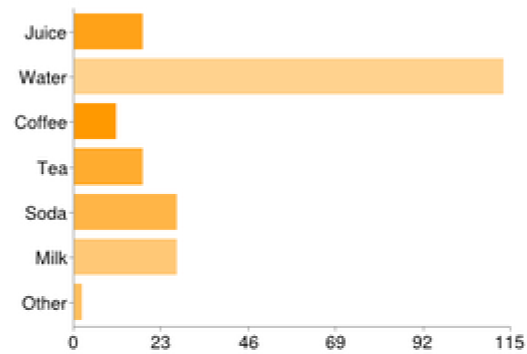

| | | |
|---|---|---|
| Water | 10 | 4% |
| Tea | 40 | 14% |
| Bottled Beverage (water, soda, etc) | 11 | 4% |
| Coffee (black, or with sweetener/milk, etc) | 67 | 24% |
| Specialty Drink (latte, cappuccino) | 75 | 27% |
| Juice | 9 | 3% |
| Smoothie | 32 | 12% |
| Hot Chocolate | 25 | 9% |
| Milk | 3 | 1% |
| Other | 4 | 1% |

**If you currently frequent a coffee house, how often do you visit?**




| | | |
|---|---|---|
| Once a week | 20 | 14% |
| 2-3 times a week | 14 | 10% |
| 4-5 times a week | 4 | 3% |
| 6-7 times a week | 0 | 0% |
| Once every 2 weeks | 26 | 19% |
| Once a month | 34 | 24% |
| I never visit | 41 | 29% |

**What do you typically drink when you are having a snack?**



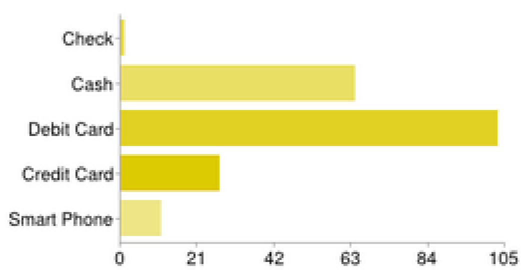

| | | |
|---|---|---|
| Juice | 18 | 8% |
| Water | 113 | 52% |
| Coffee | 11 | 5% |
| Tea | 18 | 8% |
| Soda | 27 | 13% |
| Milk | 27 | 13% |
| Other | 2 | 1% |

**Do you enjoy any benefits from visiting coffee shops?**


| | | |
|---|---|---|
| Loyalty Program | 23 | 9% |
| Delivery | 0 | 0% |
| Email Coupons or Specials | 17 | 7% |
| Discounts | 16 | 6% |
| Birthday Coupons | 14 | 5% |
| Atmosphere | 60 | 23% |
| Great Meeting Place | 46 | 18% |
| Drive Thru | 34 | 13% |
| None | 46 | 18% |
| Other | 5 | 2% |

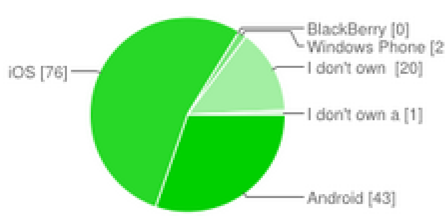
Payment and phone capabilities:

**What is your preferred form of payment?**



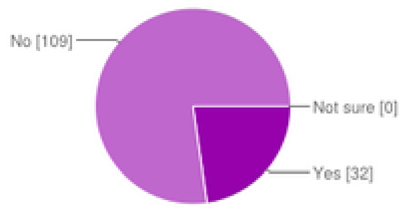

| | | |
|---|---|---|
| Check | 1 | 0% |
| Cash | 64 | 31% |
| Debit Card | 103 | 50% |
| Credit Card | 27 | 13% |
| Smart Phone | 11 | 5% |

**What type of Phone Operating System do you currently use?**



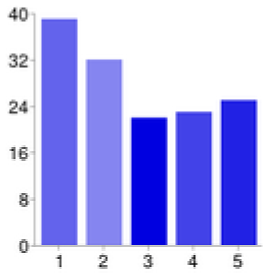

| | | |
|---|---|---|
| Android | 43 | 30% |
| iOS | 76 | 54% |
| BlackBerry | 0 | 0% |
| Windows Phone | 2 | 1% |
| I don't own a "smart" phone | 20 | 14% |
| I don't own a phone | 1 | 1% |

Have you ever used your phone as a mode of payment?



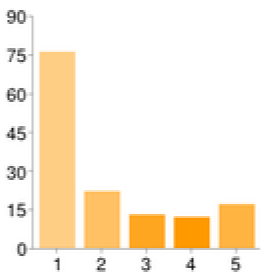

| | | |
|---|---|---|
| Yes | 32 | 23% |
| No | 109 | 77% |
| Not sure | 0 | 0% |

How willing would you be to use your phone to make purchases?



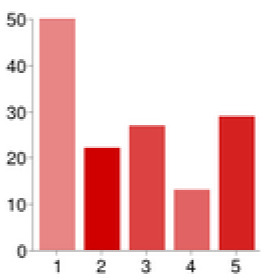

| | | |
|---|---|---|
| 1 | 39 | 28% |
| 2 | 32 | 23% |
| 3 | 22 | 16% |
| 4 | 23 | 16% |
| 5 | 25 | 18% |

How willing would you be to use your phone for scannable discounts or coupons?



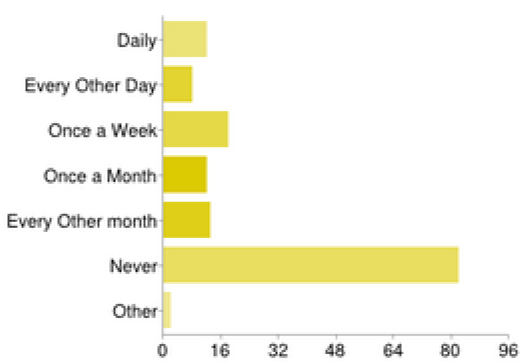

| | | |
|---|---|---|
| 1 | 76 | 54% |
| 2 | 22 | 16% |
| 3 | 13 | 9% |
| 4 | 12 | 9% |
| 5 | 17 | 12% |

How willing would you be to use your phone to make purchases from a pre-loaded gift card?



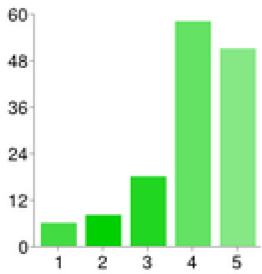

| | | |
|---|---|---|
| 1 | 50 | 35% |
| 2 | 22 | 16% |
| 3 | 27 | 19% |
| 4 | 13 | 9% |
| 5 | 29 | 21% |

Are branded phone apps interesting to you: as in, how often do you use them?



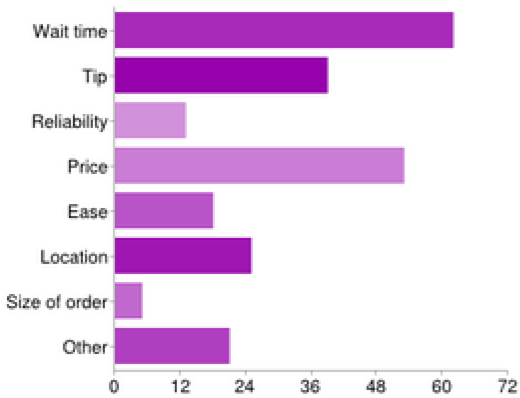

| | | |
|---|---|---|
| Daily | 12 | 8% |
| Every Other Day | 8 | 5% |
| Once a Week | 18 | 12% |
| Once a Month | 12 | 8% |
| Every Other month | 13 | 9% |
| Never | 82 | 56% |
| Other | 2 | 1% |

How often do you get delivery of food items?



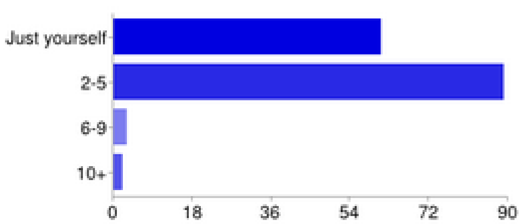

| | | |
|---|---|---|
| 1 | 6 | 4% |
| 2 | 8 | 6% |
| 3 | 18 | 13% |
| 4 | 58 | 41% |
| 5 | 51 | 36% |

What is the main deterrent from getting delivery?



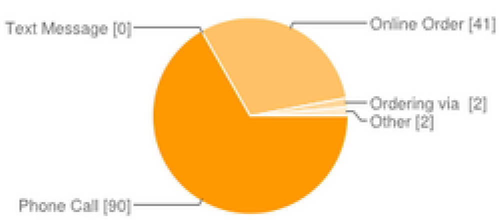

| | | |
|---|---|---|
| Wait time | 62 | 26% |
| Tip | 39 | 17% |
| Reliability | 13 | 6% |
| Price | 53 | 22% |
| Ease | 18 | 8% |
| Location | 25 | 11% |
| Size of order | 5 | 2% |
| Other | 21 | 9% |

How many peoples' orders do you typically gather when ordering delivery?




| | | |
|---|---|---|
| Just yourself | 61 | 39% |
| 2-5 | 89 | 57% |
| 6-9 | 3 | 2% |
| 10+ | 2 | 1% |

When you order delivery, what form of communication do you typically use?




| | | |
|---|---|---|
| Phone Call | 90 | 67% |
| Text Message | 0 | 0% |
| Online Ordering | 41 | 30% |
| Ordering via Phone App | 2 | 1% |
| Other | 2 | 1% |

## *Appendix G: Sample Press Release*

**FOR IMMEDIATE RELEASE**

**Date:** 09/29/2014

**Contact:** Shawn Bernard, 402-204-9526, shawn.bernard@thedrop.com

**UNL students turn marketing project into Lincoln's new coffee craze**

*Sujey Gomez*

**Lincoln, NE** – From the classroom of UNL to the streets of Lincoln, after hard work, sweat, and tears, six UNL students have put into fruition a simple marketing project into a full-fledged, working business. A semester-long project resulted in a 30 page marketing plan. When the students' realized the viability of their idea, they pooled together their resources and found the financial backing to bring their idea to life.

"Our first month was definitely a challenge," says co-owner Morgan Rose. "We had the basic idea down, but just needed to fine-tune the details to make it flow effortlessly." Rose says that word-of-mouth quickly spread and in turn, sales quickly began to grow. "Everyone has really been receptive to the idea—now we just want to get our name out there!"

The Drop is essentially a mobile coffee truck. It runs along three planned routes in what the students' deemed "the business districts of Lincoln"—downtown, 56th and O, and 27th and Pine Lake. With the integration of The Drop App, customers can find locations of a Drop truck nearest them, or better yet, place a delivery to bring the coffee to them. The hours of operation are from 6 am to 3 pm Mondays through Fridays, with special Saturday openings during game day Saturdays and during the Farmer's Market.

US Bank Financials Vice-President Jenna Bridges says of the company, "My employees always appreciate the pick-me-up. I place an order in time for our staff meetings and their delivery cars bring it right to the door. We don't have to waste time driving all the way to Starbucks. They have so much to offer—specialty drinks like lattes, donuts, pastries—I really recommend that other businesses try it out."

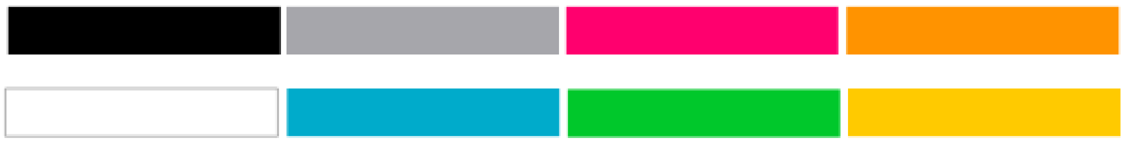
You can find more information at droplnk.com, on Facebook at The Drop Lincoln, or on Twitter @droplnk.

- ### -

## *Appendix H: Visual Representation of Packaging Pallet*

Identity Variations:

Color Pallet:



Typography:

Futura
ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz
1234567890

ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz
1234567890

Helvetica Neue
ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz
1234567890

ABCDEFGHIJKLMNOPQRSTUVWXYZ
abcdefghijklmnopqrstuvwxyz
1234567890

## *Appendix I: Calendar 2014*

# Calendar 2014

### January

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 1 | | | 1 | 2 | 3 | 4 | 5 |
| 2 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 3 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 4 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 5 | 27 | 28 | 29 | 30 | 31 | | |

Permit applications

### February

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 5 | | | | | | 1 | 2 |
| 6 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 7 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 8 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 9 | 24 | 25 | 26 | 27 | 28 | | |

Permit applications

### March

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 9 | | | | | | 1 | 2 |
| 10 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 11 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 12 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 13 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 14 | 31 | | | | | | |

Convention

### April

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 14 | | 1 | 2 | 3 | 4 | 5 | 6 |
| 15 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 16 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 17 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 18 | 28 | 29 | 30 | | | | |

Convention

### May

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 18 | | | | 1 | 2 | 3 | 4 |
| 19 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 20 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 21 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 22 | 26 | 27 | 28 | 29 | 30 | 31 | |

Permit applications

### June

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 22 | | | | | | | 1 |
| 23 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 24 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 25 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 26 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 27 | 30 | | | | | | |

Equipment acquisition
App development begins

### July

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 27 | | 1 | 2 | 3 | 4 | 5 | 6 |
| 28 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 29 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 30 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 31 | 28 | 29 | 30 | 31 | | | |

Hiring
Equipement acquisition
App testing

### August

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 31 | | | | | 1 | 2 | 3 |
| 32 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 33 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 34 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 35 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |

Hiring — Big Red Welcome
Training — Radio ads
Flyers — Game Day
Samples — App testing

### September

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 36 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 37 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 38 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 39 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 40 | 29 | 30 | | | | | |

Opening — Farmer's Market
Profile — Radio ads
Contest — Game Day
PR — Chamber of Comm.

### October

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 40 | | | 1 | 2 | 3 | 4 | 5 |
| 41 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 42 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 43 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 44 | 27 | 28 | 29 | 30 | 31 | | |

Pumpkin Spice
Chamber of Commerce
Game Day — Radio ads
Farmer's Market

### November

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 44 | | | | | | 1 | 2 |
| 45 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 46 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 47 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 48 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |

Pumpkin Spice
Chamber of Commerce
Game Day — Radio ads
Contest — Black Friday

### December

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 49 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 50 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 51 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 52 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 1 | 29 | 30 | 31 | | | | |

Peppermint Mocha
Radio Ads
Finals student promo
Chamber of Commerce

## *Appendix J: Calendar 2015*

# Calendar 2015

### January

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 1 | | | | 1 | 2 | 3 | 4 |
| 2 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 3 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 4 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 5 | 26 | 27 | 28 | 29 | 30 | 31 | |

Peppermint Mocha
Radio ads
Contest
Chmb. Comm.
Marketing strategy evaluation

### February

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 5 | | | | | | | 1 |
| 6 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 7 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 8 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 9 | 23 | 24 | 25 | 26 | 27 | 28 | |

BOGO 50% for Your Valentine
Radio ads
Chamber of Commerce
Chamber of Commerce

### March

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 9 | | | | | | | 1 |
| 10 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 11 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 12 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 13 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 14 | 30 | 31 | | | | | |

Radio ads
Contest
Conference
Chamber of Commerce

### April

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 14 | | | 1 | 2 | 3 | 4 | 5 |
| 15 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 16 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 17 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 18 | 27 | 28 | 29 | 30 | | | |

Radio ads
Conference
Chamber of Commerce
Finals student promo

### May

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 18 | | | | | 1 | 2 | 3 |
| 19 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 20 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 21 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 22 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |

Radio ads
Lincoln Marathon
Farmer's Market
Contest
Chamber of Commerce

### June

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 23 | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 24 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 25 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 26 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 27 | 29 | 30 | | | | | |

Radio ads
Marketing strategy evaluation
Farmer's Market
Contest
Chmb. Comm.
Strawberry Lemonade

### July

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 27 | | | 1 | 2 | 3 | 4 | 5 |
| 28 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 29 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 30 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 31 | 27 | 28 | 29 | 30 | 31 | | |

Radio ads
Bridal Fair
Farmer's Market
Contest
Chmb. Comm.
Strawberry Lemonade

### August

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 31 | | | | | | 1 | 2 |
| 32 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 33 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 34 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 35 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 36 | 31 | | | | | | |

Radio ads
Farmer's Market
Contest
Chmb. Comm.
One year celebration

### September

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 36 | | 1 | 2 | 3 | 4 | 5 | 6 |
| 37 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 38 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 39 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 40 | 28 | 29 | 30 | | | | |

Radio ads
One year celebration
Farmer's Market
Game Day
Contest
Chmb. Comm.

### October

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 40 | | | | 1 | 2 | 3 | 4 |
| 41 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 42 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 43 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 44 | 26 | 27 | 28 | 29 | 30 | 31 | |

Radio ads
Chmb. Comm.
Farmer's Market
Game Day
Pumpkin Spice

### November

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 44 | | | | | | | 1 |
| 45 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 46 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 47 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 48 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 49 | 30 | | | | | | |

Radio ads
Chmb. Comm.
Black Friday
Pumpkin Spice
Contest

### December

| Wk | Mo | Tu | We | Th | Fr | Sa | Su |
|---|---|---|---|---|---|---|---|
| 49 | | 1 | 2 | 3 | 4 | 5 | 6 |
| 50 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 51 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 52 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 53 | 28 | 29 | 30 | 31 | | | |

Radio ads
Peppermint mocha
Finals student promo
Chamber of Commerce

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