

Book store with a cafe included marketing essay



**ASSIGN
BUSTER**

We have chosen a book store with a cafe included. We have chosen this as coffee shops and bookstores are popular in the city. We have also chosen Auckland City's, Queen Street (main downtown) as our prime location. Since there are many surrounding businesses and universities, this seemed like the best location. Our target market for our product/ service will be ranging from the ages of 20 and over. We have these groups as our target audiences because 20 to 25 year olds are most likely to be university students. 25- 50 year olds is the working group that we have also targeted, this age group is most likely to go out for coffee while on breaks. Our older target market consists of ages 55 and onwards. This age group was chosen because many people have either left the workforce or retired. Retired citizens receive the gold plus card which gives them the privilege to travel free on public transport after 9 am. Many people in this age group tend to gather friends and go out.

Market Analysis

DISTRIBUTION CHANNEL

SUPPLIERAs we will be running a combined product/ service company, our distribution channels for both would be different. For the bookstore our distribution channel would be:

CONSUMER

RETAILER

This would be the most appropriate distribution channel as books will be bought directly from the supplier, which then will be sold on to the retailer

(Village Poets Cafe) and then passed onto the consumers. A certain percentage of mark up will be added before sold on to the consumer.

Our coffee house distribution will be different as this will require more than three channels. Products for the coffee house can either be bought directly from the producer or from the wholesaler who buys from the producer.

Coffee houses will generally use both. So our distribution channel will consist of three channels.

PRODUCER

WHOLESALER

OR

RETAILER

CONSUMER

RETAILER

CONSUMER

ENVIRONMENTAL ANALYSIS

Demographic- our demographic ranges from age 20 to 55 plus. Our demographic market is so wide because of the combination of the bookstore and coffee store. The 20 - 25 age groups are mainly focused for the book store. This is because of the surrounding tertiary institution. As this is a book store and a coffee store, students that visit coffee shops usually like to sit and have a read. With both stores combined, students coming to buy can

also be encouraged to buy a book or stationery. This way income will be generated from both the stores. Other age group of this organisation is mainly focused on the coffee house. This is the best place as people can just read and relax.

Technology- technologies have huge impacts in businesses. As many new technologies have been developed, many jobs that needed human labour were replaced by machines. It is the same for books, as many applications have been developed that makes it possible for readers to download and read books e. g. eReader and Kindle. This means that less people are buying fewer books. This also means that book stores are not generating as much income as they did. This is an obstacle for our book store as we will have to think of ways to attract customers to come into our store. Technology can be our biggest factor.

Politics- the only political factor that will affect the coffee store are the health and safety and food safety measures. We will have to be able to get food safety certificates in order to run the coffee house effectively. We will also need to have effective pest control measures in place. If we fail to comply, the local council can penalise and this will affect the businesses reputation in the community.

Natural Forces- for the coffee shop, the coffee beans would be imported from elsewhere. If not from another country than it would definitely be bought from a wholesaler who may import beans from another country. E. g.

Ethiopian Sidamo Fair Trade Coffee beans from [www. globalcoffee. co. nz](http://www.globalcoffee.co.nz). If there was a flood or drought in Ethiopia, than this may mean that the beans

will be unavailable for some time and we may need to find alternatives.

Other natural forces that can affect the business are earthquakes. As these are becoming common in New Zealand, we have to ensure that the premises are insured. Earthquakes could cause a lot of damage and may result in the premises being shut down for some time. Income will be lost for that time being.

COMPETITIVE ANALYSIS

Our main product of the store will be coffee and books. But as we are perceiving coffee as our main source of income, we will have to do lots of campaigning. We will have lots of competitors at the location we are based on. Since we are located on Queens Street, our main competitors for coffee will be Starbucks/ McDonald McCafe, and for books will be Whitcoulls. We will compare prices for coffee. Prices of books will also be compared with the likes of Whitcoulls.

Channel

Market

Comments

Internet – Amazon. com (Books)

Fiction/Books/Magazines

Lee Child story books. k- A Jack Reacher Novel for 18. 48 and Where We Belong for 16. 78

Amazon offers an easy pathway for book lovers to buy books online. These are easily dispatched. Village Poets Cafe will have to have promotions that would want to make the customers come to the shop and get the books.

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Local Market- e. g. Whitcoulls

Whitcoulls are really successful in New Zealand. They usually have cheap offers on books e. g. container sale.

To maintain steady sales we will have to campaign on books with complimentary coffee perhaps or buy 2 books and get a coffee free.

Local Market – Starbucks and McDonalds (McCafe)

Starbucks will be our main competitor. McCafe will also be competitive as they are more convenient for people and usually offer promotions such as Free Muffins.

Established brands that take over will be a great way to test quality of coffee.

MARKET MEASTUREMENTS

Customer Perceptions

No formal measurement of customer perceptions has been undertaken as yet. We are meaning to measure the perceptions through the advertisings. However, it is expected that customer response may be positive because of the convenience.

Market Share

Market share is not yet considered at this stage.

Other Considerations

Observation and feedback will be used as tools to measure the market against the competitors. For e. g. foot traffic and sales can be measured against competitors. Feedback from customers and determining the right <https://assignbuster.com/book-store-with-a-cafe-included-marketing-essay/>

price for the products/ services can be used to set up pages on social networks e. g. Facebook and also News paper advertisements.

PROFITABILITY AND PRODUCTIVITY ANALYSIS

In the current phase of the business, we are wanting to breakeven in the first few months. The profit margins will be very narrow. There will be lots of over heads to consider e. g. equipment purchase, employees, training, packaging, utensils, resources, rent, and electricity.

Product 1

Large Coffee

Product 2

Pastries

Product 3

Books

Retail Price

4. 60

3. 00

29. 99

Expenses

Coffee Beans

0. 45

Paper cups

0. 15

Freight Inwards

0. 45

0. 20

5. 00

Electricity

0. 70

0. 50

1. 50

Ingredients

0. 60

0. 70

Total Expenses per product

2. 35

1. 20

16. 50

Gross Profit per product

2. 25

1. 80

13. 40

Total gross profit altogether is 17. 45. A projected sale for one week is \$2000.

180 cups of coffee x 4. 60 = \$828

400 pieces of pastries x 3. 00= \$1200

100 books x 29. 99 = \$29999 which equals to \$5027.

Product 1

Product 2

Product 3

Gross Profit

2. 25

1. 80

13. 40

Market Sales

180

400

100

Total Sales

\$405

\$720

\$1340

PC 1.2

a.) Cultural Factors

-People's views of nature/technology – as technology is expanding it is coming up with ideas that makes things available on fingertips e. g. Kindle book reader. This in many ways lessens the environmental factors.

- People's views of the organisation- we will have to demonstrate that we as an organisation are trust worthy. We will have to adopt and ask for opinions and suggestions to accurately monitor and measure sustainability and customer perceptions.

b.) Ethical Factors

- We will be using Fair Trade coffee beans as well as coffee cups that are recyclable. We may also encourage customers to buy coffee cups that are reusable. Reusable coffee cups can be made available in store if we market it the right way and make its benefits bold. Recycling signs need to be emphasized on the cups. Not recycling effectively can become an issue overtime, there fore best practices will be put in place from the start.

PC 1. 1 SWOT ANALYSIS

Strengths (Internal)

Access to technology and teams having to necessary knowledge

Knowledge of local market and geography

Ability to design the store ourselves

Weakness (Internal)

Very less knowledge about the finance of the business

Have to rely on foot traffic at the this stage

Having to use only New Zealand suppliers

Opportunities (External)

Lots of new ways to market our products and services e. g. Facebook pages

Making of more contacts with the suppliers locally

Threats

Lots of competitors (McDonalds, Starbucks, Whitcoulls)

Weather

New competitors

Recession

Suppliers not having enough stock or running out of stock

PART TWO: MARKETING OBJECTIVES

To get effective marketing campaign for Village Poets Cafe.

Some marketing objectives that we have decided on are radio advertisements, flyers and facebook page. These marketing campaigns have been chosen specifically because they are the most common ways of making direct contact with potential customers.

Our measures of success will be taken when the store has opened. We will conduct a little survey or just ask customers how they heard about the store.

To make the objective attainable, we will have in place a set budget for spending on campaigns and use resources or opportunities that may have been previously looked upon. With the target market in place we will work towards on how much the marketing will cost.

The goal is to create an effective marketing campaign before the store opens to get customer traffic whether it be foot traffic or by other means. To find out whether the main objective had been achieved or not, will only be known when store has commenced business.

Whether if the marketing campaign has been achieved or not will be known when the store opens but a time frame that we have given for marketing the store is at least 3 weeks.

PART THREE: OPERATIONAL PLAN

PC 1.3

Activities, Responsibilities, Timeliness and Resources

Activities

Responsibilities

Timeliness

Resources

Flyers

To create attractive flyers with promotions that would be eye catching and perhaps a glimpse of the store. Flyer to be colourful and should be catchy

Zabeen/ Shaista

To be produced before the store opens and be distributed prior to opening (one week)

Laptop, Google, Promotional materials, Paper, Ink.

Radio sales

To establish radio stations that would be relevant to our audiences.

Responsible for running adverts and scripting them. Need to sort out the suitable times e. g. mornings

Amandip

Two weeks before opening and two weeks after opening

Market/ geographic research

Target audiences

Materials e. g. information for advertising

Facebook

To establish a “ Village Poets Cafe” page on facebook. Also in charge for ongoing maintenance of the page and updating with photos and posts.

Krishneel

Page to be established and up and running by the opening of the shop.

Ongoing

Laptop and digital camera.

COMMUNICATION PLAN

As a medium based organisation, we have a communication plan that shapes our organisation. The communication plan is for our internal and external shareholders. Our values shape our communication plan. Our values are:

Honesty – our motives should be honest. Our customers and staff will be treated with honesty and work must be done with honesty.

Respect – be respectful towards customers and staff. By doing things with respect, business ethics will become stronger.

Stakeholder Materiality

To engage with the stakeholders, we as an organisation need to understand what resources are important for them. For most stakeholders, money is the biggest factor and rely on that as it is their livelihood as well as ours. Some of our stakeholders are:

Customers- customers should receive value for their money. In return we provide them with coffee that is rich and offers value for money. E. g. large cappuccinos for \$3. 60. We would also stress on customers bringing in their own cups as a plan for promoting good environmental practices.

Suppliers- need to be paid on time. This helps to create a relationship that can be mutual later on. Applying with the legislative rules and components and paying rent on time. Use the infrastructure and the facilities available on site regularly.

Community- making sure that we also promote on environmental factors and recycle and throw away garbage appropriately and keep the business clean and tidy at all times.

CONTINGENCIES AND OPTIONS FOR IMPLEMENTATION

Some risks that Village Poet Cafe may face are poor weather, conflict with suppliers, staff shortages.

Risk

Probability

Impact

Rating

Contingency

Poor weather

1

2

2

Business maybe very slow on some rainy days, on rare cases. Can have rainy day promotions e. g. buy a book and get a cup of coffee free.

Conflict with suppliers (Books and other wise)

1

3

3

Can be disruptive if bills are not paid on time. Ensure to pay bills on time and build trust over time.

Staff shortages

1

2

2

Have enough staff to cover all shifts. Also employ students on part time / casual basis who are trustworthy.

PROVISIONS FOR DATA ACQUISITION

Since we are using flyers, radio and facebook as our intended ways of advertising, the best way to keep data acquisitions is to record daily sales. Also get the customers to give feedback on a form which could state them to tell us where they heard about Village Poets Cafe. Complaints and compliments can also be used to record feedback.

MARKET POSITIONING

Village Poets Cafe is a cafe with a bookstore which is not common in the New Zealand market. Village Poets Cafe wants to provide the best service to its customers in terms of providing the best coffee and a place for the customers to relax and unwind.

Competitors such as starbucks, McDonalds, Whitcoulls are well known brands around the globe, but they don't provide the benefits of buying a book and taking time out to buy coffee as well and relax at the same time.

Village Poets Cafe are to make sure and emphasise on this benefit of the store. We are to also emphasise on the Fair Trade Coffee beans that are to be used and recyclable coffee cups.

MARKET MIX

At Village Poets Cafe we will focus on the 4P's

Product- our focus is on coffee and books under one roof. Our focus is on why customers should come to us. It provides them with the benefit of being able to buy a book or magazine and relaxing afterwards with coffee. The advantage for our customers will be that they will also be able to sit and read there. People will come in for either one of the products. It is likely that at least coffee may be purchased.

Pricing- our price for a standard coffee is 4. 60 which allows us to make a profit of \$2. 25. this price is reasonable when compared with our competitors. Prices on books will differ and maybe the same prices in some cases. Using schemes such as loyalty cards can be handy as it can be another way of promoting our store.

Promotion- our products/ services are marketed using flyers, radio and facebook pages. Since we are a new business starting up, we will be working on attracting customers locally first. We will also be running promotions on buying 5 cups of coffee and get the 6th free. Also be running loyalty card schemes where a customer can get 10% after their 3rd purchase on the books. Market bonds can be made stronger when really interacting with customers and delivering with what they want.

Place- as we are located on Queen Street, we won't be focusing on reaching out to new markets. We will be focusing on getting established in the current market. By 2013, we may look at expanding out of Queen Street.

QUALITY CONTROLS

Quality coffee will be an integral part for Village Poets cafe. We are ensuring that our coffee will be of Fair Trade and of top quality. We want to give customers, value for their money. Quality controls will be our focus and regular customer feedbacks will help us keep on track.

EVALUATION PROCESSES AND CRITERIA

Evaluation processes and criteria are embedded in the objectives.

STEP 7 (PC3. 2)

Other marketing activity and potential synergies

Internal synergies

With Village Poets Cafe, inter synergies are very limited.

External synergies

We would need to engage with partners e. g. Fair Trade dealers to create a more environmental environment.