

Principles of marketing

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Project: Part 1 Company Description " Choose. Brew. D.). These are three words that started a coffee brewing evolution, Kerri. Kerri is a coffee company that designs and manufactures single cup brewing system for use in the home, hospitality, commercial office, food service, and medical office environments. Kerri was founded in " 1992 and Is based in Reading, Massachusetts" (McGinnis, D.). While providing convenient coffee manufactures Is our top priority, we also provide gourmet coffee, tea, hot cocoa, and

Iced beverages In our specially designed K-cup portion packs. Today, we are the leading company In the " single cup brewing" family In North America, and we are excited to share with you our new and upcoming products. As well as making gourmet coffees we also have great care for the world around us and share a strong tradition of sustainability. As you search on our website you can see it is evident that we are passionate about innovation and have a strong sense of responsibility to give back to the communities we're connected to, both in North America and In the communities around the world from which we source our reduces.

All In all, our goal is to improve the world through our business " Brewing a Better World Together" (McGinnis, As our company grows strong, so does our commitment to sustainability. In our new line of products, we are featuring a coffee thermos called " Joy on the Go. " This thermos is a new product that puts our Kerri coffee machine into a small portable mug that you can take and make coffee anywhere. This thermos will also have mini K-cups that will

fit underneath the cap, available in all our current flavors. The thermos can be plugged in anywhere using a USB chord.

The way it works is, after pouring your desired amount of water into the thermos, once plugged in, the steam will infuse within the K-cup, and within minutes you'll have our great gourmet coffee at your fingertips! Because it is USB powered, you're able to plug it into your car, your computer, or even wall outlet. This new thermos is great for the office, road trips, even on a plane. OUR PURPOSE: " We create the ultimate beverage experience in every life we touch from source to cup - transforming the way the world understands business. (Green Mountain Coffee Roasters, Inc.) Mission: Our Mission is for there to be a Kerri brewer on every counter and a beverage for every occasion. " (Green Mountain Coffee Roasters, Inc.) " Brewing excellence, one cup at a time. We strive for excellence. It's literally a part of who we are as a company. You see, and it's also our promise to you. From start to finish, it's our benchmark. Be it our patented single cup brewing technology, our gourmet brands of beverages or our customer service, it's simply something you'll come to expect.

Today, we're the leading single cup brewing system in North America, and we couldn't be happier to revive gourmet coffee drinkers with the perfect cup, day in and day out. We believe that coffee should always be served fresh, just like a gourmet coffee house, wherever you are. Period. That's why we've made it our mission to provide the perfect solution for coffee lovers. Kerri combines state-of-the-art brewer technology and unique packs that simply, consistently deliver the perfect cup.

Introduced in 1998, Surge's innovative single cup brewing system lets people brew the perfect cup of gourmet coffee in less than a minute, without having to grind beans, measure coffee, handle filters or clean up. It's as simple as it gets. " (Kerri) We pride ourselves not only on our mission but also our values to the consumers and society. The three most important values we have as a company are that: " we partner for mutual success, we innovate with passion, and we brew a better world. " (Green Mountain Coffee Roasters, Inc.) We partner for mutual success due to our boundary- less approach to collaboration, creating benefits for all. We know that offering a wide selection of quality, beloved brands is critical to the success of the Kerri system. We take pride in our unique ability to forge partner relationships with those some ay consider to be our biggest competition. But that's the idea: we endeavor to satisfy everyone's taste, even if that taste is not our own. With an ever expanding portfolio of Kerri Brewed brands on the shelves, we look to expand consumer choice, fuel new excitement for existing Kerri users, raise system awareness, and attract new consumers to the system.

Collaboration that creates mutual success is at our core. " (Green Mountain Coffee Roasters, Inc.) Kerri innovates with passion by using our courage and curiosity to shape the future by redefining the customer a true differentiator. Our experienced and highly-trained innovators don't Just focus on improving things, but on capturing the magic of the completely new. We innovate with passion, every day and in everything we do. " (Green Mountain Coffee Roasters, Inc.) We brew a better world! Using the power of business we try to make the world a better place implementing sustainability. In the 32 years since our founding, Green Mountain Coffee Roasters, Inc. Has grown from a

single coffee shop in Vermont to a leader in single serve beverages in North America, yet our corporate culture has remained consistent. We are passionate about innovation and have a strong sense of accessibility to build a resilient supply chain, create sustainable products, and give back to the communities we're connected to around the world. In short, we intend to improve the world through our business -? Brewing a Better World Together.

" (Green Mountain Coffee Roasters, Inc. Goals: During the next five years, Kerri seeks to achieve the following goals: Non-Financial Goals 1 . Open a Kerri Store on the West Coast 2. Add 5 new national retailers 3. Add 5 new flavors of coffee 4. Create at least three new products Financial Goals 1. Obtain a return on equity of at least 25 percent 2. Invest in several different stocks . Have a growth in earnings of 10% each year Core Competencies and Sustainable Competitive Advantage: " As part of Green Mountain Coffee Roasters, Inc. , (GAMER) Kerri shares in Smog's strong tradition of sustainability.

This tradition delivers value for our employees, the communities that host our facilities, our business partners, shareholders, and stakeholders all along our value chain. We are passionate about innovation and have a strong sense of responsibility to give back to the communities we're connected to, both in North America and in the communities around the world from which we source our products. In short, we intend to improve the world through our business -? Brewing a Better World Together. Our commitment to sustainability has remained strong as our Company has grown.

We continue to articulate our strategy for responsibility and align it with the growth, innovation, and product diversity that characterize our business today. We focus this commitment on three specific practice areas: Resilient Supply Chain, Sustainable Products, and Thriving People and Communities. Building a Resilient Supply Chain means helping the producers and manufacturers in our supply chain, as well as their employees and wider communities, to adapt to the many challenges they face and to prosper over the short term and the long term.

We believe our products can be sourced, designed, and manufactured in ways that are good for people and good for the environment. Products, while working to create Sustainable Products. When our people thrive, our business thrives. And so do our communities. We focus on developing and engaging our people, while making a difference within our communities and simultaneously benefiting our business as a whole, working towards Thriving People and Communities. " (Mahoney) SOOT Analysis Internal factors: Strengths: Prestigious, well-known brand name among U. S. Consumers and retailers. Brand leader in the single-cup coffee market.

Customer's ability to customize their coffee experience with wide variety of coffee, tea, and other beverage selections. Many distribution channels for the specialty K-Cups and brewers. (Casey, Iceland, Gabriel, Knuckle, and Raman) Weaknesses: Unable to forecast the demand for K-Cups. Running into capacity constraints. No system in place to handle or expedite backorder. Kerri machine defects. External factors: Opportunities: Expand the Away from Home market by introducing Kerri machines to Hotels.

Expand supply channel for the Kerri brewer machines to more than one manufacturer.

Improve operational efficiencies of products and distribution facilities.

Promote brand expansion internationally and other races. Capitalize on daily consumption rate of coffee. Market to Baby Boomers and Generation X.

Promote premium quality and brands to high income consumers. Threats: Increasing competition and innovations of similar products from rival brands. Green Mountain (Kerri), a fair trade and sustainable company, who produce K-Cups which are not recyclable or reusable. Financial performance is dependent primarily on the sales of K-Cups.

Increasing costs and decreasing availability of premium coffee beans will impact future production. Reliance on a single manufacturer in China for the production of coffee brewers. Heavy reliance on local carriers for delivery of coffee and brewers could disrupt operations. Results of PAPA testing on the K-Cup could negatively impact the company. Industry Analysis Trends in Single Cup Hot Drinks The continued rise of single-serve options has been steady over the past couple of years. In particular, the Kerri machine from Green Mountain Coffee Roasters saw continued growth, with Americans adopting this system for at-home use.

The convenience of brewing from single-cup pods with minimal cleaning up appealed to consumers, and the variety of coffee brands available in this format increased the options available. In addition, several manufacturers of coffee machines announced plans to produce K-Cup compatible machines in the coming year, increasing consumer access to this format. The Kerri K-Cup

brewer from Green Mountain Coffee Roasters (GAMER) revolutionized the single-serve coffee market, which posted a compound annual growth rate of over 75% between 2007 and 2012 in tracked mass-market channels.

Total U. S. Detail coffee market dollar sales grew 10% in 2012 thanks to a dramatic 82% jump in the single-cup brew segment, which reached \$1.8 billion in 2012. New, more sophisticated and specialized machine technology for single-cup brewers keeps elevating the quality of coffee made at home, while single-serve beverage manufacturers and marketers continue to broaden the array of beverages specifically designed for these machines, increasing the range of successful products, brand entrants, and satisfied consumers.

Overall, several factors will continue to spur the growth of the single-cup brew beverage market, including a nation of dedicated and increasingly discerning coffee drinkers; consumer desire to recreate coffee shop quality at home; continued adoption of single-serve brewers in offices and hotels; innovations in brewer technology supporting enhanced beverage quality; a large selection of brewers, many of which are aggressively marketed and attractively priced; the popularity of single-serve brewers as a hot kitchen gadget, well suited for holiday gift giving; a wide selection of single-serve beverage options that continues to expand; and the recent increase in published reports of the health benefits associated with coffee consumption.

Competitor Analysis: The coffee production industry generates approximately \$9 billion in revenue each year, according to the research firm Fishbowl. The average American drinks 3.1 cups of coffee a day, according to

the National Coffee Association. Usuries most significant competitor comes in the form of other single-serve coffee brewers. Starting in October of 2012, a couple other companies are going to compete with Kerri and their brewing market. First is Bunny, a company that produces traditional commercial beverage equipment. They are going to introduce a single-serve coffee machine Kerri currently uses, however, Bunny is not licensed to so.

In addition, starting the same month, Wall-Mart is going to put on its shelves a machine made by the Sees Beverage Company which will provide consumers with the ability to make both hot and cold drinks. These companies are fairly new, as Kerri has always been in the market with other big single-serve coffee companies such as Kraft. Spokeswoman for Green Mountain Coffee Roasters, Usuries parent company, Suzanne Dulling, said, " Since the early days of single-serve coffee, we have successfully competed against well resourced companies like Mars and Kraft, many of which offered systems of brewers and beverages. Company Analysis: With 16 years of production and still growing, Kerri has put its name on top of the pyramid in the coffee brewing industry.

Capturing the " Brand of the Year" award, receiving the highest ranking in the coffee maker industry, is only a stepping stone in the success of Kerri. The moneymaker for Kerri is the k-cups, with more than 200 varieties, and categories ranging from coffee to tea to energy drinks, this allows for consumers to customize their drink to their own taste. 2012 brought in 800 million dollars in sales revenue from k-cups alone, and Kerri single cup coffee makers were n thirteen percent of American workplaces. The parent

company, Green Mountain Coffee Roasters, has been a part of Kerri from the very beginning stages. Supplying coffee and investing in the once thought to be niche product since its prototypes.

Since 2006 GAMER has been the parent company of Kerri, and working with the coffee making industry to supply better, fresher, more satisfying coffee. Since the buyout, Kerri has exploded in sales revenues. In the 2010 fiscal year, Kerri and their k-cups returned 1. 2 billion in sales revenue to GAMER, eighty-eight percent of their revenues. Customer Analysis: We have produced a product that makes it convenient for anyone who drinks coffee on an everyday basis. We would like to specifically focus on everyday users, as they are our biggest target market. We believe the key element of our product is that it will not be very time consuming for customers that will need a little extra boost on the go or at work, and it is convenient so they can brew a cup anywhere at anytime.