

Market segmentation in the dessert food service industry marketing essay



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The Sweet House will be located in the Mid Valley shopping centre, the café will be created for customer to rejuvenate, relax and relate with friends. Besides that, our business type of desserts will be divided into three main varieties, which are Asian dessert, Western dessert and Custom dessert. Asian dessert is more suitable to middle-age people and Chinese people. For example, Pak Kori, Red Bean, Longan Xue Yee, Kacang Merah, Bubur Cha Cha and so on. The Western dessert is more suitable to the young man or young age people, because Western desserts are more colorful and more variety to attract the young people. For example, Mango Lolo, Honey Dew Lolo, Durian Cendol, Cendol Pulut and so on. Custom dessert is let customer choose their need of variety taste, such as Mango and Kiwi Lolo, Yam & Sweet Corn, Sea Coconut & Fruit Cocktail, Mix Fruit Lolo and etc...As a result, our business will sell these three main types of variety to our customer target.

Financing:

Our business is established from a partnership. So I and my partner will put a total of RM 80,000 into startup of the business. The remaining RM 40,000 is the amount that we are requesting for bank financing. This is because; our business needed quite more equipment such as, machinery, furniture, fixtures and so on. So, we are requesting for bank financing for our business.

Executive Summary

Sweet House is a shop outlet dessert inside the Mid Valley. In the dessert industry, our competitive advantage, is that our goods are all 100% organic and come from farm ourselves. Besides that, our business will use coal cook system to maintain 100% taste.

Sweet House target market is the young man adults, PMEB (Professional, Manager, Executive, and Businessman) and tourist. Our business also will create a special price for customer when starting lunch time. Television and radio advertising is used to increase customer awareness of Sweet House. Our business will create a web site to customer for join our member know our news or information. This Web Site also provides a discussion board or feedback where customers can post a suggestion or respond to their needs.

Finally, our business also has provided some training program to our employee. For example, management skill, communication skill and customer services seminar and so on. Our business operation time will begin at 10. 30am until 9. 00pm and open 7 days a week business time.

3. 0 Market Segmentation in the Dessert Food Service Industry

The Dessert Industry can be broken down into two major segments based on customer characteristic and price. Price is one of more important factors in determining market segmentation, as it influences the consumer to buy the goods. Customers have come to demand reasonable of price what they pay for. It is important to note that the majority of customers look for value, which is a key component of Sweet House's mission. Second factor which will influences market segmentation is age of the customer. The age range of the dessert industry is quite large, ranging from young man to old men, and different marketing strategies will attract a variety of patrons. For example, Sweet Temptation fulfill demand of the young man, because the Sweet Temptation will sold the dessert such as " AisKacang" dessert, " ABC" dessert and smoothie dessert. Besides that, Jonker Sweet Dessert is different

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between the Sweet Temptation, because their sold the products are suitable to the old people and middle-age people. For example, “KacangMerah” dessert, “Bubur Cha Cha” dessert and etc...So they will feel this will more healthy than the “ABC” dessert. Nowadays desserts are most competitive industry in worldwide, because different dessert has different characteristics. This type of dessert industrial is more liquidity, for example is Cendol dessert, there is convenience to family-style. So the customer no needs to go outlet to purchase the goods. Besides that, Independence stall will set in shopping center middle or beside, the independence stall the place will smaller, and not enough facilities, the product price will cheaper than shop outlet, the independence stall sell product is limited but there have a special thing, for example “Petaling street air matakucingmoutak ding” this is a independence stall their sell the special thing can achieve health, detoxifying feature. This kind of stall is self-services, so that the customer will feel not satisfy for this customer services. Finally, shop outlet also one type of dessert industry. Shop outlet will give customer comfortable environment place to eat dessert, because will better than the first two dessert industrial. For example is Sweet Temptation, not only sell the dessert, they also have sold smoothie dessert. So different desserts have different customers will purchase the goods.

4.0 The Target Market

Sweet House target market is the young man and PMEB (Professional, Manager, Executive, and Businessman). Our will believe that this an important segment, as a young man will more consumer our goods, because sometimes they will have gathering, party, dating and so on. PMEB people

also will buy our goods, because when lunch time, they have enough purchasing power to purchase our goods. Besides that, they also will feel more relax and don't have working stress.

5. 0 Competitive Sectors

5. 1 Type of dessert industrial

Now a day dessert industrial have many type, but the major type of dessert are separate three major type, 1) Mobile vendors, 2) Independent stall 3) Dessert specially outlet.

Mobile Vendors

The mobile vendors sell their dessert on van have given more customer convenience, for example is "mat tou you" dessert, there is convenience to family-style. Family no need go to dessert restaurant. The product price also will cheaper than shop outlet and more attracting the customer to purchase, because they allow the customer to customize their like the favor food to add in dessert based on price. For example is RM3. 80 will give 5 favor to customize, RM5. 90 will give 8 favors to customize, etc.... Due to this, some mobile vendors have differentiated themselves and positioned in the customers mind.

Independent Stalls

Independence stall will set in shopping centre middle or beside, the independence stall the place will smaller, and not enough facilities, the product price will cheaper than shop outlet, the independence stall sell product is limited. Independent stalls attract large crowd based on location

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and some have developed strong reputation. For example “ Petaling street air mata kucing mou tak ding” this is a independence stall their sell the special thing can achieve health, detoxifying feature. They use publicity in newspaper to promote their special thing, tell the people after eat can achieve health and detoxifying.

Specially Dessert Outlets

Shop outlet will give customer comfortable environment place to eat dessert, this is shop outlet advantage. For example, koong woh tong, not only sell the dessert, their also have sell health food like “ kui ling gao” this food can coupling to dessert and then can achieve detoxifying feature, and every day have sell the limited special dessert, because the price is more cheaper. Some dessert outlets operate on a franchise or chain. They have do advertisement for their product, so their reputation will increase by advertisement.

6. 0 Competitive Advantage

Sweet House differentiates itself from other competition through 100% organic, traditions cooking process and price. Our raw material of the dessert is 100% organic, such as yam, sweet potato, sweet corn, red bean, and etc.... For example, yam and sweet potato form the Bubur Cha Cha, this will planted the raw material by our farm. That as would be expected, that organic crop, do contain higher levels of trace minerals, vitamin C, and antioxidant phytonutrients. Besides this, there do not have any insecticides and any chemicals to influence our raw material. This is because; our raw material is fresh and 100% natural. So when our produced it, which is 100%

organic and fresh for send into our business. Besides that, our also use traditions cooking process. Every dessert also cook by the coal, normally is using gas to cooking dessert, but this not enough^{1/4} because gas cannot cook 100 percent taste, but use coal can attain the 100 percent taste. So this is our advantage of the dessert process, which will more attract the customer to purchase our goods.

7. 0 Description of Venture

Sweet House is shop outlet in the Mid-Valley, so I will designed a natural organic environment for our shop outlet, that will let our customer relax and no more working stress to enjoy our desserts. For example, Purple Cane Chinese Tea is designed a purple color environment, let customer feel particular and relax to enjoy their Chinese tea. So that will attract more customer to purchases our dessert.

Besides that, I will also establish the E-Commerce in our business. We create a Web Site in which customers are join our member can search and browsers or order our goods. Once a customer logs in with his or her username and password, a customer will be able to order our goods and search what the customer needs. The Web Site also provides a discussion board or feedback where customers can post a suggestion or respond to their needs.

8. 0 Operation Plan

When the customer comes to our Sweet House, he or she will able to order the dessert, as well as have the option to custom their own dessert.

Furthermore, our Sweet House can give customer order first. So the customer no need spend more time to waiting our goods preparation.

Therefore, most dessert will be prepared on the premises. Our employees will be designed for the high standard of sanitary efficiency and cleaned daily. For example, our cleaner will clean by two shift, morning shift and night shift. So we will give customers a comfortable environment to enjoy the dessert. Besides that, our Sweet House Dessert operation time will begin at 10. 30am until 9. 00pm and open 7 days a week business time. So our business will closed by Chinese New Year and 31 Aug National Day. Our businesses also have provided some training program to our employee, like customer services courses, communication courses and so on. The employee will be trained out not only in our specific operations duties in the philosophy and application of our concept. So our employee will provide high standard of services to serve the customer of demands.

Our Sweet House dessert distributes inside the Mid Valley shopping Centre is a 2400 square foot space. Besides that, our facilities have tables, chairs, bars, and counters, refrigerator and machine or requirement of equipment. A big emphasis is being placed on extensive research into to quality of our purity dessert price and inventory control will be handled by our system and checked daily by management. Our Sweet House has a lot employee, but the qualification of employee minimum is SPM level. So that we can provide some training for improve their skill and knowledge. Finally, we plan for establishing services, attitudes and policies. We will provide 100 percent good service and encourage customer give our feedback. Feedback can help our improved and make better.

8. 1 Floor layout

9. 0 Marketing Plan

Goals and Objectives

Sweet House will be a full services dessert kiosk. Our financial goal is to attain of \$100, 000 sales in the first year. Sales will increase 50 percent sales in the second year and third year another 30 percent. Based on the first two goals, continue want to expand to two stores by the third year of the business, after expand to two stores, we want to plan increase patronage by 30 percent per year and increase Sweet House restaurants popularity as a dessert

Sweet House objective is to provide high quality dessert in a comfortable atmosphere. We also need to make enough profit to generate a fair return for investors and to finance continued growth, to enhance development in quality products, we also maintain a friendly, fair and creative work environment, which respects diversity, new ideas and hard work.

Sweet House include 1) give back to the community we can sales for charity in any charity event and we also can provide dessert to orphanage children, because our don't have present children after try our dessert can feeling the happiness 2) ongoing employee education and recognition programs, we have provide employee some training programs to improve employee knowledge 3) Dedication to the finest quality ingredients, we don't use any pigment and Preservative in our dessert 4) Produced raw material by ourselves, our raw material is make it ourselves, so that we don't use the

pesticide in to raw material, we use the Organic fertilizer, so that our raw material is 100 percent natural.

Strengths and weaknesses

Sweet House strengths are 100 percent natural material, because we don't use pigment, preservative and pesticide, so that our dessert use has a health body traditional Chinese medicine add in our dessert, so that can achieve health, detoxifying and pretty, special thing is cook by coal, give customer fair product price and enjoy the high quality dessert.

The main weaknesses are our distribution is limited stores, and very insufficient money for start-up business and limited expansion, we also face the employee training problem, the last is time and cost, because we want spend more time to manage business and the cost budget issue must be manage properly.

Opportunities and Threats

Nowadays, all family also dun like eat in home. So they will like consume more outside food. This is because; they feel not convenience and feel food cooking by family in home so weary. So they will more come to consume outside food. Our business also has provided the training program and seminar about organic food for our employees. This is because, nowadays the education level is very high, and so our business will provide the about the organic food of seminar or speech to our employees. As a result, our employees can easily to communicate or solve from our customers who have the problems.

Our desserts are come from our farm, so all raw materials are 100% natural organic. So that is our desserts of advantages. However, in Dessert Industry, our business has quite high competitors in the market. For example, mobile vendors, independent stalls and specially dessert outlet shop. So, our business should be come out a new product and win the customers of loyalty. Besides this, our stocks are limited keeping fresh, this is a big problem we should be faced, because our stock if not fresh, then that stocks are can't sold to the customer. Finally, after 2010, government taxes rate will increase, so a lot of customer will feel the government taxes of fee is quite high then will decrease the customer purchasing power.

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9. 1 Product

Sweet House desserts will divide three main product lines, which are Asian dessert Western dessert and Customized dessert. Asian desserts include Pak Kor Fu Chuk, Longan Xue Yee, Kacang Merah, Bubur Cha Cha and so on. That is targeted to Chinese and middle-aged. Chinese are more like to consume the Asian dessert, because the Asian dessert has some traditional culture for the Chinese people. The Western desserts are Mango Lolo, Honey Dew Lolo, and so on. Target of Western desserts are male and female. That is because, Western desserts are more colorful and more specially to attract the young age customer to purchases it. Finally, custom dessert is let customer choose their need of variety taste, such as Mango and Kiwi Lolo, Yam & Sweet Corn, Sea Coconut & Fruit Cocktail, Mix Fruit Lolo and etc.... of our dessert. For example, Mix Fruit Lolo have 3 three types of custom ways, the first is three

favor of variety is RM 5. 90, four favor of variety is RM 6. 90 and five favor of variety is RM 7. 90 to give more choices to our customer.

9. 2 Promotion

Pull Strategy

Sweet House desserts will use pull promotional strategy that attracts consumers on advertising to buy or demand for desserts. So our business will advertise more advertisement to satisfy the customer needs. As a result, consumers will receive directly information from the media on newspapers, radio and Internet.

Advertising

We will use advertising to communicate to consumers. Moreover, it classifies its segmentation to communicate directly to young man and middle-age people. Sweet House will use the TV to promote the desserts, because all people will watch Astro channel, Astro channel advertising will give all customer information. Besides that, our business will use celebrity (Fish Leong) to promote the dessert, that will increase our business brand name and reputation. TV advertising of advantage is: 1) customer will easy to get information 2) country-wide coverage. That can increase awareness of Sweet House brand name and the reputation and build traffic. Moreover, we can also use newspaper advertising and magazine, such as newspaper can promote dessert to attract PMEB (Professional, Manager, Executive, and Businessman) to buy. Nowadays they very like read magazine, so that also can promote our dessert in the magazine. So we will apply the newspaper

inserts to advertise all dessert in the newspaper. Besides that, we will also advertising into the City Foam magazines to promote the dessert.

Public relationship

Corporate social responsibility is public relationship. To give back to the community, we will hold some activity with the local humane society. So our dessert also have provide free to Cheras orphanage inside the orphan and poor families on during the every holiday season. Moreover, average for food columnist to review our shop.

Sales Promotion

Sweet House has promoted its product through different sale promotional strategies. We will use catalogue promotion to make sales promotion, because customer can clear to read what the desserts are got promotion, discount and voucher. Sales promotion will make discount to customer, so the price will cheaper than normal price and promotion will also special price. For example is Honey drew Lolo and Durian Lolo will discount to 20% so the normal price is RM 5. 90 will discount to RM4. 70. This kind of the discount, customer should be apply our member then can get this amount of the discount. At the non-member also will discount by 10%, so the normal price is RM5. 90 will discount to RM 5. 00. Besides that, we will make some promotion for non-pease time. That also can to attract customers to consume the desserts. For example, Kiwi Lolo is RM 5. 90, and then within in sale promotion 3pm-5pm, the price will decrease like RM 4. 90.

Advertising our dessert on online catalog

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Sweet House also will advertise on the online catalog, such as banner, forum and create a web site to promote and given some news and update new information for the customer. So customer can read its information more clearly before consuming. We also will used the social networking to attract the customer for Sweet House, such as Facebook pays for Sweet House and we will apply a membership club to customer joined our membership.

9.3 Price

In general will our price level be lower than competitor. So we will used penetration pricing strategies to attract customer to consume the dessert.

Optional product pricing

We will make a Dessert top-up package, so who customers will purchases of Western Dessert RM5. 90 but top-up RM1 will refreshment (yam cake). For example, Kiwi Lolo is RM 5. 90, if customer top-up RM1, he or she will get a yam cake. So, the total price is RM6. 90. If customer didn't top-up RM1, the Kiwi Lolo will sold back the normal price (RM6. 90).

Buddle pricing

We will make a few packages for customer; those are A2+1 package and W2+1 package. A2+1 package are who customer purchases of three Asian desserts such as Bubur Cha Cha RM3. 90, Kacang Merah RM3. 50 and Pak Kor Fu Chuk RM 3. 50, total prices of customer purchases are RM 10. 9. So the customer will get the nice package price is RM9. 50. W2+1 package are who customer purchases of three Western desserts such as Kiwi Lolo RM5.

90; Honey drew Lolo RM5. 90 and Mango Lolo RM5. 90, so customer will get from Sweet House's W2+1 package is RM 15. 00.

Promotion Pricing

For example is Honey drew Lolo and Durian Lolo will discount to 20% so the normal price is RM 5. 90 will discount to RM4. 70. This kind of the discount, are only entitled for members. At the non-member also will discount by 10%, so the normal price is RM5. 90 will discount to RM 5. 00.

9. 4 Distribution

Sweet House is a retail outlet which direct to sold to customer. Our business of raw materials are manufacturing by ourself, so that we no need supply material by supplies. We have many raw material need required to use. For example, yam, sweet potato, kiwi, honey drew, durian, strawberry, corn and mango. All raw material is come from our farm. So, we are backward integrated to operate our dessert shop. The raw material will delivery everyday into our shop. That can save more cost transportation fee and the cost of the raw material. Our shop outlet will build into the Mid Valley, because Mid Valley is a major Shopping Centre in KL so that we can attract more customers.

10. 0 Organizational Plan

Sweet House will be established as a partnership. The principal shareholders will each assume an equal stake in the business.

A cooperative relationship between people or groups who agree to share responsibility for achieving some specific goal; “ effective language learning

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is a partnership between school, teacher and student”; “ the action teams worked in partnership with the government.”

In the contract between two or more persons who agree to pool talent and money and share profits or losses.

Management Team Background

Wong Yok Lung- President

Wong Yok Lung was born in Malaysia, Kuala Lumpur and graduated near of his class at Kuala Lumpur High School. He is currently a fresh graduated Degree in marketing and management at the New Era College. Besides this, he also is earning a supervisor at Target Fashion Sdn. Bhd. Wong Yok Lung will run monthly meetings with Board and the vice presidents.

Ng Hai Loon-Finance Manager

Ng Hai Loon was born in Malaysia, Selangor and graduated of his class at Kampar High School. He is currently a fresh graduated Degree in finance and accounting at Help College. Besides this, he also is earning an accountant at certain company. He will be in charge of the financial statement and be responsible in choosing an appropriate accounting firm.

Lee Mei Yee-Marketing Manager

Lee Mei Yee was born in Selangor, Kajang and graduated of her class at Kajang High School. She is currently a fresh graduated Diploma in marketing at New Era College. She will be responsible for creating promotional

activities, monitoring sales, and performing the necessary market research to determine how best to improve the Company's awareness.

Yim Ye Wen-Chef

Yim Ye Wen was born in Malaysia, Seremban and graduated of her class at Kajang High School. She is currently a fresh graduated Diploma in Hotel Management at Nilai College. She will be responsible for meal preparation. She will have to prepare everything needed for dessert on any given day. This includes mixing dessert, estimating the amount of different raw materials need for the given day, and making the dessert. When closing cook, she will also be responsible for cleaning the kitchen so that the Sweet House will be ready for the next day's business.

10. 1 Organizational Chart

10. 2 Board of Advisors

A board of advisors is a small group of people which meets periodically to offer advice and direction to a company. Members of the board of advisors do not usually have a share in the company, and they do not bear legal responsibilities for the company's actions. Generally, small and startup firms use a board of advisors so that they get a firm footing in their market, and people on the board are chosen on the base of expertise and prestige. The Board of Advisors includes:

Ms. Chan Kuan Thye- She is professor in the marketing department of New Era College. Her expertise in the field of knowledge is much needed by the Company.

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Mr. Alan Ng- He is professor in the management skill department of Utar College. His expertise in the field of knowledge is much needed by the Company.

Mr. Henry Chua- He is general manager working will Six Happiness Holdings Sdn Bhd. His experience in the field of knowledge is much needed by the Company.

11.0 Assessment of Risk

Dessert shop set to open a suitable price is not easy, when sugar prices increase, this will directly affect the price of dessert. Higher price than the competitors, our customers will be reduced, thus reducing sales volume. If dessert costs are too high, this will also increase the risk of business.

In addition, if competitor's dessert or dessert shops continue to increase, which also allows us to bring some pressure and risk, we must continue to improve, or innovative the desserts to meet the competition in this area, otherwise, our customers are gradually reduced.

We have to kept the business improvement, because now the consumers not only want quality requirements, they will be because of the service good or bad to choose their dessert, keep on follow the old scale, consumers will feel no fresh and unhappy, customer reviews on our business image is very important, once the reviews are bad, the customer to patronize the frequency will fall.

Cost and profit we also have to control well, the cost cannot be higher than the profits, costs and profits, because we are open a new dessert shop, if handled badly percent rate will eventually lead to business failure.

Because we are just only sell the desserts for dessert stores, we do not have a lot of other option, so we have to face with strong competitors, and other conditions are good to compare, that why we must find a way to make our products more outstanding, and try to reduce risk of this area.

Financial Plan:

SWEET HOUSE

PRO FORMA INCOME STATEMENT

THREE-YEAR SUMMARY (RM)

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Year 1

year 2

year 3

SALES

187300

241525

256950

LESS: COGS

32375

47232

50000

GROSS PROFIT

154925

194293

206950

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ã€€

OPERATING EXPENSES:

ã€€

ã€€

ã€€

SELLING EXPENSES

3300

3700

3900

SALARIES WAGES

67200

69000

70000

OFFICE SUPPLIES

2400

3000

3100

RENT

60000

60000

60000

UTILITIES

6000

6500

6700

INSURANCE

2400

2600

2600

DEPRECIATION

2400

2600

2800

ADVERTISING EXPENSES

2000

2200

2500

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TOTAL OPERATING EXPENSES

145700

149600

151600

PROFIT (LOSS)BEFORE TAXES

9225

44693

55350

TAXES (20%)

1845

8939

11070

NET PROFIT (LOSS)

7380

35754

44280

This is a sweet house three year pro forma income statement result, we can see this result have a successful opening in the first three year, first year sales is RM187300, the second year sales is RM241525 and the third year sales is RM256950 so that sweet house after first year have successful. The net profit in the first year is RM7380, but second year will build up to

RM35754, so that this result is increase 4. 8 times. But the third year net profit is RM 44280. The result is increase 6 times

SWEET HOUSE

PRO FORMA INCOME STATEMENT

FIRST-YEAR BY MONTH

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JAN

FEB

MAR

APR

MAY

JUNE

JULY

AUG

SEPT

OCT

NOV

DEC

SALES

14300

15000

14200

18000

18000

19000

19100

14500

14100

9500

13700

17900

LESS: COGS

2745

2745

2745

2800

2800

3000

3000

2600

2715

1780

2655

2790

GROSS PROFIT

11555

12255

11455

15200

15200

16000

16100

11900

11385

7720

11045

15110

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OPERATING EXPENSES:

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SELLING EXPENSES

1000

100

100

200

200

300

500

100

100

100

100

500

SALARIES WAGES

5400

5400

5400

6000

6000

6000

6000

5400

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OFFICE SUPPLIES

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DEPRECIATION

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ADVERTISING EXPENSES

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TOTAL OPERATING EXPENSES

12650

11750

11750

12500

12500

12600

12800

11750

11750

11750

11750

12150

PROFIT (LOSS)BEFORE TAXES

(1095)

505

(295)

2