

# Sweeter than sweet cupcakes marketing essay



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Sweeter than Sweet Cupcakes is a cupcake and start-up coffee retail establishment that will be located in southwest Arizona. Sweeter than Sweet, strongly believes to attract the interest of loyal customers with their extended variety of coffee and cupcakes. Sweeter than Sweet Cupcakes is determined to be a getaway of day by day stresses of life and overall, a great place to hang out with friends, read a book or even use free Wi-Fi. Sweeter than Sweet cupcakes, will benefit on its nearness to University of Arizona which will attract customers/students. Sweeter than Sweet Cupcakes is committed to offer the best prepared coffee and the greatest variety of baked delicious jumbo cupcakes.

The company plans on operating in a 1, 100 square foot area, and will have the benefit of being a walking distance from the University of Arizona campus.

## **II. Company Summary**

Sweeter than Sweet Cupcakes, will be incorporated in Arizona as a partnership which will soon be located at 45852 Campbell Blvd in Tucson Arizona, and will sell, hot and cold coffee and most importantly cupcakes of various flavors. The company will also bake for special events, like weddings, birthday parties, and other special occasions. The partners will provide the funding from their own savings. That will help cover start-up expenses and stability for the

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first few months of labor. A ten year Small Business Administration loan will help cover the rest of the funding that is needed. The company intends to

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construct a solid market location in the city, as a result of the proprietors experience and competitive climate in the region.

Start- up expense details:

Espresso machine with grinder = \$359. 99 (WholeLatteLove. com)

Baker's table = \$1089. 00 (BigTray. com)

Refrigerated display counter = \$8, 000 (BigTray. com)

20 Stools = \$1, 500. 00 (Seatingexpert. com)

Convection Oven = \$2, 700. 00 (TheWebsaurant. com)

Two mixers = \$700. 00(kitchenaid. com)

Decoration Expense = 12, 000

Miscellaneous = \$5, 000

## **Start-up Requirements (expenses)**

Legal

\$500. 00

Insurance

\$650. 00

Rent

\$1, 200. 00

Espresso Machine with grinder

\$359. 99

Baker's Table

\$1, 089. 00

Refrigerated display counter

\$8, 000. 00

20 Stools

\$1, 500. 00

Convection Oven

\$2, 700. 00

Two mixers

\$329. 99

Decoration Expense

\$12, 000. 00

Miscellaneous

\$5, 000. 00

## **Total Start-up Expenses**

**\$33, 328. 98**

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### **III. Products**

Sweeter than Sweet Cupcakes will offer an ample variety of the best tasting jumbo cupcakes, all made with high quality ingredients. “ Ovens often take ten to fifteen minutes to reach the required temperature, and preheating will ensure even and accurate baking at 350\* F” (bhg). Sweeter than Sweet Cupcakes will guarantee that all cupcakes will be baked and handled the proper way. With this said, the company will always provide freshly baked cupcakes during business hours, and provide cupcakes that will be made to suit the customer, down to the tiniest detail. SSC will also have a coffee bar, which will offer the best coffee drinks; including mochas, lattes, cappuccinos, etc.

### **IV. Market Analysis**

Sweeter than Sweet Cupcakes is determined to keep a thorough marketing campaign which will guarantee an ultimate visibility for the company in its market. Our marketing campaign will include the use of flyers, advertisements on local newspapers and via web. The company will also use “ Yelp which has free business listings such as: Merchant Circle, Google Local Business Center, Angie’s List, Yahoo! Local, YellowPages. com, SearchLocal and SuperPages” (Mashable Business). Sweeter than Sweet Cupcakes, also plans on creating its own website so customers can learn about the service and what it offers. With these strategies, the business will have the ability to easily reach people that are in the target market.

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## **V. Strategy and Implementation**

SSC strategy for success will be to offer customers with sky-high quality cupcakes and coffee at an economical price. The chart and graph below provides anticipated sales of Sweeter than Sweet Cupcakes based on the idea that the company is close to the U of a campus, and will attract many customers. First year sales will be \$705, 000, second year \$812, 000 and third year \$ \$912, 000.

### **Sales Forecast**

Year1

Year 2

Year 3

### **Unit Sales**

Coffee/ Mochas/ Lattes Etc.

100, 000

115, 000

122, 000

Jumbo Cupcakes

135, 000

145, 000

165, 000

Total Unit Sales

235, 000

260, 000

287, 000

## **Unit Prices**

Coffee/Mochas/ Lattes Etc.

\$3. 00

\$3. 16

\$3. 22

Jumbo Cupcakes

\$3. 00

\$3. 10

\$3. 15

## **Sales**

Coffee/Mochas/ Lattes Etc.

\$300, 000. 00

\$363, 400. 00

\$392, 840. 00

Jumbo Cupcakes

\$405, 000. 00

\$449, 500. 00

\$519, 750. 00

**Total Sales**

\$705, 000. 00

\$812, 900. 00

\$912, 590. 00

**Direct Unit Costs**

Coffee/Mochas/ Lattes Etc.

\$0. 29

\$0. 33

\$0. 36

Jumbo Cupcakes

\$0. 55

\$0. 59

\$0. 63



**Direct Cost Of Sales**

Coffee/Mochas/Lattes Etc.

\$29, 000. 00

\$37, 950. 00

\$43, 920. 00

Jumbo Cupcakes

\$74, 250. 00

\$85, 550. 00

\$103, 950. 00

**Subtotal Direct Cost of Sales**

\$103, 250. 00

\$123, 500. 00

\$147, 870. 00

**VI. Management**

I, the owner, Lisette Quijada will be the main person in charge of the business. I have broad experience in business management and a degree in patisserie and baking. Philip Quijada as well brings knowledge in baking, as he has a degree in patisserie and baking. The company will also have six other people who are experienced pastry chefs with degrees and years of previous experience.

## VII. Financial Plan

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SSC will borrow \$100, 000 that is assured by the SBA, and it will be a ten-year loan with a . 06 interest. It will lower if the company is consistent with monthly payments. Below is the profit and loss table, which shows the company's stable growth over the next three years.

### Profit and Loss

Year 1

Year 2

Year 3

### Sales

**\$705, 000. 00**

**\$812, 900. 00**

**\$912, 590. 00**

Direct Cost of Sales

\$103, 250. 50

\$123, 500. 00

\$147, 890. 00

## **Total Cost of Sales**

**\$103, 250. 50**

**\$123, 500. 00**

**\$147, 890. 00**

Gross Margin

\$601, 749. 50

\$689, 400. 00

\$764, 700. 00

Gross Margin %

85. 35%

84. 81%

83. 79%

## **Expenses**

Payroll

\$255, 000. 00

\$265, 000. 00

\$276, 000. 00

Sales and Marketing and Other Expenses

\$25, 000. 00

\$30,000.00

\$60,000.00

Depreciation

\$50,000.00

\$59,000.00

\$69,000.00

Utilities

\$1,000.00

\$1,250.00

\$1,300.00

Payroll Taxes

\$34,585.00

\$37,500.00

\$39,000.00

## **Total Operating Expenses**

**\$365, 585. 00**

**\$392, 750. 00**

**\$445, 300. 00**

Profit Before Interest and Taxes

\$236, 164. 50

\$296, 650. 00

\$319, 400. 00

EBITDA

\$286, 164. 50

\$355, 650. 00

\$388, 400. 00

Interest Expense

\$6, 000. 00

\$5, 000. 00

\$4, 800. 00

Taxes Incurred

\$4, 000. 00

\$35, 000. 00

\$45, 000. 00

## **Net Profit**

**\$226, 164. 50**

**\$256, 650. 00**

**\$269, 600. 00**

## **VIII. Appendix**

So what is a Cupcake?? According to Domenick Celentano, “ cupcakes are specialty bakeries that focus on fabulous, different versions of traditional cupcakes, prices range from \$3 to \$5” and cupcake sales are projected to rise 20% over a period of 5 years (Cupcake Wars).

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Having a cupcake business doesn't involve a huge amount of capital investment. It is easy to expand without the need of many people (The Cupcake Bubble). “ Casual baking has turned into an urban industry” (The Cupcake Bubble). Cupcakeries have a couple of reasons of being successful. The product is modest, obvious and mostly affordable (The Cupcake Bubble). SCC will always have economical prices, so everyone can enjoy the great taste of our cupcakes. Sweeter than Sweet Cupcakes will always deliver what is promised.

The following is a list of resources where I gathered the information regarding prices for equipment and the average price of how much coffee and cupcakes can be sold at a good profit.

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