

COMPANY CONFIDENTIAL



GO-TO-MARKET STRATEGY

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EXECUTIVE SUMMARY

COMPANY CONFIDENTIAL OVERVIEW

Company Confidential (also referred to as 'the Company' or 'Company Confidential') is changing the coffee game by reinventing both the recipe and the process. They are an all organic, fair trade and plant-based company, on a creatively innovative mission to make the world a better place. Company Confidential is looking to lead the way as the forerunner of low acid, stomach friendly Company Confidential. Their unique cold-brew process concentrates more bold flavor and less acidity than a standard brew, while their restructured water brings alive the health benefits of coffee. It's fun, portable sized bottle is a hit wherever it goes...and it fits just about anywhere!

UCONSULTING OVERVIEW

UConsulting is a student consulting group at UCLA that is dedicated to empowering students to become consultants and entrepreneurs. This organization prepares its members for a career in management consulting through its three core offerings: community, education, and experience. Company Confidential has engaged UConsulting to develop a go-to-market strategy for the Company to refer to when strategically planning distribution of over 20,000 products come New Year's Eve 2017.

SUMMARY OF RESEARCH

UConsulting performed market research through two different methods. First, the group used online research databases and websites to gather information around the industries & markets relevant to Company Confidential. Second, the group surveyed over 350 people at various locations on the UCLA campus (survey is available upon request). This survey provided key insights into the college student population.

SUMMARY OF FINDINGS

With high competition, specific niches, and luxurious pricing, Company Confidential must be very careful and considerate when approaching target markets. The ideal customer is an active and well-off young adult with an open mind and an emphasis on progressive exercise. With its current relatively high pricing, Company Confidential must accommodate for this by targeting "New Age" and Boutique Gyms, where customers are already inclined to pay premium prices for health maintenance. While Company Confidential may also find its way

COMPANY

Company Confidential

FOUNDED

2014

HEADQUARTERS

Los Angeles, California

MANAGEMENT

Kody Chaet

Anita Boras

Ralph Remy

PRODUCT OFFERINGS

Jet Blak

Blak Chocolate

into supplying its products to offices, given current costs-of-goods-sold it may prove overly difficult to compete with other substitutes while maintaining a profit. With the cold-brew market near saturation yet without a clear frontrunner, expansion and marketing in capturing the appropriate Californian consumers will prove pivotal in the upcoming years.

INDUSTRY ANALYSIS

Company Confidential operates within the smartphone application industry with a focus on the fitness and health mobile applications sub-segment. The outlook, opportunities and trends associated with the general smartphone app industry and the fitness app sub-industry are detailed below.

INDUSTRY OVERVIEW

HISTORICAL ANALYSIS

- Retail sales of cold brew reflect its expanding role in the coffee category with estimated 115 percent growth from the year prior, reaching \$7.9 million in sales.
 - Growth has been steady since 2010, increasing 339 percent through estimated 2015.
 - However, cold brew remains a small part of the overall ready-to-drink (RTD) coffee segment, making up just 0.4% of sales in estimated 2015.¹
- The point:** Cold Brew coffee has been popular and is growing at a fast rate in the United States. However, it hasn't really moved the needle in the coffee industry based on sales revenues.

INDUSTRY OUTLOOK

- Although consumption of cold brew at retail remains unchanged compared to a year ago, the sub-segment continues to grow at an impressive rate (580% sales growth from 2011-2016).
 - Market Size: cold brew is 0.4% of RTD coffee segment, which in turn is 17% of the total coffee category.
- The point:** The consumer base is not growing as fast as sales for *retail* cold coffee. Sales are likely driven by increased awareness and interest in trial, which encourages one-time purchases.

KEY INDUSTRY DRIVERS

PER CAPITA COFFEE CONSUMPTION

- Per capita coffee consumption has remained mostly unchanged since 2001, showing **insensitivity to price changes** and masking several different forces working to increase or decrease consumption.
- Specialization of production has allowed American consumers ready access to a wide variety of different coffee products, encouraging greater consumption.
- Also, home-brewing is more popular and technologically advanced than ever before. However, when switching to home-brewing, people often choose to pay the same

¹ <http://www.mintel.com/blog/drink-market-news/the-strength-of-cold-brew>

amount of money to get smaller amounts of premium coffees (e.g. espresso), ultimately consuming less.

- In addition, coffee has faced strong competition from other caffeinated beverages, most notably from energy drinks, whose consumption has increased exponentially since 2000.
- More robust economic growth resulted in a 4.9% spike in coffee consumption in 2011. Coffee is a relatively inexpensive luxury for many consumers, which contributes to **stable demand even when prices are high.**

HEALTHY EATING INDEX

- In the coming years, the healthiness of Americans' diets will continue increase, with the consumption patterns of all measured food categories expected to improve. Health food stores have become more popular than ever in recent years, and **increasing income will push more consumers to eat healthier foods that may come with a higher price tag.**
- The nutritional value of the food sold in these areas has become increasingly important to customers.



COMPETITION

- **Competition in this industry is HIGH and is INCREASING**
- There is significant price-based competition within this industry; however, coffee, snack and other quick-service establishments also compete based on location, food quality and consistency, style and presentation, food range, variety and service.
- Starbucks and Dunkin' Brands make up more than 50.0% of industry market share, giving them considerable market power in determining industry trends and **creating a formidable barrier for non-franchised players.**²

THIRD WAVE COFFEE

- Third Wave Coffee has been **growing at annualized rates of more than 20.0%.** Although specialty coffee remains small in comparison to the total industry, in part due

²<http://clients1.ibisworld.com/reports/us/industry/competitivelandscape.aspx?entid=1973#B0C>

to the higher price point that third-wave coffee commands, the segment has grown quickly over the past five years and has **had a large influence on the major coffee chains.**

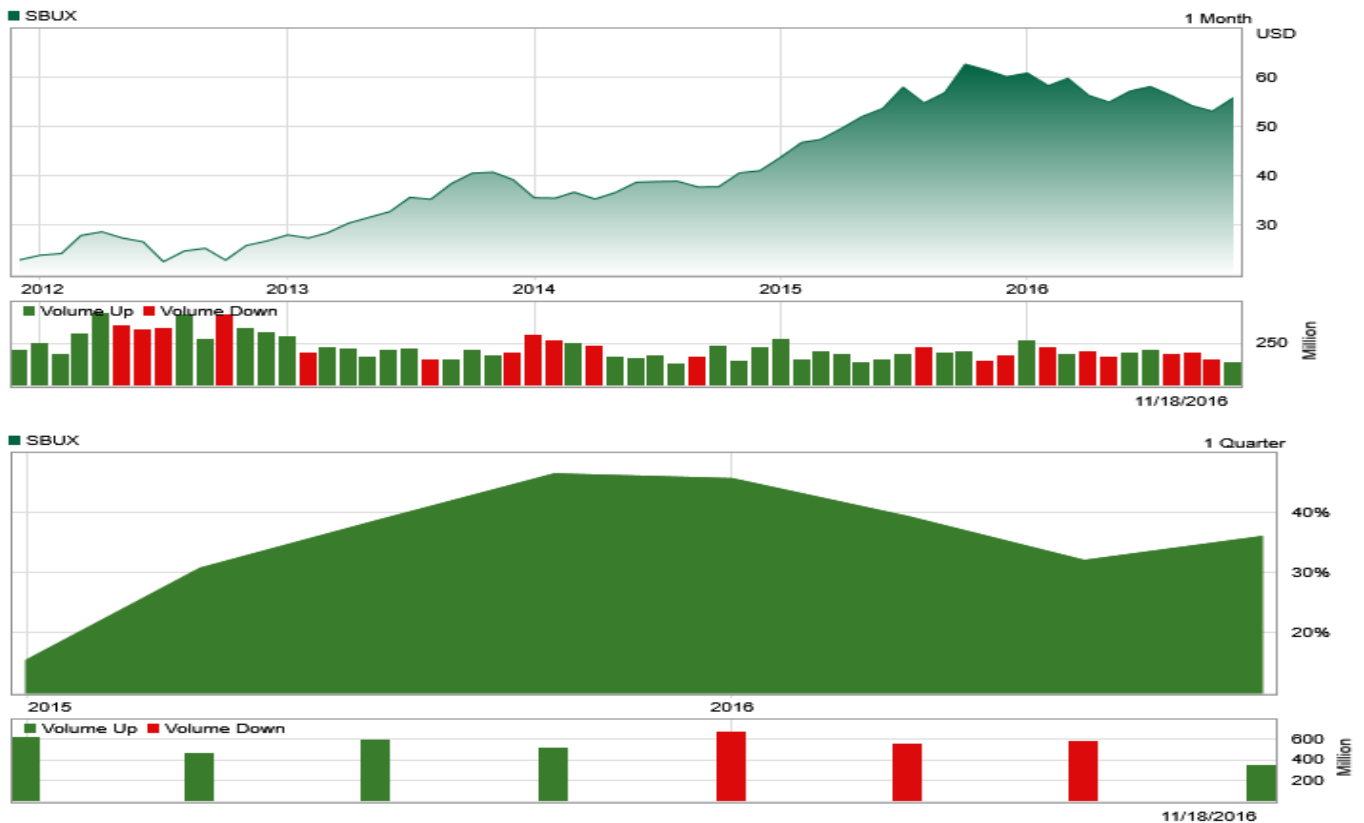
CASE STUDIES

STARBUCKS

Within the last year, Starbucks launched their cold brew coffee line to attract the rapidly growing segment of the population who prefer cold brew coffees to traditional iced coffee. Since introducing cold brews, Starbucks has reported a 20% increase in their iced products portfolio, especially because they introduced a line of different cold brew products.³

Because consumers are looking for customization as well as specialty products in the current market, Starbucks has marketed their cold brews and nitro cold brews as small-batch, high quality products. Before Starbucks, the cold brew market appeared to service just a niche segment of healthy conscious, “hipster” audiences. However, the entrance of Starbucks into the cold brew market solidified cold brew as more than just a passing fad or trend, but rather as a new line of coffee brews that have mainstream appeal.

In the future, Starbucks hopes that these cold brew selections will be the foundation of a “cold bar,” where they can serve a variety of coffee and espresso products. Moreover, Starbucks expects the cold brew market to double in the next three years, taking this multi-billion-dollar market to even greater heights.



³ <https://news.starbucks.com/news/starbucks-to-seize-multi-billion-dollar-cold-coffee-market>

Starbucks' entrance and success in the cold brew market show that not only is cold brew here to stay, but that the cold brew market is rapidly growing. Company Confidential's branding as a health-conscious, clean, small-batch coffee will effortlessly appeal to consumers because it inherently plays into the strongest niche of the cold brew market--specialization, health-consciousness, and small batch creation.

STUMPTOWN COLD BREW

Since Stumptown's inception in 2011, the company has positioned itself as one of the major players in the cold brew industry with its extensive line of high quality cold brew goods,⁴ including nitro cold brews, coconut milk cold brews, and seasonal flavored cold brews. Stumptown currently holds the domain to coldbrew.com, and has seen tremendous revenue growth, most notably since selling a majority stake to TSG Partners.



Stumptown's success is largely in part due to the variety of different channels through which they appeal to a huge proportion of the cold brew market. By partnering with well-known retailers such as Whole Foods, Stumptown has become a household name amongst cold brew lovers. Moreover, by also selling in cafes and through their online store, Stumptown has branded their product as both premium product as well as an easily accessible, ready to drink cold brew.⁵

According to an article in Food Navigator Online, a large part of their success is the ability to beta test products in cafes before moving to retail. This can be seen in the inception of cold brew flavored ice creams and seasonal products. This face-to-face interaction also helps to build brand value and recognition in the cold brew market.

For Company Confidential, Stumptown reveals valuable insights about how to best grow and find success in the cold brew market. Their multi-pronged approach of the industry--through wholesale retailer relationships, coffee shops, and online ordering--can be a valuable model for Company Confidential, as the company explores the various avenues through which selling the product would be most beneficial. Moreover, Company Confidential should utilize a similar system of beta testing their products through experiential and face to face interaction before launching products to their larger wholesale partners.

KILL CLIFF

Kill Cliff is a sports and workout beverage company based in Atlanta, Georgia and was founded by a former Navy SEAL who wanted post-workout drinks that would reinvent sports nutrition and post workout routines. This company offers both recovery drinks as well as cold brew coffee as post workout beverages and has found huge success that has not gone

⁴ <http://www.coldbrew.com/>

⁵ <http://www.foodnavigator-usa.com/Manufacturers/Stumptown-hot-on-cold-brew-coffee-s-future>

unnoticed; in 2015, Kill Cliff was named one of the 14 fastest growing private food and drink companies by Inc. 5000 with a 3-year growth of 3,259%.⁶

Moreover, Kill Cliff currently has partnerships with GNC and donates some of their proceeds to Wounded Wear and the Navy SEAL Foundation. Moreover, Kill Cliff positions itself as not only a coffee or post-workout beverage, but also a health drink. As a fair trade, certified, gluten free, sugar free, dairy free, clean caffeine cold brew, Kill Cliff Cold Brew appeals to athletes as well as health conscious individuals who want to find alternatives to other less healthy cold coffees, thereby targeting athletes and non-athletes alike.

In terms of market and brand, Kill Cliff is the closest company to Company Confidential. Thus, although Kill Cliff is a competitor, it is useful to see their rapid growth and success with the health-conscious, exercise-heavy demographic. In addition, to compete, Company Confidential should continue marketing themselves as a beverage with similar results to what Kill Cliff could provide, but also to make sure that Company Confidential is marketed as pre-workout, which differentiates it from Kill Cliff. Moreover, if Company Confidential could partner with organizations (such as what Kill Cliff does with the Navy SEAL Foundation), Company Confidential could brand itself as not only health conscious but socially conscious. Lastly, the company should push its health benefits, as it uses cleaner water and has more health benefits than even Kill Cliff, which is marketed as a healthy coffee.

MARKET ANALYSIS

Company Confidential operates in the cold brew segment within the larger coffee and sports drink industries. The following analysis will discuss an overview of sports drinks & coffee markets, the emergence of cold brew coffee, and major consumer trends influencing the coffee industry.

SPORTS DRINK MARKET OVERVIEW

Sports drinks sales cumulative growth of 34%% 2012-2017

The US sports drink industry has experienced rapid growth in the past five years. Packaged Fact s estimates between 2012 and 2017, sales of sports drinks will go from \$6.9 billion to \$9.3 billion, which is a cumulative growth of 34.1%.⁷ This rapid growth is due to an improving economy and evolution of sports drink products.

Now, sports drinks are geared more broadly toward the nutritional needs of athletes and physically active consumers before, during and after demanding exercise. These products are formulated with ingredients that range far and wide beyond the salts and sugars found in traditional versions of sports drinks

⁶ <http://www.fooddive.com/news/inc-5000-14-of-the-industrys-fastest-growing-private-food-and-beverage-c/404041/>

⁷

http://www.foodbusinessnews.net/articles/news_home/Consumer_Trends/2013/08/Sports_drink_evolution.aspx?ID=%7B6AA703FC-F917-444F-9581-C48A48C2E3DD%7D&cck=1

This rising consumer trend has created demand for alternative sports drink like Company Confidential's Jet Blak and Blak Chocolate. Company Confidential's products fall in the sports drink beverage segment because the company's products fulfill the nutritional and energy needs of its customers as a regular sports drink would.

COLD BREW COFFEE MARKET OVERVIEW

Company Confidential serves cold brew coffee. The company's product is just one out of many in the widely-defined coffee product portfolio in the US market. As one of the most common beverages US consumer indulge in, the developments in the coffee industry have a significant impact on US consumers. In fact, 61% of Americans drink coffee every day, according to Yahoo Finance, illustrating how dominant coffee truly is in US consumer's daily lives.

**61% of Americans
drink coffee
everyday**

MILLENNIAL IMPACT ON THE COFFEE INDUSTRY

The current coffee drinker customer base in the US tends to skew older. 72% to 75% of consumers over the age of 25 drink coffee in an average week, compared to 60% of 18 to 24 year olds, according to the National Coffee Association. Although this statistic may suggest coffee companies should cater towards older generations, companies like Starbucks and Peet's Coffee are developing products to meet the needs of millennials as they mature into the highest income demographic.

Coffee chains are targeting the millennial crowd through their cold brew offerings. Peet's chief marketing officer Tyler Ricks explained the decision as a pure millennial play: "Iced coffee is a cultural phenomenon and the accelerated popularity of cold brew, especially among millennials, is like the early craft beer movement."

RECENT RISE OF COLD BREW COFFEE

Cold brew coffee is a trend that has recently taken off in the coffee industry. The popularity of cold brew is byproduct of the third wave coffee movement, which is concentrated on appreciating coffee as an artisan or craft beverage. Cold brew focuses on a cooler and slower extraction method to get more nuanced bean flavors that lack the typical acidity and bitterness of a regular cup of coffee. Cold brews have been touted as having more flavor, less acidity, and smoother mouthfeel, which attracts millennials.

COLD BREW'S RAPID GROWTH

**US cold brew sub-
segment grew
580% 2011-2016**

As of late, the cold brew sub-segment of the coffee industry has grown rapidly. In a survey conducted by the research firm Mintel, cold brew was named the *fastest growing beverage* with 580% sub-segment growth in the past five years. Mintel reported that retail sales of cold brew grew 115% in 2015 from the year prior, reaching \$7.9 million. Members of the millennial generation are the biggest drivers of the cold brew

trends, helping to jump sales by 115% from 2014 to 2015.⁸ Cold brew sales in 2016 could prove to be cold brews' strongest year yet at retail as millennials spend \$1.3 trillion annually in the US.

The cold brew trend has been accelerated as big players and small coffee alike have added cold brews to their product offerings. Starbucks and Dunkin Donuts both have launched their own national cold brew products. The entrance of major companies into the cold brew sub-segment illustrates the huge market opportunity niche market companies like Company Confidential face in the coming years. As more and more millennials become aware of cold brews and try the product, this market will expand rapidly.

COMPANY CONFIDENTIAL MARKET OPPORTUNITY

Company Confidential has positioned itself as a *ready-to-drink (RTD) cold brew coffee* to take advantage of emerging consumers trends in the US market. The dominance of RTD beverages combined with the impressive growth of cold brews in the US will benefit Company Confidential as it scales up its operations. The RTD market has been growing by double digits annually since 2011, and Euromonitor International expects that market to reach nearly \$3.6 billion by 2020.⁹ RTD coffee is popular with younger demographics because it is more convenient. When the beverage industry looks to future, it sees US consumers craving RTD coffee at levels approaching Japan.

Company Confidential's market opportunity is large due to the growing interest in cold brews and ready-to-drink beverages in younger demographics. Millennials demand coffee that is healthy, tasty, and accessible. Company Confidential's products match these consumer needs, illustrating the strong market opportunity this company faces in the future.

MAJOR CONSUMER TRENDS

WHY DO CONSUMERS LIKE COLD BREWS?

TASTE

Cold brew is taking the world by storm because it often has a deeper, less acidic, and more subtle taste. It is also more concentrated than conventionally-brewed coffee.

QUALITY

As millennials enter the highest income demographic, there has been a gradual shift towards quality. Younger people want products that make them feel healthy and refreshed, and are willing to pay a higher price for that experience. Chris Campbell, the founder of Chameleon Cold Brews, stated, "when given a choice, people tend to make the healthier, better-for-your choice if it's within a reasonable cost premium."

⁸ <http://www.millennialmarketing.com/2016/08/millennial-cold-brew-obsession-points-to-market-opportunity-for-coffee-retailers/>

⁹ <http://www.denverpost.com/2016/05/24/cold-coffee-booming/>

ENVIRONMENTALLY-FRIENDLY

A product's impact on the environment is also another hot consumer topic. 17% of all coffee drinkers express concern about environmental and sustainability issues. For coffee drinkers under 39, the percentage almost triples to 50%. Cold brew coffee is the perfect product to address this consumer trend because the production process does not harm the environment as does other substitutes.

50% of Coffee Drinkers under 39 care about the environment when purchasing

WHAT PROBLEMS DO COLD BREW COFFEE MAKERS FACE?

LACK OF MARKET AWARENESS

Cold brew coffee is a strong trend that is driving innovation in the coffee category. However, the clear majority of consumers still do not drink it, with only 15% of coffee drinkers having tried the beverage. Furthermore, cold brew at retail makes up less than one percent of the RTD coffee segment, which in turn is only 17% of the total coffee category. These two data points illustrate that cold brew coffee has not penetrated most of the coffee drinker market.¹⁰

INFREQUENT USE

Cold brew coffee has not yet become a part of the daily lives of consumers. According to Mintel, typical consumption is on a weekly or monthly basis. Sales are mostly driven by increased awareness and interest in trial, which encourages one-time purchases. As the cold brew product develops, frequency of use is a key metric to determine the market opportunity for this product.

LACK OF CONSUMER LOYALTY

Consumers likely enjoy one-time or spontaneous trial of cold brew by different roasters and manufacturers, both at retail and at foodservice, but it is unlikely they are staying loyal to a brand and drinking it on a regular basis. This occurs because smaller, more localized coffee houses have been at the forefront of cold brew production. Therefore, most consumers are unwilling to search out these small-time brands for repeat purchases.

LACK OF GROWTH OPPORTUNITIES

Cold brew growth has been so alluring to coffee chains because the amount of people who drink coffee regularly has not increased. Although consumers are drinking more cold brew as the data suggests, expanding sales might be difficult. Mintel asked over 1,500 internet users who do not drink cold brew if they were interested in this method of coffee. Only a third who hadn't tried it expressed interest while 58% said they had tried it and that they were not interested in the beverage.

¹⁰ <http://www.mintel.com/blog/drink-market-news/the-strength-of-cold-brew>

HOW WILL COMPANY CONFIDENTIAL OVERCOME THESE ISSUES?

A future for cold brew will depend on greater awareness, higher frequency of use, and customer loyalty. Consumers must view cold brews as more than a one-time experience, but a drink they can incorporate into their daily or even weekly routine. The brands that give innovative products that reduce friction in the lives of consumers will be rewarded with the revenue and brand equity they constantly aim for. Artisan canned coffee beverages will be the answer, and cold brew is the perfect product to take that step.

Company Confidential will boost consumer awareness of cold brews through customer referrals, local partnerships, social media advertising, and free giveaways on college campuses. The company has already made major strides by partnering with other environmentally-friendly companies. With a strong market awareness campaign (discussed later in the report), Company Confidential will carve out an influential and loyal customer base in its target markets.

Company Confidential has positioned itself to take advantage of the fourth wave of coffee, which is focused on the accessibility of high-caliber products. Millennials want coffee that is refreshing, tasty, and environmentally-friendly as well as convenient to purchase. Company Confidential's RTD cold brew coffee is the perfect answer to this emerging consumer need.

SURVEY ANALYSIS

Below we discuss our analyses and recommendations based on UConsulting survey and online research data. A description of our survey is in the Executive Summary.

PRODUCT ANALYSIS

HOW DID CUSTOMERS RATE THE PRODUCTS?

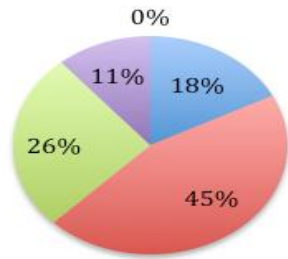
Most females and males gave Jet Blak a rating of 4 (45% female surveyors and 52% male surveyors). Given that the number of high ratings (people giving a rating of 3-5) significantly exceeds that of the number of low ratings (ratings of 1-2), this gives a great outlook for the Jet Blak product.

Similarly, most females and males also gave Blak Chocolate a rating of 4 (48% female surveyors and 42% male surveyors). Again, since the number of high ratings (people giving a rating of 3-5) significantly exceeds that of the number of low ratings (ratings of 1-2), we would anticipate a great outlook for the launching of Blak Chocolate.

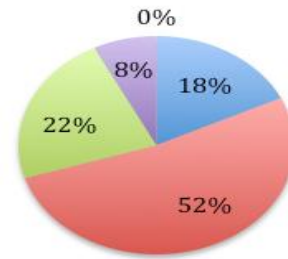
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Rating Legend:

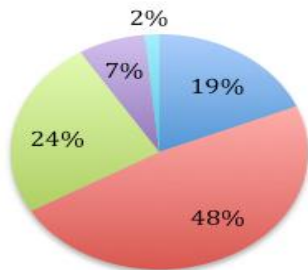
Rating of Jet Blak (Female)



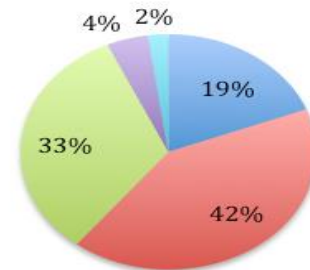
Rating of Jet Blak (Male)



Rating of Blak Chocolate (Female)



Rating of Blak Chocolate (Male)



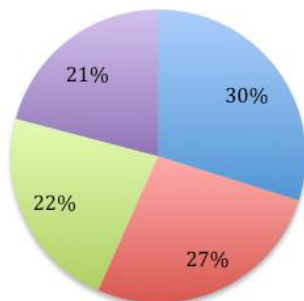
WHAT BOTHERS CUSTOMERS MOST ABOUT COFFEE?

JET BLAK

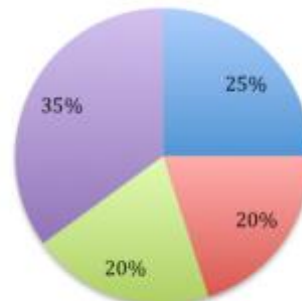
More male surveyors (30%) who took Blak coffee chose stomach pain/indigestion as what bothers them most about coffee relatively to that of female surveyors (25%). Comparatively, more female surveyors (35%) chose jittery and sweating as what bothers them about coffee relatively to that of males (21%).

■ Stomach Pain/Indigestion ■ Caffeine Crash ■ Bitter Taste/Flavour ■ Jittery, Sweating, etc

Male



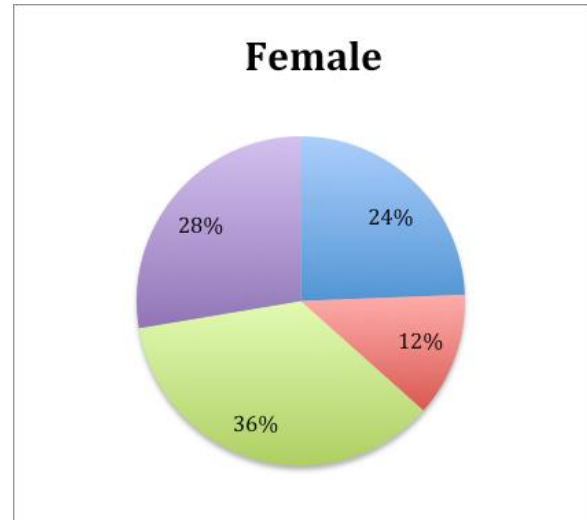
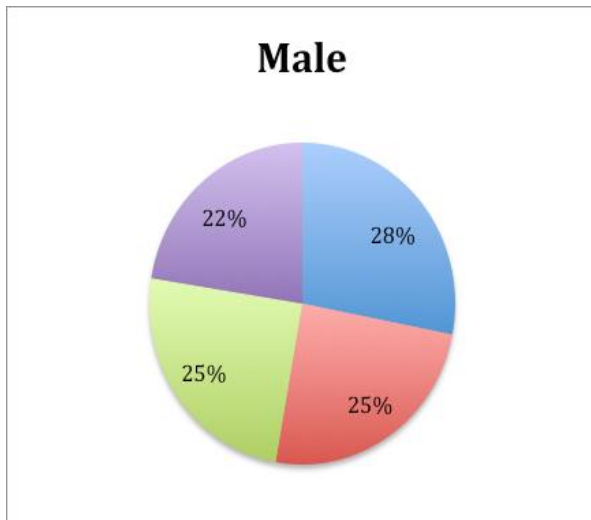
Female



BLAK CHOCOLATE

More male surveyors (28%) chose stomach pain/indigestion as what bothers them about coffee relative to that of female surveyors (24%). In contrary, more female surveyors (36%) chose bitter taste/flavor as what bothers them about coffee relative to that of male surveyors (25%).

■ Stomach Pain/Indigestion ■ Caffeine Crash ■ Bitter Taste/Flavour ■ Jittery, Sweating, etc



WHAT DOES THIS RESULT TELL US?

These results reinforce the product advantages provided by Company Confidential. Most coffee users chose 'stomach pain/indigestion,' 'jittery and sweating,' and 'bitter taste/flavor' as primary reasons as to what bothers them about coffee. This gives Company Confidential an upper hand due to its unique usage of alkaline water and natural organic Chocolate stevia for sweetening. Not only does the usage of alkaline water hydrate the body more efficiently and reduce the acidity of coffee and therefore reduce stomach pain and indigestions, but using organic Chocolate stevia for sweetening also reduces the bitter aftertaste of cold brew coffee.

INTENSITY OF EXERCISE VERSUS PRODUCT RATINGS

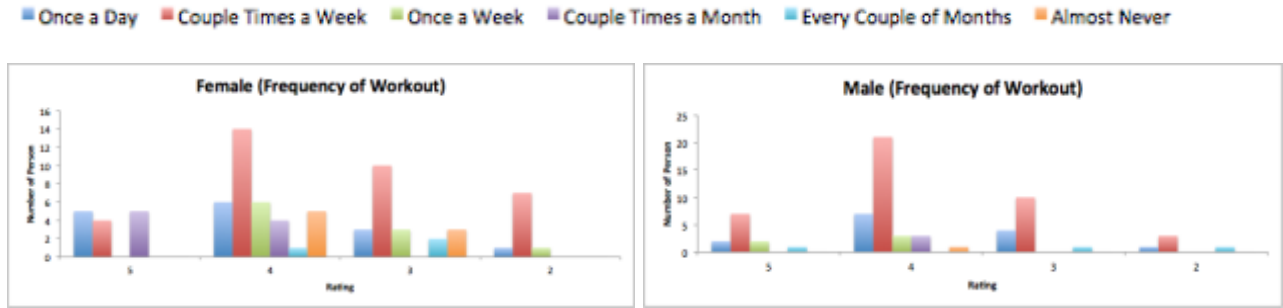
Market placement analysis is focused on the analysis of rating versus how often surveyors work out and the type of work out they do to come to a potential recommendation as to where to place the Company Confidential products. (Note that all graph analysis is shown on the following pages) From the survey results, it is conspicuous that there is a positive correlation between rating and how frequently people work out (i.e. the more often people work out, the higher they rate the product and vice versa)

Most Jet Blak surveyors work out a couple of times a week (43.75% female surveyors and 61.2% male surveyors). Similarly, most Blak Chocolate surveyors also work out a couple of times a week (41.46% female surveyors and 43.82% male surveyors).

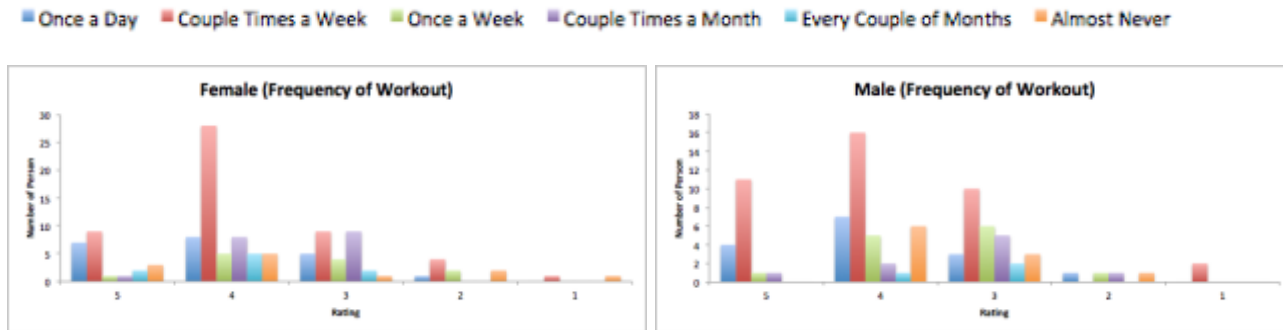
Moreover, most Jet Blak surveyors who gave the product a high rating are from weight lifters and runners. Approximately 36.09% male surveyors gave Jet Blak a rating of 3-5 are weight lifters; 30.08% male surveyors who gave Jet Blak a rating of 3-5 are runners. In comparison, 20.53% female surveyors who gave Jet Blak a rating of 3-5 are weight lifters; 34.44% female surveyors who gave Jet Blak a rating of 3-5 are runners.

Similarly, similar results are found with Blak Chocolate surveyors in that most Blak Chocolate surveyors who gave the product a high rating are from weight lifters and runners. In addition, more male sportsmen gave high ratings to Blak Chocolate than that of Jet Blak. Approximately 33.97% male surveyors gave Blak Chocolate a rating of 3-5 are weight lifters; 27.56% male surveyors gave Blak Chocolate a rating of 3-5 are runners; 17.3% male surveyors gave Blak Chocolate a rating of 3-5 are sportsmen. In comparison, approximately 16.3% female surveyors who gave Blak Chocolate a rating of 3-5 are weight lifters; 39.2% female surveyors who gave Blak Chocolate a rating of 3-5 are runners.

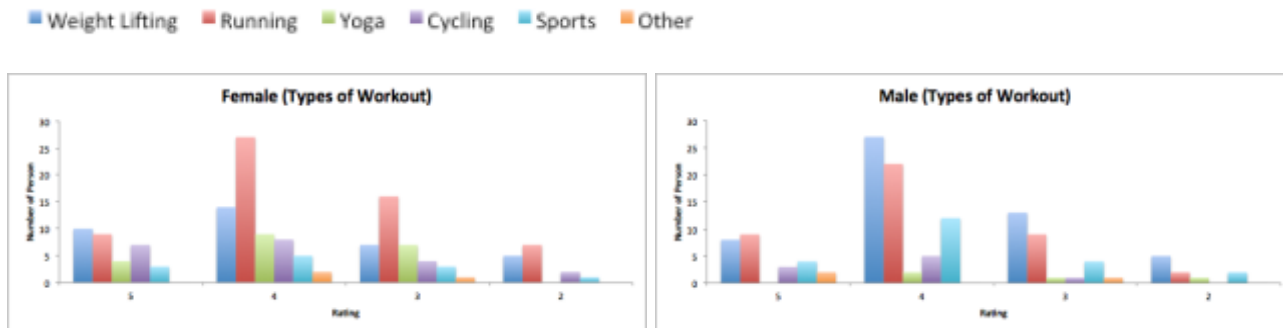
Rating of Jet Blak VS How Frequent Surveyor Works Out



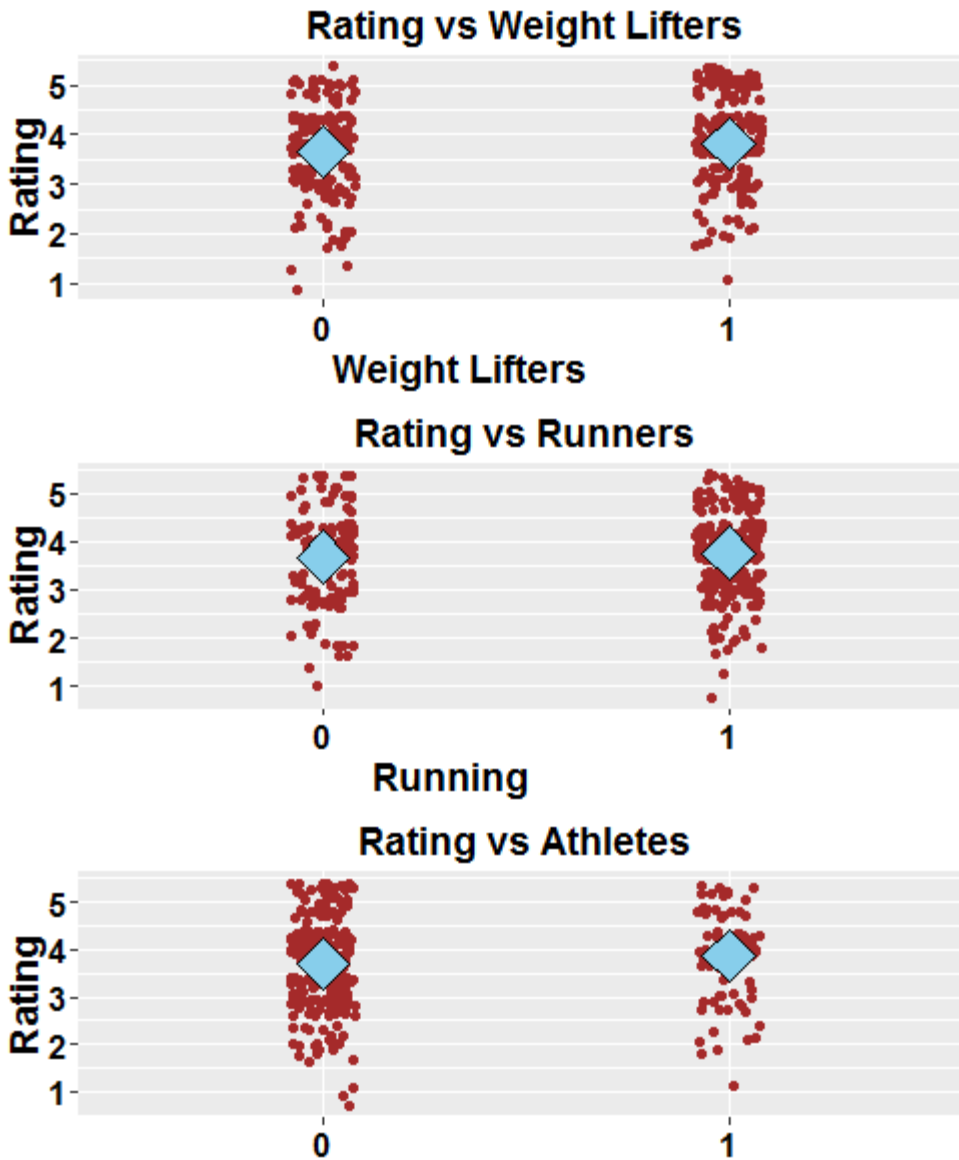
Rating of Blak Chocolate VS How Frequent Surveyor Works Out



Rating of Jet Blak VS Types of Work Out Surveyor Does



the word cloud. Since the top 3 sports have good representation, we proceed to conduct statistical analysis.



The one under the x axis tells us the subject engages in the activity. These plots show us on average, college students that engage in some form of activity are more likely to rate your product higher. In each activity, the differences in ratings between each group is statistically significant. We suggest to experiment with appealing to athletes.

STRATEGIC RECOMMENDATIONS

PRICING STRATEGY

COMPANY CONFIDENTIAL'S CURRENT, EXPECTED, AND DESIRED PRICES

- COGS current: \$1.29 - (Meeting 1 Notes)
- COGS expected: \$0.99 - (Meeting 1 Notes)
- Resale Price: \$2.49
- Current Marginal Revenue: \$1.20
- Expected Marginal Revenue: \$1.50
- Retail Price: \$4 - 6 per bottle - (Meeting 1 Notes)
- \$0.50 - \$0.75 per ounce

PRICES OF COMPETITORS

Competitor Product and Prices - (All data from respective companies' sites)

Starbucks

- \$3.25 for ready to go cup
- \$0.23 per ounce

Peet's

- \$4.00 for ready to go bottle
- \$0.33 per ounce

Blue Bottle

- \$4.00 for ready to go carton
- \$0.38 per ounce

La Colombe

- \$3.00 for ready to go bottle
- \$0.25 per ounce

Kill Cliff

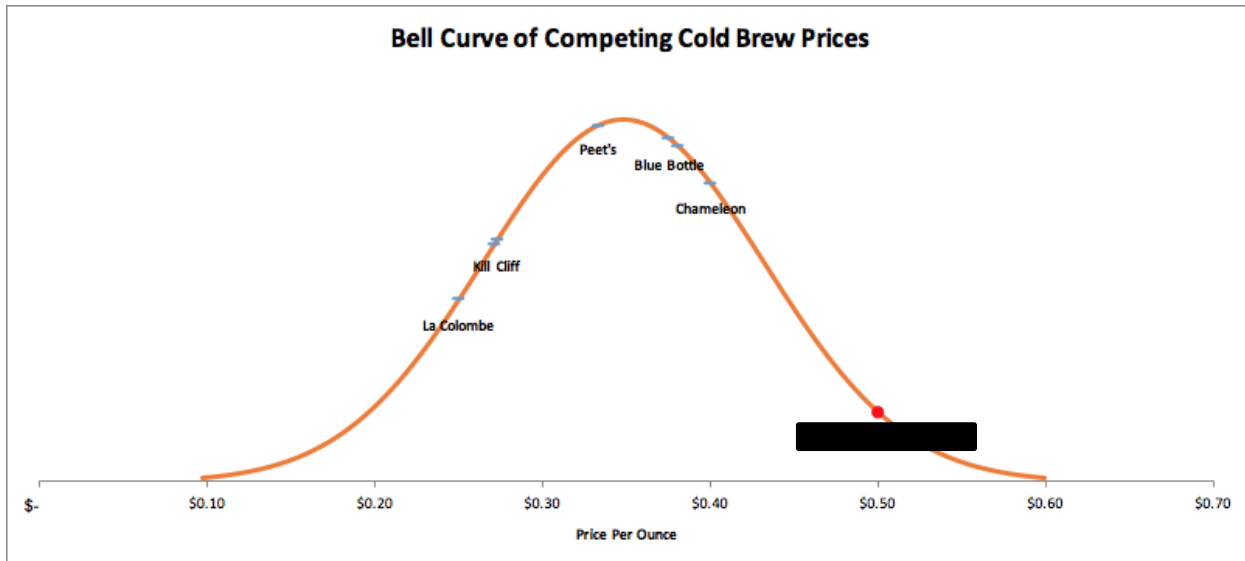
- \$3.00 for ready to go can
- \$0.27 per ounce

Stumptown

- \$4.00 for ready to go bottle
- \$0.38 per ounce

Chameleon

- \$4.00 for ready to go bottle
- \$0.40 per ounce



From "Price per Ounce we can see that Company Confidential is on the border of being far too expensive for most consumers given similar competitors at "reasonable" prices. It lies outside 2 standard deviations from the mean suggesting that over 95% of all other similar competitors will have lower prices.

The keen consumers may feel slighted by an 8oz bottle. However, it is fair to say that many will take the bottle price over calculating the price-per-ounce, and even if they do investigate, they might find consolation in knowing Company Confidential provides similar total caffeine content. And with many competitors also priced at \$4.00 a bottle this price is both appropriate and a ceiling.

UCONSULTING RECOMMENDATION

Recommendation: Stay as close to the lowest price \$3.99 (and possibly lower) unless a particularly luxurious boutique store clearly allows for a higher ceiling.

Threat: With younger generations/millennials as targets be weary of them exposing negative information (smaller bottles/higher prices).

DISTRIBUTION STRATEGY

CHANNEL # 1: GYMS

Gym	Type	Price per Month
Planet 24	All purpose	\$ 20.00
LA	All purpose	\$ 30.00
YMCA	All purpose	\$ 53.00
City Athletix	All purpose	\$ 64.00
Crunch	All purpose	\$ 80.00
The Gym LA	All purpose - Boutique	\$ 60.00
Easton	All purpose - Boutique	\$ 80.00
House of Fitness	All purpose - Boutique	\$ 200.00
Spectrum	All purpose - Luxury	\$ 100.00
Breakthrough	All purpose - Luxury	\$ 130.00
Equinox	All purpose - Luxury	\$ 200.00
Trifit	Cardio	\$ 88.00
Flywheel	Cycling	\$ 220.00
Soul Cycle	Cycling	\$ 280.00
Cycle House	Cycling	\$ 320.00
Hollywood Boxing	Fighting	\$ 40.00
Funtion 5 Fitness	Fighting	\$ 209.00
Fitwall	New Age	\$ 150.00
Sandbox Fitness	New Age	\$ 160.00
Pure Barre	New Age	\$ 180.00
Lagree Fitness	New Age	\$ 200.00
Plate Fit	New Age	\$ 200.00
Speedplay	New Age	\$ 220.00
Training Mate	New Age	\$ 225.00
The Studio (MDR)	New Age	\$ 230.00
Lit Method	New Age	\$ 250.00
Rise Nation	New Age	\$ 250.00
Body by Simone	New Age	\$ 300.00
Shift by Dana Perri	New Age	\$ 300.00
Barry's Bootcamp	New Age	\$ 365.00
Gold's Gym	Weight Lifting	\$ 60.00
IRON	Weight Lifting	\$ 90.00
Set and Flow Yoga	Yoga	\$ 95.00
Playlist Yoga	Yoga	\$ 180.00
YAS	Yoga	\$ 250.00

- Average Monthly Gym Membership in LA - \$69.39
- 36 gyms with respective monthly memberships from popular google searches:
- With relative cold-brew prices on the brink of luxurious pricing it follows that the target market should have luxurious taste.
- It is recommended that Company Confidential targets gyms and studios where memberships are well above the mean (\$69.39) so that quality (the company's strength) plays a much higher role in customer selection than price does.
- Success will likely be found in gyms where monthly memberships exceed \$125. Most "new age" and boutique gyms satisfy these conditions.

CHANNEL # 2: OFFICES

TYPICAL COSTS OF PROVIDING COFFEE TO EMPLOYEES IN AN OFFICE SETTING

For 100 Employee Companies

- 65% of employees drink coffee on the job (13)
- 27.3 = Average ounces of coffee consumed per person per day (14)
 - Equates to 3.4 Company Confidential servings
- 220 (8 oz.) cups per day
- 54,000 (8 oz.) cups per year

Competitive Costs for Different Consumption Means:

Pod System (K-Cup): \$30,000 (15)

- Includes system, cartridges, supplies and maintenance

Delivery: \$25,000 (16)

High Quality Coffee in Machines: \$20,000 (15)

- Includes machine, coffee, preparation, supplies and maintenance

Bad Drip Coffee: \$12,000 (15)

- Includes ingredients and supplies

UCONSULTING RECOMMENDATION

- Bottles will not work unless priced for under \$2 in bulk which isn't feasibly profitable
- Depending on COGS, tanks may work:
 - Charging \$0.50 per 8 ounces in tank would cost customer approximately \$27,000 which is around what they'd be willing to pay for other quality coffees.
 - Charging \$0.75 would cost approximately \$40,000 which would be pushing the limits that large companies might splurge on luxury coffee.
 - Charging \$1.00+ would cost approximately \$54,000 which would be well outside most companies' willingness to pay.
- Company Confidential may be able to sell outside of these typical ranges if:
 - The customer's company has very strong beliefs and aligned values with Company Confidential's mission
 - The company is small enough to where companywide prices don't compound as easily and where employees can feel more directly rewarded by its quality

TARGET MARKETS

Company Confidential will initially launch and offer its product to consumers within the Los Angeles area. The Company should expect to capture other markets throughout profitable cities in California. The following places are potential places that Company Confidential may be interested in expanding to (Note. This is recommended from focusing on Company Confidential's ideal target audience, specific placement analysis and the types of people and surroundings around these areas that potentially matches up with what Company Confidential is looking for):



The comprehensive placement analysis breakdown serves to introduce distinctive features of each area like that of the surrounding, people, vibes and lifestyle. Included in this breakdown

are well-known and established coffee shops or companies around the area that serves cold brew coffee that may become Company Confidential's potential competitors if it decides to expand throughout these profitable cities.

PALO ALTO

Distinctive Features: Stanford University, Start-Ups, Money

- Suburban area
- Dominated by tech start-ups
- People usually commute to Palo Alto
- There are a lot of restaurants and cafes in town that cater businesses
- Expensive area (more expensive than San Francisco)

Potential competitors:

- ZombieRunner
- Blue Bottle Coffee

SAN CLEMENTE

Distinctive Features:

- Middle class people to rich people
- Entrepreneurial spirit
- known as the surf city/surfing destination

Potential competitors:

- Bear Coast Coffee (by Jeff Clinard)

SANTA BARBARA

Distinctive Features:

- People are of middle class to rich people
- People are carefree, healthy and enthusiastic
- Environmentally conscious

Potential Competitors:

- The French Press
- The Daily Grind
- Lucky Penny

SAN DIEGO

Distinctive Features:

- In between a mixture of Los Angeles and San Francisco
- Strong emphasis on relaxation
- Active, outdoors-oriented lifestyle

Potential Competitors:

- Dark Horse Coffee Roasters
- Coffee and Tea Collective
- Caffè Calabria
- Bird Rock Coffee
- Better Buzz Coffee: The Lab

MARKETING PLAN

POSITIONING

Company Confidential should use a combination of online and offline strategies to form a comprehensive marketing plan that will reach their target segment audience in the cold brew and exercise markets.

The goal of this marketing plan is to achieve long term success for Company Confidential through brand awareness, strategic partnerships, and loyalty in customers. The structure below outlines the marketing strategy for Company Confidential, which includes two main avenues of marketing: online and offline initiatives.



ONLINE INITIATIVES

WEBSITE

Company Confidential's website will be a powerful tool for attracting potential consumers, especially now while the product is most easily bought from the website. According to the M&R Marketing Group, up to 83% of consumers visit a company's website prior to making a purchase or commitment depending on the type of product. Thus, ease of navigation, well-positioned information, and minimalism, can enhance a consumer's decision-making

process. Moreover, branding through typography and graphics can strengthen the company's brand.

In Company Confidential's case, graphics and typography are already consistent with the brand that the company wants to represent. However, user interface and user experience (UI/UX) can be improved to make ordering the product easier and more seamless for customers who want to order online. Moreover, the website design is currently quite simple--the company should consider Squarespace or a similar design service to create a website that is more standout in terms of overall design and functionality. Also, currently, the Twitter and YouTube pages are inactive and should be removed from the website.

SEARCH ENGINE OPTIMIZATION (SEO)

Internet searches are by far the most common activity on the internet and therefore it is crucial to appear among the top results when a user searches for keywords. Company Confidential should thus implement an aggressive search engine optimization strategy to optimize content using related keywords and headlines.

Company Confidential should find the search engine marketing terms that work for competitors such as Kill Cliff, and take the successful terms for its own advertising. By integrating the correct amount of specific words into content (i.e. keywords related to fitness, health, cold brew), Company Confidential can organically attract the right consumers on Google, Bing, and Yahoo search engines to the website.

INSTAGRAM

Social media is one of the most affordable, accessible, and personable marketing outlets available to companies of a start-up nature. In the various social media accounts of Company Confidential, it seems that Instagram is most popular, which would be a strong platform from which to expand. This channels will provide key insights into the company, such as community events, celebrity endorsements, success stories, new product updates, and much more. Additionally, individuals may closely follow the account for updates regarding any important news.

In addition, Company Confidential should explore Instagram ads to target its demographic of social media users, most particularly in dense city populations such as Los Angeles, where health and fitness are highly valued by the inhabitants. Also, Company Confidential could potentially use Instagram for a giveaway that involves tagging a friend to enter the raffle along with "following" the account to help grow this base.

If the Instagram campaign is successful, Company Confidential should consider similar campaigns on Facebook, Twitter, and so on.

OFFLINE INITIATIVES

CELEBRITY SPOKESPEOPLE/INSTAGRAM INFLUENTIALS

With products that appeal to health-conscious individuals such as the ones made by Company Confidential, the use of Instagram Influentials can significantly boost the visibility and value of a brand. By giving product, apparel, and other Company Confidential product to Instagram influential, Company Confidential can ensure that their product is reaching the correct audience. These spokespeople should include celebrities such as the Kardashians and fitness influencers such as Casey Ho (@blogilates) and Christian Guzman (@christianguzmanfitness).

Through strategic partnership with Instagram influentials, Company Confidential should see a larger set of interested consumers who are likely to try the product as well as become repeat buyers.

EXPERIENTIAL MARKETING

Positive customer testimonials and reviews are one of the strongest forms of advertising and can be a key decision point for many potential customers. Satisfied customers are extremely inclined to discuss their experience with friends, family, and colleagues. As seen on Yelp, Company Confidential already has strong positive customer response; the company needs to capitalize on this and continue spreading the word about their great product.

To do so, Company Confidential should consider experiential marketing, such as pop-up shops, coffee bars, or partnering with local coffee shops to push their product. Moreover, Company Confidential should partner with students on targeted campuses in the form of brand ambassadors to promote the product and raise awareness of the product on said campuses. Company Confidential can experiment with discounted prices or promotional prices in the beginning of their marketing campaign to promote interest in the product. These strategies will raise overall awareness of Company Confidential in their target markets and with target audiences.

PRINT ADVERTISING

Although slightly outdated, print advertising can still appeal to many of Company Confidential's potential customers, especially because niche markets (such as health conscious communities) are likely to trust magazines and other print sources that are known as reputable in those communities. Thus, Company Confidential should explore lifestyle publications including magazines, blogs and other high traffic websites that comprise a large population of their target market, such as Men's Fitness, Men's Health, Prevention, Women's Health, Runner's World, Sports Illustrated, Women's Fitness and more.