



DUET COFFEE SUPPLEMENT

J&N Marketing

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Duet Coffee Supplement

PART 1: SITUATION ANALYSIS

Industry and Environmental Analysis

Size & Growth:

- *Statista's* "Statistics and Facts on the U.S. Coffee Market/Industry" states that, "Coffee is one of the most widely consumed beverages worldwide and in the United States. The plant naturally contains caffeine, which can vary sharply. The market is segmented into growers, roasters and retailers" (*Statista*).
- "The US coffee projected growth in coffee cup per capita consumption worldwide from 2014 to 2019, is .9%" (*Statista*).
- According to IBISWorld the most important components to succeeding in "The Retail Market for Coffee Industry" are "having a clear market position, effective cost controls, and proximity to key markets" (*IBISWorld*). Luckily, Duet is already in a key market of college students by being located so close to SDSU. However, we believe they need to develop a better and more clear market position to attract more customers.
- Demand is rising in the retail coffee industry for years to come and, "The Retail Market for Coffee industry has exhibited growth over the past five years, as more individuals have made coffee their caffeinated beverage of choice and customers have opted for more expensive industry options," (*IBISWorld*).

In January 2017, IBISWorld published this report:

- Industry Statistics and Market Size:
 - Revenue - **\$37bn**
 - Annual Growth 2011-16 - **3.6%**
 - Employment - **2.5m**
 - Businesses - **432,727**
- Industry Threats and Opportunities:
 - Despite the recession, consumers have continued to demand new coffee products
 - Single-serve coffee makers and instant coffee grew in popularity, which increased revenue

- Coffee retailers will try to foster a coffeehouse culture to drive consumer demand for coffee

Current Trends:

- Nitro Coffee is becoming extremely popular among consumers, especially “the health-conscious coffee drinker,” (Mordor Intelligence). It “is poured from a tap and provides a mouth-feel similar to that of beer. The foamy and creamy texture of nitro coffee allows brewers to add less milk and sugar to cut off the bitter taste,” (Mordor Intelligence).
- According to Caitlin Stanley, a publisher on *Revel Systems*, Gen Y and Z “are all about nutrient rich foods and drinks” with mushroom coffee in particular becoming very popular, (*Revel Systems*). “Mushroom coffee is starting to pop up at trendy coffee shops, and Whole Foods buyers’ are forecasting a jump in their popularity for 2018,” (*Revel Systems*). We believe this could be a great market opportunity for Duet to differentiate themselves and their offerings from other local coffee shops.
- Another market opportunity could be bubbly coffee, especially since Duet already has sparkling drinks on their menu. Stanley suggests, “This trending specialty coffee is simple: tonic water and espresso,” (*Revel Systems*). There are already “coffee shops like Saint Frank in San Francisco and Everyman Espresso in New York [that] are getting behind this trend” (*Revel Systems*).
- Due to changing preferences among younger consumers, Richard Traylor of “Webstaurant Store Blog” suggests that owners of coffee shops should sell direct trade coffee, cold brew coffee, and nitro coffee. Coffee shops should also include a variety of non-dairy milks for their customers, such as soy milk, almond milk, rice milk, cashew milk, hemp seed milk, and coconut milk, as well as high quality beans (Christine Potts).

Product/Service Analysis

Brand Image: cozy, cute, modern, warm, welcoming, eclectic, Sacramento-based

<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
Great employees	Parking	Optimize for social media	Competition (Living Room, Scrimshaw)
Taste & latte art	Capacity	Making it instagrammable	Large chains (Starbucks)
Proximity to students	Very little awareness	Over 5,000 new students	

Delivery options (DoorDash)	Social media following under 1k	Target those interested in sustainability	
Variety & selection	No website		
Good study space			

DUET COFFEE

Strengths	Weaknesses	Brand Image	Competitive Advantage	Current Ads & Promotion
High quality coffee	Little seating	Sacramento Inspired Espresso Bar	Eclectic living room environment	No running ads or promotion
Latte art	Low brand awareness	Quiet	Affordable	Duet only has a Facebook & Instagram
Aesthetic environment	No company website	Cute & Cozy	Latte art	No website

THE LIVING ROOM

Strengths	Weaknesses	Brand Image	Competitive Advantage	Current Ads & Promotion
Outside Seating	Not enough seating	Relaxing “living room” experience	Loyal customers	No running ads or promotions
Hookah Lounge	Location (farther from campus)	Study friendly	Cafe that offers food and drink options	Website
Various flavors of kombucha	Difficult to find parking	Friendly environment about card games		

SCRIMSHAW

Strengths	Weaknesses	Brand Image	Competitive Advantage	Current Ads & Promotion
Aesthetic and spacious	Little seating	Modern	Social aspect	No running ads or promotion
Latte art	Location	Minimalism	Affordable	Scrimshaw only has Facebook & Instagram
Promotional Merchandise	Few options on the menu	Trendy	Latte art	

Target Market

- Incoming SDSU freshmen
- Generation Z
- 17-19 year olds
- Minimal disposable income (*Claritas MyBestSegments*)
- Socially and environmentally conscious
- Avid social media users
- Enjoy supporting small businesses (Elizabeth Segran)
- Live within close proximity to SDSU

Note: We used the zip code 92115 in *Claritas MyBestSegments* in order to learn more about the target market's traits

In August 2017, there were “5,300 freshmen” who accepted admission (*NewsCenter*). We plan to target the incoming freshmen of 2018 and are going to assume there will be around 5,000 students. Our goal is to increase Duet's brand awareness among 10% of the incoming freshmen which is approximately 500 students.

Consumer Research and Key Consumer Insight (KCI)

The primary factor that motivates purchase in this product category: This target market (Gen Z) cares about trends and social responsibility (environmentally friendly, substance - whether something is vegan, nitrate free, non-GMO)

Research that backs up our key consumer insight:

1. Josh Perlstein wrote, “Gen Z considers providing good value for a fair price a socially responsible behavior that delivers a greater good. Beyond that, studies have shown that Gen Z is interested in racial, gender and income equality, as well as environmental issues. Standing up for these values is becoming a differentiator for brands” (*AdWeek*).
2. According to writer Elizabeth Segran, this generation believes in, “authenticity and transparency” which “are two ideals that they value highly” (*Fast Company*).

Positioning Strategy

For incoming SDSU students who care about sustainability and doing things for a greater purpose, Duet Coffee is a socially responsible espresso bar that has a laid back community feel while offering specialty coffee.

PART 2: CREATIVE STRATEGY

The Strategy

1) **Major Selling Idea (MSI):** Purchasing from Duet will make you feel good about your coffee purchase by knowing that their coffee beans are ethically sourced, sustainable, and support Green Love SDSU.

2) **Proposition Support Points:** Duet purchases their beans from “Temple Coffee” in Sacramento. According to Temple Coffee’s website, “Temple Coffee uses a ‘farm to cup’ sustainable coffee sourcing program, based off of their three pillars of sustainability: social, economic, and environmental,” (“Farm to Cup” Sourcing). Consumers are also supporting a local business, not a big brand name which is something the target market cares about.

The Campaign

1) **Campaign Theme:** Du.et For... Our campaign theme is to highlight what consumers Du.Et for, whether that be themselves, the environment, or the community. During the course of this campaign, parts of the proceeds will support GreenLove SDSU’s efforts. In this case, consumers will Du.et for GreenLove.

We believe that by purchasing a cup of coffee from Duet, the customer is contributing to the greater good of the environment whether that be locally or globally. By supporting a company that ethically sources its beans, customers can walk away with a peace of mind knowing that their daily habit can make them a part of a larger sustainability effort.

2) **Tagline:** What do you Du.et for?

3) **Tone:** The tone of the campaign will be both caring and compassionate. Caring means that the company values the customers and wants to be transparent with them. Compassionate means that the company cares about the global community and wants to support sustainable measures when it comes to sourcing their coffee.

4) **Visuals:** The visuals will consist of Earthy tones and Inspiring visuals.

5) **Execution:** Honesty, Transparency, Nurturing.

PART 3: CAMPAIGN COMPONENTS

Direct Marketing:

We will hand out mini flyers with the Duet Coffee Logo, Social Media, and contact info printed on environmentally friendly plantable paper embedded with seeds. The best time to hand these out will be during new student orientation during July of this summer.

- Two steps: Hand out in person→ Customers find Duet Coffee on social media, come into the store or both.
- Type of media: Flyer
- Cost estimation - Bloomin Promotions (Jeff) charges \$370 for 500 mini flyers printed on plantable seed paper costing \$0.74 each.
- Rationale: The seed embedded paper matches the transparency and sustainability trend of our target market. Students can plant this seed to help the cause in promoting a sustainable future for all. The earliest we can begin building the loyalty of new students is during Freshman Orientation. We also save money on postage by distributing the flyers ourselves.



Social Networking Strategy:

Specific social networking sites

- **Facebook**

- Currently have 277 likes, & 281 follows
- Use the #DuetForYourself or #DuetForTheFuture #DuetForTheCommunity
- Encourage User Generated Content by offering a 20% off discount for posting and tagging Duet Coffee with What You DU.ET for?
- Facebook will be the platform where we discuss Temple Coffee and the importance of supporting a farm-to-cup coffee shop! Du.ET coffee would partner with Green Love SDSU
- Future goals? Partner (DUET) with OFO Bike! Receive a discount if you ride your OFO bike here

- **Instagram**

- Different weekly things you #DuetFor
- Examples include:
 - #DuetForSustainability
 - #DuetForYourself
 - #DuetForTheFuture
 - #DuetForTheGram
- Instagram Ads towards Incoming SDSU students



- **Mobile - Snapchat filter**
 - Campaign from Sept 1-15th
 - Geofilter that shows up within the radius of Duet Coffee



Specific strategies: include both general themes and specific examples of executions

Cost estimation:

- Facebook Advertisements \$204.37
- Instagram Advertisements \$204.37
- Snapchat \$48.51

Rationale: We recommend having all social posts mention sustainability. This can translate into highlighting the ethical sourcing strategies of Temple Coffee. We recommend emphasizing that Duet Coffee is a farm-to-cup coffee shop. According to Statista, out of a study of 6,100 US teens, 47% of them considered Snapchat their favorite as of Fall 2017 so that's why we chose to include a Snapchat filter (See Appendix).

Sales Promotion:

- Consumer franchise building through sampling
- Cost estimation - \$172.75
 - $\$66 + \$73.75 + \$33 = \172.75
 - Sample The Dharma Espresso Blend (costs \$16.50 for a 12 oz bag) & 248 cups.
Buy 4 bags. $16.50 \times 4 = \$66$. Use biodegradable 2 oz hot cup from Eco Products

(1,000 cups costs \$64 + 9.75 shipping = \$73.75). Pay employee to distribute the sample cups on campus. Minimum wage for employee is \$11 x 3 hours = \$33

- Rationale - We believe that sampling works with the campaign theme because the sampler will tell the potential customers/students about how the coffee is sustainable and ethically sourced, while also giving potential customers the ability to try their coffee. It will raise brand awareness for Duet as well as promote the September partnership with GreenLove. We recommend sampling at campanile or centennial walkway on SDSU's campus because they are main areas with lots of foot traffic.

According to SDSU's website, "Permit: Any student organization, campus department or outside entity that plans on serving or selling food to the general public at special events on SDSU must obtain a Temporary Food Facility permit. Office potlucks, organizational meetings, and invitation only events are excluded from obtaining these permits since foodservice at these events are considered private. Due to the nature and challenges of temporary food facilities, inherent risk is increased; therefore, there are different requirements and regulations for this type of food facilities."

In order to sample on campus you must first fill out the form (EHS TFF permit application) for a Temporary Food Permit which I have attached to the back of this supplement. Then you must provide them with a copy of your store's health inspection certificate. Lastly, one of your employees must sign up for Food Safety Training which will be offered on campus. Contact Anh Tran from San Diego State Environmental Health & Safety to get the dates for this training. Her phone number is 619-594-1858. You can also email her at ehsfoodsafety@sdsu.edu More information on the website: <http://bfa.sdsu.edu/safety/ehs/environmentalhealth/food.aspx>

Additional Recommendations

- Website Creation
 - Considering the given budget for the upcoming semester, we designed our recommendations around the most central factors defining Duet Coffee and their target consumer. In addition, we feel that our recommended changes to be implemented would harmonize especially well with the creation of a website. Potential customers would experience a sneak-peek trial on campus, and motivated discover what Duet is all about.
- Unpaid Influencers
 - Micro-influencers, whether it is through social media or on campus student organizations, are extraordinarily valuable, as they efficiently promote initial product trial virtually no cost
- Partner with OFO bikes

- In order to continually increase the ease of transport in the community, and thus increase in-store foot traffic and with that, sales and loyalty.
- Host a promotional event at Duet exclusive to SDSU freshman
- Sample at the SDSU Farmers Market
- Mobile ordering directly through the Duet Coffee website
- Incentivizing Yelp users with a discount to upload review, and posting with the #DuetFor hashtag

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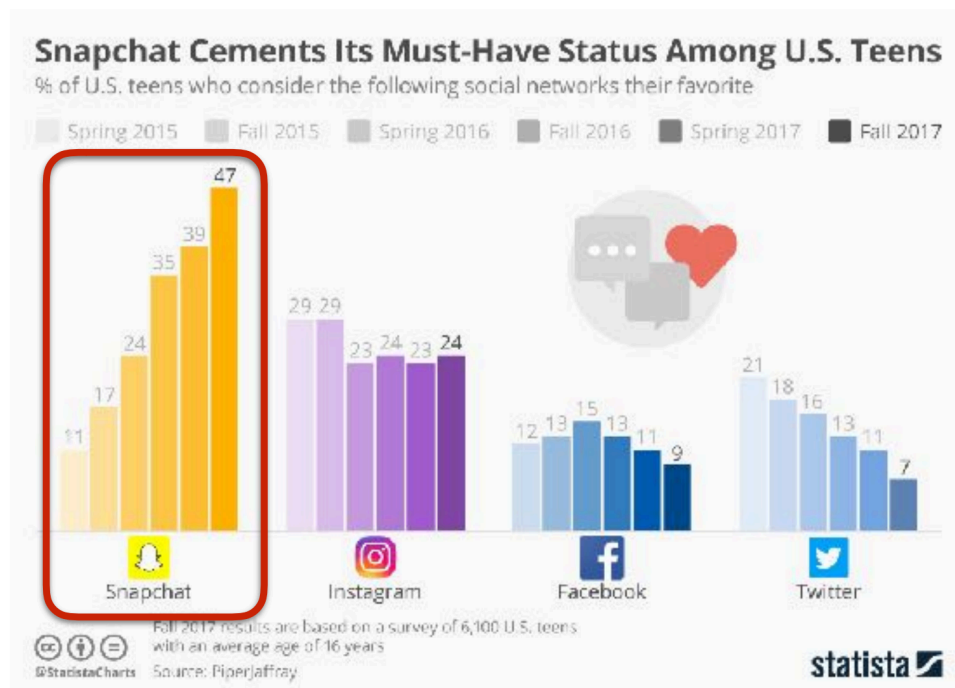
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Appendix

Favorite Social Media Platforms



Teens Prefer Snapchat Over All Other Social Media Platforms