

# **Theobroma**

## Branding Plan

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## Part 1: Situation Analysis & Objectives

### **Product Category**

The product category we are analyzing is primarily the ‘Specialty Beverage’ category, as well as the hot beverage category. The specialty beverage category is a niche market that has increasingly become more popular, enhanced by loyalty to big brands such as Starbucks and corresponding regional and local retailers. Included in this category are specialty coffees, tea, sports drinks, milkshakes, and smoothies. These drinks can sometimes be associated with specific seasons and are treated as such by consumers—for example, peppermint hot chocolate and gingerbread flavors are popular in the winter. However, some of the bigger brands have managed to break out of that image by offering adaptations of their drinks for all seasons and while also altering their offerings to geographic location. These drinks can also be associated with sporting events, or have association to different activities. For example, people drink coffee to keep them awake, or to act as a study aid. They drink milkshakes as a sweet treat or sports drinks to improve hydration and performance when playing sports. Drink retailers capitalize on these associations and integrate the drink into other aspects of the customer’s life. Some other notable brands that carry these products are Starbucks, Teavana, etc.

This category primarily serves individuals who want a drink on-the-go that has better quality than what they can find in a grocery store. These customers are often looking for more convenient, at times, healthier drink options, and more diversified drink options. The targeted demographic of these consumers - based on their consumption of specialty drinks that already exist in the current beverage market are the mass affluent - is typically the younger market segment. With the growing trend of specialty drinks, we see consumers who are also trying to find their niche drink. You often hear people say that they are coffee drinkers or tea drinkers, they prefer certain milkshake places, or they ditch caffeine all together and go for healthier options. In several ways, as companies target them as their niche market, they also search for their niche.

Hot Chocolate is a drink that everyone loves. It has the widest segment appeal from young children to adults who still love having mini-marshmallows in their Hot Chocolate. It is often associated with an experience or a memory and has some type of sentimental tie. It is also a largely seasonal drink, which is sometimes referred to as a “winter warmer”. Hot chocolate also represents an untapped segment that has potential to be competitive and successful in the beverage space. Currently, there are signature destinations for hot chocolate that people would travel for. However, they are often imbedded in other establishments. They do not focus on hot chocolate, but rather how hot chocolate serves as a draw. Some examples could be taken from the world’s best hot chocolate list (Huffington Post).

At the top of the list is The Chocolate Lab located in San Francisco, California in the United States. The Chocolate Lab is a chocolatier family that specializes in all things chocolate including a signature Vanilla Bean marshmallow hot chocolate handmade with pure beads of chocolate. You can find other boutique chocolatiers like this, including Vosges and Godiva. These specialty chocolatiers appeal to the high net worth market segment, and not necessarily the everyday mass affluent or even aspirational mass-market consumer. Others on the list include Oyamel, a Mexican restaurant that serves a signature hot chocolate from southern Mexico made

of cinnamon, cloves, vanilla bean, sugar, and steamed milk; Serendipity 3, a restaurant in New York City that is known for its frozen hot chocolate; and Bouchon bakery in California that uses imported cocoa and vanilla beans to add a more sophisticated flavor to its hot chocolate. These places again appeal to a high net worth market segment and while these establishments serve as hot chocolate destinations, they are missing the convenience factor.

The Starbucks and Dunkin Donuts target customer segment will be largely similar to the consumers who will make up the hot chocolate market segment. This section of the market generated about \$31.12 billion in revenue in 2015 in the coffee and snack shop industry spread over 55,000 establishments (Statista). Although the market appears to be saturated with coffee shops and snack shops, the hot chocolate market has great potential for growth.

In general, the revenue from chocolate consumption in the U.S. was \$21.2 billion in 2015 and is projected to be \$22.4 billion in 2017 (Statista). This is solely from traditional chocolate retailers now producing chocolate bars, chocolate treats, and some specialty chocolate drinks. Most importantly, these revenue figures reflect the potential size of the customer segment for a chocolate bar. There is no other establishment or franchise solely devoted to making hot chocolate but there is a market present for it. It represents an opportunity to provide convenient, upscale specialty hot chocolate that creates new memories and feeds that sweet craving that we all have sometimes.

### **Competitors**

We have divided our competitors based on different product categories that they might offer. We have coffee shops because we unanimously agreed that people tend to think that you could easily find hot chocolate in coffee shops. The coffee shops listed below not only have a good degree of brand recognition, but they also offer hot chocolate on their menu and for some, also offer a variety of hot chocolate options.

While we are in the business of selling hot chocolate in café settings, we will also begin to manufacture and produce hot chocolate mixes to compete with other alternative ways people could get Theobroma hot chocolate. The competitors listed are either well-known due to their hot chocolate mix offerings that are sold in grocery stores, or own flagship stores nationally.

Theobroma will be offering high quality pastries and baked goods to customers in their stores to provide alternative ways our consumers can enjoy the Theobroma beverages. The bakeries offer French-style inspired pastries that are similar to what Theobroma would offer to our customers. Ice cream and frozen yogurt stores are listed because Theobroma will offer frozen hot chocolate treats that would be similar to ice cream or frozen yogurt. The ones listed for both product categories are under similar criteria that the coffee stores were under. The ice cream and frozen yogurt stores are somewhat known on a national scale and offer a variety of chocolate flavors that would be similar to Theobroma frozen chocolate flavorings.

#### **Coffee shops:**

Starbucks

Dunkin Donuts

Ladurée or Pierre Hermé  
McCafé (International)  
Au Bon Pain  
Costa Coffee

Bakeries

Paris Baguette  
Lauduree  
Pierre Herme

Ice-cream stores:

Ben & Jerry's  
Baskin-Robbins (International)  
Carvel  
Coldstone  
Culvers  
Häagen-Dazs

Frozen Yoghurt

Häagen-Dazs  
Menchie's  
Orange Leaf  
Peachwave  
Pinkberry  
Red Mango  
Yogurtland

Hot Chocolate Mixes

Starbucks  
Godiva Hot Chocolate  
Guittard  
Swiss Miss  
Ghiradelli Chocolate Company  
Marie Belle  
Nestlé

Our competition across all our different product categories that includes hot chocolate, frozen chocolate treats (includes ice cream and frozen yogurt), baked sugary treats and hot chocolate mixes. There does not seem to be a definitive market leader in all of our different product categories. In the drink and mix market, the overwhelming leader is Starbucks because people tend to associate hot chocolate with coffee shops, and Starbucks is essentially synonymous with the word "coffee."

Starbucks has not only become known for their coffee drinks, but their Peppermint Hot Chocolate, which seems to be a fan favorite during the holiday season. Starbucks is also famous for their Frappuccino drinks that come in a variety of flavors, including a multitude of chocolate

varieties that can compete with any cold chocolate drinks Theobroma will offer in the warmer months of the year. Starbucks offers hot chocolate powder mixes that comes in a variety of different hot chocolate flavor variations that would be able to compete with the hot chocolate powder mix in our stores. Dunkin' Donuts and McDonalds are strong contenders because people associate them with morning coffee and do have hot chocolate options that could compete with ours. The others in the category either offer a variety of hot chocolate variations on their menu or do also have some popularity across the US.

In terms of bakeries, although baked goods are not a huge part of the business, they are still a prominent feature that will make Theobroma potentially stand out against their competitors. So although Paris Baguette is not as well known nationally as some of the other brands mentioned. Paris Baguette offers the type of baked goods that Theobroma would aspire to offer to their customers. Paris Baguette also has a couple different varieties of hot chocolate on their menu.

For the ice-cream category, Ben and Jerry's and Baskin Robbins are two of Theobroma's competitors. Ben and Jerry's is an extremely iconic ice cream brand, has stores located nationwide, and also sells ice cream in grocery stores internationally. Ben and Jerry's also offers a variety of ice creams, sorbets, frozen yogurt, sundaes, smoothies and shakes on their menu; they also have different chocolate flavors on their menu which would also serve as a great competitor for Theobroma in the ice-cream market. Baskin Robbins is a popular and international ice-cream brand with stores nationwide that has a diverse set of flavors that would be able to compete with Theobroma.

A second-tier competitor in this market is Häagen-Dazs because their ice cream has a reputation of being a high-quality brand, which is similar to how Theobroma would want to be perceived as. Also, Häagen-Dazs and Theobroma would potentially attract the same type of customers in terms of the ice-cream market. Other ice-cream store chains are located nationwide, but are not as well known as Baskin Robbins or Ben and Jerry's.

The frozen yoghurt category has a similar target audience compared to our ice-cream (our main competitor), and in this case, our biggest competitor is Yogurtland. Although they do not have locations nationally in the United States, they remain as one of the most well known frozen yogurt chains in the country. The amount of different flavors and toppings that Yogurtland offers to their customers will compete heavily with any of the Theobroma frozen chocolate menu items. The rest in the category are frozen yogurt chains that are located across the country, but do not have as much brand recognition nationally as Yogurtland does.

### **Opportunities**

The specialty drink category offers an opportunity to turn a simple market into an expansive market. While a few variations on the typical hot chocolate beverage exist—such as white-hot chocolate and frozen hot chocolate—rarely will a consumer find more than a few variations in the same location. Starbucks stores offer only one basic hot chocolate beverage, and Dunkin' Donuts stores offer two varieties that are not clearly differentiated: the Original Hot Chocolate and the Turbo Hot Chocolate (Starbucks, n.d.; Dunkin Donuts, n.d.). Theobroma plans on taking advantage of this opportunity by expanding on the hot chocolate market by offering countless

innovative varieties in our stores. Consumers often associate hot chocolate and cocoa-based beverages with the cold, wintery months. However, by expanding upon the types of beverages offered within this drink category, Theobroma provides consumers with a chocolate beverage for every season, occasion, and mood.

Along with variety, there is an opportunity for customization within the specialty drink category that many brands are not taking advantage of. Some beverage brands, such as Starbucks, promote many customization options to ensure customers are satisfied with their beverages. These options include basic modifications, such as leaving room in beverages for cream/milk, double blending Frappuccinos, or making drinks extra hot to name a few (Starbucks Order, n.d.). While these options enhance customer satisfaction to an extent, there are many customization aspects that are not being taken advantage of. Theobroma plans on exploiting this opportunity by offering customers the ability to customize every aspect of their beverage, down to the last ingredient. Because cocoa is such a rich and versatile flavor, it is important to us that our customers are able to control the amount and specific blend of cocoa that is in their beverage to ensure customer satisfaction. We understand that our customers have different taste preferences and dietary accommodations, so we will provide the opportunity for them to customize their beverages to cater to their individual needs.

While a few brands offer alternatives for customers with dietary restrictions, these options are often poorly promoted or customers have to pay extra for them, thus leading to dissatisfaction (Fox News, 2012). For example, Starbucks customers who cannot or do not drink dairy products have to pay \$0.60 extra for a non-dairy alternative (soy milk or coconut milk) and have to ask the barista for it because it is not kept out on the bar with the rest of the milk (Customer Service, 2015). Additionally, Starbucks does not publish ingredients or allergen information online, which makes it difficult for customers with dietary restrictions or for those who are health-conscious to know what they are eating (Hari, 2014). Theobroma plans on taking advantage of this opportunity by clearly labeling ingredients and allergen information, and by offering dairy-free, gluten-free, soy-free, and sugar-free menu options that are at the same price point and are just as customizable as other menu items.

### **Our Brand**

Theobroma, our chocolate bar and café, will serve drinks and pastries inspired by hot chocolate. Our hot chocolate bar and café's products will be based off of ingredients that make up hot chocolate, and will differentiate from one another from its temperature, the amount of concentrated cocoa placed in the drink, and the type of cocoa used. Our drinks will vary from a 'Classic Hot Chocolate' to a 'White Chocolate Truffle Latté' with an added section for cold drinks like our 'Frozen Hot Chocolate'.

We have chosen the name 'Theobroma' because not only does it mean "Food of the Gods" when translated from Greek, but "Theobroma Cacao" is also the taxonomic classification for the cocoa tree plant (Brittanica). Our team wanted our chocolate café to exude the basis of what chocolate stems from. The Aztecs used cacao beans as currency and as food and drink for the privileged, and Spaniards introduced drink chocolate to Europe where, in the medical system of the time,

those who could afford it, would use the chocolate as a tonic and remedy (VOA) Our appreciation for the cocoa bean, *Theobroma Cacao*, will come in different forms at our café.

Our beverages will incorporate three different types of cocoa beans: Criollo, Forastero and Trinitario. Criollo and Trinitario, our fine and flavorful cocoa beans will be used in our chocolate-rich drinks and pastries, while Forastero will be used for a lighter taste to dust our cakes like the Chocolate Tiramisus and to finish off the tops of the drinks. Our pastries will incorporate different types of cocoa from our imported Dutch-process cocoa. Theobroma bakers have decided on using six cocoa designs: Black Cocoa, Double-Dutch Cocoa Blend, Trip Cocoa Blend, Bensdorp Dutch-Process Cocoa, Cocoa Rouge, and Ghiradelli Natural Cocoa.

### Mockups (with original logo)





Theobroma looks to expand our brand as much as possible, we want our customers to really be able to identify our hot chocolate not only by taste, but we also want the look of our cafés, merchandise and even employee uniforms to be all about the Theobroma experience. Our brand would tend to associate with darker colors to solidify a classier and more mature tone for the café. From our signature branded cups, corresponding cup sleeves, mugs, merchandise tote, premium hot chocolate mixes to our employee uniforms will have a simplistic and minimalistic design using dark colors to match the rest of the café's colors. We aspire to have our brand association to be strong enough with their customers that they would want to associate with Theobroma with this merchandise at all.

### Color Scheme of Cafés



### Ambiance

Theobroma cafés seek to follow the Parisian café look. Our locations will embrace a classy lounge style that is welcoming to customers and invites them to stay for a while to enjoy their purchases. To create this welcoming yet classy environment, our café color palette includes simple and warm colors, such as maroon, mauve, nude, charcoal, and a gold-bronze. Theobroma



cafés will be well-supplied with leather lounge chairs, designed to stay comfortable for long amounts of time, to make our customers feel most at home in our locations. Lounge chairs will have side tables for customers to rest their purchases and personal belongings on during their stay. We will also have high-top seating at the bar and circular multi-person tables for customers who want to do work while they enjoy their purchases or who prefer to have a sturdier surface at their ready. Our tables and chairs (excluding lounge chairs) will be made of straight, clean wood to create a polished and classy look to our cafés.

Theobroma cafés will use mellow lighting to create a soft and warm tone in our cafés. If customers want additional lighting, our high-top bar will be equipped with overhead desk lamps at each seat. Our cafés will offer free wireless internet, and every customer will have access to the charging coasters located on the center of each table and high-top seat's table. We believe the charging coasters will enhance the classy, upscale vibe of our cafés by eliminating the need for customers to use phone chargers connected to walls we believe exposed charging cords would create a less upscale tone and would disrupt our café's color palate. We will have soft, mellow music playing in our cafés, such as jazz and instrumental. Additionally, we will have special events where we will bring in live musicians, such as local piano players. Not only will this enhance the warm and upscale ambiance, but also it will encourage customers to stay longer, if they enjoy the music. Theobroma's main goal in conceptualizing the ambiance of our café's was to create an environment that would make our customers feel welcome and at home.

### Initial Symbol



### New Symbol



### **Differentiation From Competitors**

Due to our product selection, our competitors will consist of coffee shops and ice-creams stores. The cafés we have chosen to concentrate on include Starbucks, Dunkin Donuts, Ladurée and McCafé, while our ice-cream store competitors will consist of Ben & Jerry's and Baskin-Robbins. Starbucks and Dunkin Donuts are one of our stronger competitors because of how many locations they have in both the United States and around the world. McCafé and Ladurée, which are known for their specialty coffee and macaroons, will serve as our international competitors. Our Theobroma frozen hot chocolate selection gives us the opportunity to widen our scope on who our consumers and competitors will be. In the case, our ice-cream store competitors include Ben & Jerry's and Baskin-Robbins since their frozen products are incredibly popular, and they also have locations in major cities where their customers can sit down and eat in the store.

Theobroma will stand out from our competition due to our wide selection of products and ingredients used. Our various types of cocoa used in both our beverages and pastries offer both chocolate and coffee lovers a chance to try specialty recipes. Our products may seem similar to our competitors', but because of our flavorful cocoa beans, consumers will come to Theobroma to find the right bitterness and sweetness they're looking for in a hot chocolate drink or in a chocolate pastry.

### **Target Market**

Theobroma's primary target market consists of upper-middle class individuals ages 18 to 29. This age group is health conscious, but they also like to indulge every once in awhile, too (Barton, Egan, Fromm, Karen, 2012). They spend their disposable income when eating out with friends, going on coffee breaks with coworkers, and even getting a sweet treat after a Tinder date (Barton, Egan, Fromm, Karen, 2012). Theobroma's target market does not mind spending extra money when satisfying their sweet tooth, especially when they are indulging in a premium product. With the increasing trend of self-serve frozen yogurt among Millennials, this age group loves customization and versatility, which Theobroma strives to embrace, offering our customers a different variety of hot chocolate that satisfies every mood, taste preference, and dietary restriction ("Frozen Yogurt Industry Analysis", 2016).

Individuals in our target market are busy, working young people who live in urban areas. They are well educated, social, and like to better themselves in their free time by reading the news, picking up new hobbies, exercising, and learning new things. Above all, Theobroma's target market values success and work ethic, but they also like to have fun and enjoy life's indulgences.

### Meet Sandra:



Sandra lives in Boston, MA and is majoring in journalism at Emerson College. As a Resident Assistant and the Editor of the school's newspaper, she keeps very busy. Not only is she academically driven, but she also likes to get some R&R by catching up with her friends after a long day. They like to check out local restaurants and cozy cafés, where they can take a break from the fast-paced city and school environment. Some restaurants and cafés, such as Starbucks, foster an uptight, stressed-out energy. Sandra and her friends like to escape this by going to places that take welcome them into a warm, soothing, and comforting atmosphere.

### Meet Cait:



Cait currently works as a freelance writer, living in Williamsburg, Brooklyn. She is outgoing and loves meeting new people and going to new places in the city. Her adventurous spirit often takes her to new restaurants or provokes her to taste foreign food—she does not settle for simplicity. She moved to the city without knowing anyone, and often goes on Tinder dates to meet people. Despite her adventurous spirit, her ideal date involves a trip to a quiet restaurant or café where she and her date can linger and chat in a comfortable environment.

### Meet Sam:



Sam graduated with a degree in Architecture from Cornell University and recently moved to Portland, Oregon to start his career. He is very career-oriented and passionate about his field. He likes to create architecture sketches in local cafés, where he can listen to soft music, get a tasty drink or snack, and enjoy a relaxing ambiance. Because he just moved to Portland, he prefers to do his work in cafés, rather than in his apartment, to hopefully meet new people and get a better sense of the city. Sam is a classy guy. He likes going to cafés and restaurants that fit his high-end taste. However, not all classy, high-end places like when their customers stay for long amounts of time; so Sam likes to sketch in cafés that have both a classy feel, as well as the welcoming and comforting appeal of somewhere more casual.

## Part 2: Target Market and Positioning Statement

### **Positioning**

Theobroma is a premium brand that sells premium hot chocolate and complimentary pastries, while offering exemplary service. This image extends to all aspects of the business including supplies and packaging, employee uniforms, quality of employee service, retail store decor and ambiance, and product offerings. As we encourage customers to customize their hot chocolate orders, we differentiate our brand from our competitors based on our high-quality products and relaxed, welcoming, and upscale ambiance.

Theobroma offers more than just hot chocolate line-extended products: we offer an experience that is nostalgic and unique when compared to other brands in our market category. Theobroma's image not only captures our primary target audience of mass affluent and high net worth consumers, but also has an aspirational aspect that the mass-market consumers strive to experience. This image will be desirable to consumers because as trends continue to evolve, customization is now valued more and more. Just as individuals love to customize their drinks at Starbucks and their iPhone colors and cases, they want to customize their hot chocolate. Theobroma will be the first brand in the hot chocolate industry to offer this level of customization coupled with the upscale 'Theobroma Experience' to consumers. Customers will be excited about the experience of getting hot chocolate just the way they like it, down to the concentration of cocoa and flavor they want in their beverage. Theobroma will communicate the benefits of this image by promoting a slightly more exclusive presence, greatly influenced and enhanced by our pricing and high level of service.

Other competitors in our market category are Starbucks, Godiva, and specialty hot chocolate shops only found in small towns. Relative to these competitors, we will stand out because our product is differentiated by customization. The type of cocoa bean can be customized; and different types of milk, toppings, hot chocolate specialty mixes, and signature drinks will be available. The ambiance in Theobroma cafés is more upscale and is trendier than other existing brands and stores. This will be a significant advantage for Theobroma, however, with increased customization also comes premium pricing, which might be a disadvantage, especially when targeting our aspirational mass-market individuals. In a declining economy, our business may lose money because consumers might cut back on luxuries, and our hot chocolate is a premium product. At the same time, Theobroma is more exclusive compared to other high-end cafés, and due to Theobroma's high-end image, people may turn away from even entering one of Theobroma's locations. Regardless of the potential losses, we believe that Theobroma's image will have more benefits, because of the added value services our brand presents, such as mass customization, a comfortable café atmosphere, and charging stations to name a few. This position will meet our marketing initiatives because our marketing strategy is consistent with the image. In-line with the trendy aspect of Theobroma, our marketing initiatives include emerging sources of media that appeal to the younger crowd. We will promote across select, high-end outlets and mediums that align with our brand image and effectively reach our target market.

### **Product Strategy**

For Theobroma's brand perspective, we want to adjust the views towards our brand to be much more high quality and high class to greatly differentiate ourselves with our competitors who also provide products that Theobroma exclusively offers such as customizable hot and cold beverages. Theobroma will add more product variety in both our beverage selection and baked goods section to include more specialty ingredients such as gold flakes on pastries or different types of cocoa bean concentrates in beverages. At the same time, we will concentrate on the *minimalist* approach to our coffee items and hot chocolate offerings by making our selection limited and serving sizes appropriate enough where the consumer will be satisfied with our product in one bite. With our new product introductions within existing categories, Theobroma will create line extensions of our original Theobroma products.

To meet the needs of our target market (upper-class Millennials aged 18 to 29), we will help our consumers socialize with friends in a calm environment by providing comfortable seating and numerous seating options, and will provide areas for students to find comfortable and convenient enough to study in, in the café (charging pads on tables and plugs). With that, features such as free Wi-Fi in our locations will make it easier for our consumers to always be connected.

### **Pricing Strategy**

Theobroma provides customers with premium products and many additional services that add value to the product and brand experience. These value-added services include mass customization of ingredients in hot chocolate, charging stations in cafés, and accommodations for dietary restrictions (such as vegan, gluten-free, soy-free, and nut-free options). Additionally, the *classy* ambiance of our cafés adds value to the entire brand experience. We understand that drinking a cup of hot chocolate or eating a pastry is about more than just the food itself—it is about enjoying it in a comfy, welcoming, and well-kept environment. Our cafés provide our consumers with a clean and comfortable space to enjoy their purchases and linger, while they do work, spend time with friends, or reflect on their day. Providing our customers with this pristine environment adds enormous value to their purchase. Because of this added value, our products will be priced relatively higher than our competitors. For example, Starbucks' Signature Hot Chocolate costs \$2.30 for a Tall, \$2.55 for a Grande, and \$2.80 for a Venti; however, our hot chocolate beverages will cost \$3.75 for a small, \$4.25 for a medium, and \$4.75 for a large ("Starbucks Menu Prices," 2016). All consumers have the option to customize Theobroma Hot Chocolate to the degree they desire, however the cost of the beverage will not change based on how much the consumer customizes their drink. Theobroma believe giving consumers the *option* to customize justifies the high cost of the beverage. Our other products, such as pastries and dessert items, will be priced relatively higher than our competitors as well—while a Starbucks croissant costs \$2.45, a Theobroma croissant will cost \$3.75 ("Starbucks Menu Prices," 2016). These higher costs are justified by the unique services and café environment our brand offers that add value to the product experience.

The higher cost of our products reinforces our brand's upscale and classy image as well as the target market we seek to attract. Our primary target market is upper-middle class individuals ages 18 to 29. These individuals are likely to spend their disposable income on high quality food and dessert items they can enjoy with loved ones (Barton, Egan, Fromm, Karen, 2012).

Therefore, these individuals will be willing to spend a premium price on our product. This pricing strategy will reinforce Theobroma's classy, upscale, and high-quality brand image.

### **Distribution Strategy**

We want our customers to be able to buy Theobroma products only at Theobroma cafés. We want to sell directly to our customers to maintain service and quality control. Existing distribution channels include selling directly to consumers, selling through Theobroma retailers and Theobroma cafés, selling products on our Theobroma website, and engaging in wholesale contracts, allowing other business to rebrand certain product offerings for their own purposes. Theobroma strives for vertical integration, with the desire to control as many parts of the process as possible from harvesting the cocoa bean to handing the customer their cup of hot chocolate. To maintain that control, Theobroma will only sell directly to customers.

Examining the Apple model, Apple maintains a similar strategy. If our product becomes too readily available, it becomes a commodity and it is harder to maintain the image and brand equity. We can best reach our target market by positioning Theobroma products in major cities that have a significant mass affluent and high net worth young adult population. Theobroma cafés will be strategically located in busy city locations, but will not saturate those markets. In other words, consumers will not find a Theobroma at every corner like Starbucks. There will be enough stores to cater to the target population but still retain its slight exclusive edge.

### **Promotion Strategy**

As a new brand, it is important that Theobroma gains brand awareness, educates consumers on who Theobroma is as a brand and informs consumers and potential customers what Theobroma sells through our promotion strategy. Therefore, we will have a heavy promotion strategy for the launch of our brand to effectively reach our primary demographic. Theobroma will communicate our message and engage with our target audience through social media, events, collaborations with other brands, advertising, and personal selling through Brand Representatives. Again, our primary target market consists of upper-middle class individuals aged 18 to 29; they are health-conscious, but like to indulge on occasion, and often spend their disposable income on high-quality food when eating out with friends. The primary demographic are likely to be unmarried, busy, working professionals.

### **Social Media Strategy**

Since our primary target market is Millennials aged 18 to 29, we will heavily promote our brand and image on social media. The platforms we will use are Instagram, Facebook, Twitter, and Snapchat. Our social media content strategy includes engaging messaging that encourages consumers to comment and "like" Theobroma's posts and in turn, post their own photos, videos, and text relating to the brand.

The main hashtag that we will use for the launch of our brand is **#CupofCo**. We will use this in our messaging on Twitter, Facebook, and Instagram to encourage engagement and to track consumer responses. We will encourage engagement by having sweepstakes, where consumers

will be entered to win a prize - such as a Theobroma gift card - if they post on a social media platform using the #CupofCo hashtag. On Twitter, Facebook, and Instagram, we will post brand-relevant multimedia content, such as pictures of our café locations, videos of Theobroma baristas making drinks, pictures of our Theobroma drinks and food product line, and informative posts on where our cacao beans are harvested from. Since Theobroma is new brand, it is especially important that we post informative posts to let consumers know who we are, where to find us, and our unique selling points to create a sense of brand association with high-quality beverages in consumers' minds. In order to make the content interesting and engaging, we plan on posting text posts with pictures and video content to attract viewers to our pages and hopefully gain followers, likes, and comments.

Sample Tweet: How do you like your #CupofCo?

Sample Facebook Status: At Theobroma, you can customize your #CupofCo down to the last ingredient!

Sample Instagram Post: Post a picture of your #CupofCo for a chance to win a Theobroma gift card!





Sample Instagram Post: Want to taste the food of the Gods? Get a #CupofCo at our opening on 10.12.2018!



On Snapchat we will have our own Theobroma account, where we will post pictures and videos to our Story throughout the day. Theobroma administrative workers will run the account to present Theobroma on the first-person point of view perspective. Content will be aimed at informing consumers about how drinks and food is made, where our ingredients come from, the drink flavors offered, menu items, café locations, and more. We will do this by posting pictures and videos to our Snapchat Story each day to update consumers on the latest Theobroma news and give them a behind-the-scenes look into the making of Theobroma's drinks, food, and ambiance. Additionally on Snapchat, we will also advertise our brand on Snapchat Discover. Theobroma will advertise on the Food Network and Tastemate discover pages, because these outlets are high-end culinary oriented. We will also advertise on the Sweet discover page, because this outlet focuses on promoting new upscale products and brands. In these advertisements, we will promote our main slogan, "**Theobroma: Food of the Gods.**" When consumers swipe-up on our Snapchat Discover button and Snapchat Discover advertisements to view more content, they will be lead to an article that highlights who we are, what products we sell, our customizable menu, our café locations, and our social media handles.



Sample Snapchat Advertisement: (Placed on the Food Network's Snapchat Discover)



We believe it is in our best interest to use social media heavily in order to reach our target audience. Additionally, social media can be a useful tool when educating the population on what your brand is, because it allows brands to post frequently, at targeted audiences, at a minimum cost. Therefore, it is important for Theobroma to capitalize on these social media platforms for the launch of our brand.

Collaborations & Events

As a new brand, it can be useful to collaborate with other products and brands to leverage our launch and gain visibility. One way we plan on doing this is by collaborating with bakeries, such as Sprinkles or Georgetown Cupcakes, and creating a product together, such as a hot chocolate flavored cupcake. If the joint-product is successful, this would benefit both brands. The brand we collaborate with would benefit through increased sales, and we would benefit through increased visibility. This also opens the door to create future products together or collaborate in other ways (i.e., joint-catering), as we create a relationship with already-established brands.

Similarly, as a new brand, gaining visibility at events is another good way to familiarize the public with our brand image. One way we plan on doing this is by catering events that align with our upscale brand image, such as art galleries, fashion shows, and musical performances.

Another idea for an event is to hold food tastings for writers of magazines, such as *Food & Wine* and *Sweet*, in hopes of getting a feature article in one of the publications. These magazines often

feature up-and-coming food companies, so getting media coverage in one of these outlets would help us gain visibility and brand awareness among our audience. Both of these magazines have a heavy online presence as well, which would help us reach our target consumers.

### Advertising

As we are a new brand, gaining brand awareness is our main goal in our advertising initiatives.

Therefore, in all of our advertising, we will promote our slogan as the main message:

**“Theobroma: Food of the Gods.”** Theobroma will advertise in traditional media to broaden our reach to our secondary target market. We have defined this secondary target market as upper-middle class adults ages 30 to 50 in corporate or business positions. These individuals have more disposable income and are wealthy socialites, who like to spend their money on high-quality and high-end products, making them a probable Theobroma consumer. In order to reach these individuals we will advertise in high-end print magazines that appeal to a slightly older audience, such as *Vogue*, *O (The Oprah Magazine)*, *Food and Wine* and *Martha Stewart Living*. By placing advertisements in these outlets, we will be able to effectively reach our secondary target audience, while also staying true to our upmarket brand image.

Theobroma will also place online advertisements in online magazines targeted more-directly at our primary target audience, such as *Elle*, *Cosmo*, *Sweet*, and *Vogue*. We will also promote online by sponsoring BuzzFeed articles. One example of a possible BuzzFeed article is a quiz users could take that would determine their taste preferences and then show them how to customize a Theobroma hot chocolate order to match their specific taste preferences.

In order to reach both our primary and secondary target audiences, we will advertise on specific, targeted television networks, such as The Food Network. Usually, consumers who watch The Food Network are interested in eating outside of their homes and trying new foods, tend to have a relatively high income to afford various ingredients to meet the recipes provided, and are well-educated, making this network the perfect platform to advertise a new café brand such as Theobroma (New York Interconnect, 2013).

### Personal Selling

Theobroma will incorporate personal selling into our promotional strategy by hiring Brand Representatives to promote our brand on their personal blogs and social media sites. These individuals will be established food bloggers, food critics, and food Instagrammers with high-followings. The Brand Representatives will benefit by gaining profit, free products, and content for their posts, and Theobroma will benefit through increased exposure. As the Brand Representatives post about Theobroma and our products on their personal blogs and social media accounts, their followers will gain awareness of our brand, and will be more inclined to visit a Theobroma café if they see a positive review or a picture or video that intrigues them. One example of an ideal Brand Representative is Michelle, who runs Hummingbird High (<http://www.hummingbirdhigh.com/>), which is a dessert food blog. Another example is the Instagram account @letmeeatcake (<https://www.instagram.com/letmeeatcake/>), a dessert-oriented Instagram. Both of these accounts would be great platforms for Brand Representatives, because the admins post frequently, maintain a high-end aesthetic, and are part of our primary target audience. Therefore, these bloggers would be sound advocates for the brand, and other consumers in our target market would trust what they have to say, thus increasing the value of our brand.

## Mockups

### To-Go Bag



### Employee Uniforms



## Charging Coaster



## Drink Menu

Menu			
Hot Chocolate	\$3.75	\$4.25	\$4.75
Peppermint Hot Chocolate	\$3.75	\$4.25	\$4.75
Orange Hot Chocolate	\$3.75	\$4.25	\$4.75
Vegan Hot Chocolate	\$3.75	\$4.25	\$4.75
Aztec Hot Chocolate	\$3.75	\$4.25	\$4.75
Peanut Butter Hot Chocolate	\$3.75	\$4.25	\$4.75
Pumpkin Spice Hot Chocolate	\$3.75	\$4.25	\$4.75
Carmel Hot Chocolate	\$3.75	\$4.25	\$4.75
White Hot Chocolate	\$3.75	\$4.25	\$4.75
Dark Hot Chocolate	\$3.75	\$4.25	\$4.75

## Part 3: Evaluation of the Plan

### **Outcomes of Plan**

Theobroma is not as widely available as brands like Starbucks and is much more exclusive due to Theobroma's high quality products and limited locations. In the 'Speciality Beverage' and hot beverage category, Theobroma competes with brands that offer hot chocolate and beverage items that could compete with Theobroma's high quality drinks, pastries, and baked goods—coffee shops, bakeries, ice-cream stores, frozen yoghurt stores and companies that manufacture hot chocolate mixes. To maintain our competitive edge, we will manufacture and produce hot chocolate mixes to offer our consumers an alternative to getting Theobroma hot chocolate in our cafés. Not only do we use expensive and high quality cocoa beans, but also the beverages we offer are customizable to feed our customers' varying taste preferences and dietary needs. With the variety of rich and versatile flavors, Theobroma wants to reap this opportunity by offering customers the ability to customize each aspect of their beverage to ensure customer satisfaction.

Theobroma is positioned in outlets targeted at our audience. These are specific food and fashion-related outlets, such as *The Food Network*, *Tastemade*, and *Vogue*, to name a few. Our position in niche marketing allows our brand to be exclusively offered for primarily upper-middle class individuals ages 18 to 29 who are health conscious, but also like to spend their income on high quality food, such as hot chocolate and dessert. Our locations in large urban areas aid us in reaching our target audience because individuals in our primary target market consist of busy young consumers and Millennials who live in urban areas.

### **Potential Risks**

Theobroma has taken a significant risk in adopting this strategy because we are appealing to a niche market, offering a premium product at a premium price. Our differentiation from competitors is an advantage because we specialize in hot chocolate, something that few of our competitors do, however our products are also at a higher price point and we have fewer café locations. We are not a mass-market brand, which could impact our potential market share. Also because we are a premium brand, if the economy does poorly, it might impact our revenue and cause our brand to suffer. Competitors might respond to our strategy by differentiating themselves further. They might offer more promotional deals, introduce hot chocolate to their product offerings, or even compete on price. Competitors such as Godiva or Starbucks have the scale necessary to implement a combination of these tactics. Despite their scale, we believe that we offer a unique product to a relatively unsaturated market. Our differentiation is what will make us successful in an evolving market. Over time as we get more successful, we strive for vertical integration in all parts of the supply chain and this will help us be more respondent to economic changes and be more adaptable. *The weaknesses and threats outlined below in our SWOT analysis represent our most threatening risks as a brand.*

## **SWOT Analysis**

<b><u>Strengths</u></b> <ul style="list-style-type: none"><li>• Focus on premium product</li><li>• Customization of product offerings</li><li>• Emphasis on customer service</li><li>• Welcoming café ambiance</li><li>• Free electronic charging &amp; Wi-Fi</li><li>• Live musical performances</li></ul>	<b><u>Opportunities</u></b> <ul style="list-style-type: none"><li>• Increased specialization</li><li>• Mass customization</li><li>• Niche marketing to reach target audiences</li><li>• Experiential marketing via collaborations &amp; events</li><li>• Accommodating to dietary restrictions (product line expansion)</li></ul>
<b><u>Weaknesses</u></b> <ul style="list-style-type: none"><li>• More exclusive brand</li><li>• Relatively higher prices compared to competitors' products</li><li>• Variety of products makes it difficult to have a defined brand image</li><li>• No initial brand awareness/recognition</li><li>• Print advertising may not reach primary target audience</li><li>• Lack of loyalty program</li></ul>	<b><u>Threats</u></b> <ul style="list-style-type: none"><li>• Varied competitors in specialty drink category</li><li>• Declining economy</li><li>• New market entrants - innovation in drink industry/substitute for hot Chocolate</li><li>• Market saturation</li><li>• Competitors' loyalty programs (i.e., Starbucks)</li></ul>

## **Contingency Plan**

Exclusive brand with high prices - We will combat this by marketing only in high-end outlets, which will help us align with our premium brand image. Additionally, we will notify our audience that we value having premium products and added-value services, which is reflected in our high prices.

Variety of Products - We will focus our marketing solely on our base product - hot chocolate. This will hopefully align our brand image with being a premium hot chocolate café.

Lack of Loyalty Program - Theobroma will focus on other points of differentiation from competitors (i.e., customization, highlight each type of cocoa bean we use, welcoming café ambiance, other value added services). We want our customers to come to Theobroma for our product, not because they will gain points or have another incentive motivating them to come to Theobroma. If the Loyalty program becomes a major issue, Theobroma will implement its own Loyalty program that challenges its customers to create the most innovative hot chocolate and include them in the creative process.

Print Advertising May Not Reach Target Audience - Although we may not reach our target audience through our print ads, we plan on reaching them through other outlets such as social media. However, to make sure our target audience can connect through social media if they do happen to see a print ad, we will have QR codes and social media icons in print ads so it is easy

for our target audience to follow us on social media and reach us in a convenient way if they do see a print ad.

No Initial Brand Awareness or Recognition - We will advertise heavier during initial launch to create awareness of our brand. Additionally, we will utilize guerilla-marketing techniques, as this is the fastest and easiest way to go viral and gain awareness. We will use social media heavily during our launch, because this outlet allows us to post frequently at low cost, so we can effectively create brand awareness without expanding our advertising budget too much. Additionally, we will utilize experiential marketing tactics, such as promoting during fashion week and large food related events, so that Millennials will be able to really align our brand with luxury and high-quality products.

Market Saturation - Our marketing will seek to highlight points of differentiation. Theobroma does not aim to be mass-market supplier or a local coffee company - we are in-between. Capitalizing on this middle ground will allow us to break through the noise of market saturation and differentiate ourselves from competitors. We will also capitalize on having strong marketing strategies that allow customers to identify us as being the sole luxury, high quality hot chocolate brand. Lastly, we will offer exclusive deals for our regular customers that promote the brand and create a more exclusive feel.

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