



DogHouse Café

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Dear Patrick McHugh,

Attached is our proposal for the creation of DogHouse Café. At Doghouse Café, we seek to serve as an intermediary between traditional kill shelters and the consumers that adopt their respective rescue dogs. Through exhaustive research and evaluation of the industry and markets surrounding pet cafes, we have created a plan of action to establish and maintain the revenue growth of our cafe.

Our business model is similar to that of the ever popular cat cafés, except in our adoption dynamic. Our research suggests that requiring patrons to pay a \$10 hourly cover fee to enter the café. However, if any of our patrons become particularly attached to one of our dogs, they're permitted to fill out an adoption and fostering form and subsequently participate in phone interviews and a home inspection in order to adopt their chosen dog. Finally, note that we also sell dog-related goods such as dog food, mugs with our logo, and dog tumblers.

This business plan encouraged us to think critically about all aspects establishing and operating a niche business in an area with a high cost of living. We were specifically occupied with identifying and measuring fixed and overhead costs such as rent, insurance, and maintenance of our dogs, and delving into the mechanics of serving as a pet store, a cafe, and a middleman between dog shelters and dog adopters simultaneously.

If any of the present documents warrant any further discussion or clarification, feel free to contact our team.

Sincerely,

Andrew Morissette

Xiaoxiong Xu

Zhengya Wen

Sooyeon Kim

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Executive Summary:

Our café, DogHouse Café, is located in Berkeley, California. DogHouse Café has all the basic features other cafés have, which include selling beverages and food. On the other hand, we also sell dog-related goods, such as dog food, mugs with dog logos, and dog tumblers. We offer the opportunity for customers to adopt dogs directly at our café after they interacted with our dogs and found a good fit. However, the adoption fee and the vaccination fee will pass on to our customers, when they decide to adopt dogs. Additionally, we require an hourly entry fee of \$10 for our café. Since we are located in a popular area, we have three groups of target customers, which are college students, people looking for dog adoptions, and commuters. Due to size of our business, we take Limited Liability Company (LLC) as our tax structure. This structure benefits us in minimizing tax and allowing us to have unlimited investors. Although our business might have market, health, and financial risks, we can prevent them by taking some precautionary measures.

DogHouse café offers an experience that melds the morning commute coffee shop, the lax animal café, and the adoption kennel into a uniquely humanitarian establishment. Moreover, our location favors us in allowing us to provide to commuters and college students as well as the natural denizens of Berkeley, and our distinct absence of primary competition and lack of secondary competition provides us an open playing field for our operations. In essence, our competitive advantage is created through our unique culture of featuring dogs rather than cats, our commitment to the rescue and adoption of our dogs, and our ability to simultaneously tap into multiple markets while our competitors are focused on exploiting one market only.

The American people love both coffee and dogs, so our ability to attract consumers By considering Berkeley County as an ideal location, we will focus on drawing customers from Berkeley citizens.

Our primary targets are college students in Berkeley and people who are looking for dog adoption. With the location advantage, college students with high population may be our main customers. With the popularization of recent dog therapy, our coffee shop is expected to stand out from local cat cafes. According to the UC Berkeley students' high frequency of visiting cafe chain, we assume that they may come to our cafe and we will provide the place for study and meeting. As UC Berkeley enrollment increased, we foresee that we will have more business opportunity. People who want to adopt dogs are another primary target customers. Since growing number of Berkeley citizens adopted dogs in recent years, we can help more dogs to find their new owners.

We regard people who drink coffee as our secondary targets. Despite college students, commuters have the high percentage of Berkeley population. Although people with higher income are more likely to buy coffee, low-income people still drink coffee frequently. Therefore, we sell our coffee to those office workers. However, we are concerned about the decreased

population growth rate which may decrease our sales of coffee. Less consumers will buy our coffee and beverages due to the soda tax.

DogHouse Café wants people to relax with dogs while having a cup of coffee. If customers want to see our dogs again, they can come visit our cafe whenever they want to. If they are qualified, customers may also choose to adopt one of our dogs.

The main marketing strategy of DogHouse café will mostly be utilizing digital and online platforms. Our website and various social media platforms will allow an increase in exposure and communication with customers. Our business will use different methods of advertisement depending on the characteristics and features of each platform.

DogHouse Café will be advertised at the University of California, Berkeley and dog parks. When our team meets people in person and promote our business, we will distribute our business card with a QR code. With a QR code, people can easily access our social media platforms by scanning it on their phone.

1.0 Business Description (Zhengya Wen)

1.1 Overall Description

1.11 Basic Features

In terms of basic features, our café offers different types of drinks, such as coffee and smoothie. Our kitchen would also provide delicious muffins, chicken sandwiches, and yogurt and granola parfait for customer. Below is the menu of our café.



1.12 Special Features

One of the special features is that we keep rescued street dogs in our café. In order to build an amicable environment, there are sofas and carpets in our café. It would be more comfortable for customers to interact with our dogs. Secondly, we also have a spacious area separated from the main lobby, where customers are able to run and play with the dogs. Within this area, dogs' individual houses are placed, because we want to make sure each dog can go back to their own

area to take a rest whenever they are tired or can get some food as well as water whenever they want to. Last but not least, customers can adopt any dogs in the café by simply filling out the application form online. Then a coordinator will “schedule a phone interview and home inspection”. This is a situation that benefits both the dog and the customer. The dog can finally find its new home and it can bring happiness for the customer as a new family member.



1.13 Customer Benefits

Customers, who like dogs but do not have their own dogs, can come to our café and enjoy their time with dogs as much as they want. Customers, who are students, can study here with the accompany of dogs and Customers, who are parents, may bring their children here to let them form some sort of connection with pets. This can help children to develop a positive and caring characteristic.

Moreover, customers, who have a relatively low budget, no longer need to purchase a dog from pet stores with a high cost. They can get a trained and vaccinated dog with only the adoption fee, which is a lot less than the price of a dog in a pet store.

1.24 Advantage over competitors

After the market research, it is noted that our dog café is the only dog café in northern California. The other one is located in Los Angeles. Therefore, our café would attract lots of customers from San Francisco and the Bay area due to its geographical advantages. Our café is located near

¹ “Seoul Offbeat: Bau House Dog Café,” *Pinterest*, <https://www.pinterest.com/pin/71494712811918531>

University of California, Berkeley, and we benefit from being so close to a large group of students. The low rental fee around this area can also save us a considerable amount of fixed cost. The other competitors we have may be the cat cafés, which are situated around San Francisco and the Bay area. However, we are different from those cafés because of the dog adoption aspect. By rescuing dogs and finding them a sweet home, our company may gain a better reputation from the positive feedbacks. Therefore, we are capable of attracting new investors.

1.2 Target Market

Primarily, we are aiming for students within Berkeley area. Our dog café is more attractive to them, because only the enrollment in fall quarter in 2017 counts as one-third of the population in Berkeley County. We are also targeting people, who have the tendencies to adopt dogs. Comparing to pet stores, some of them are more likely to consider adopting dogs from our café due to the fact that they can interact with the dogs to find a good fit. Our secondary target is commuters, who like to drink coffee. Most of the Americans drink at least one cup of coffee every day. If they are not in a rush, they might choose to come to our café because of our special features. We would also advertise for our café on social medias, such as official website, Twitter, and Facebook. On those social media, the data analyzer would automatically post our advertisement for people, who have searched for dog adoption or dog café.

1.3 Legal Structure

We choose to function as a Limited Liability Company(LLC), because it has several benefits for our company. It allows us to avoid double taxation and “earnings and losses pass through to the owners and are included on their personal tax returns”². Additionally, it has no limitation for numbers of shareholders, which means that we can have as many investors or business partners as we want. It is one of the best structures for our café, since it is based entirely on funds.

1.4 Investments

1.41 ASPCA Grants

ASPCA is one of the most ideal investors, since our café is a dog-based business, serving the same purpose as dog shelters. ASPCA is one of the largest animal welfare grants across the country³. As a result of starting our business by finding street dogs, vaccinating them, training

² “Business Structure Basics,” *Entrepreneur*, <https://www.entrepreneur.com/article/75118#>

³ “ASPCA Grants,” *ASPCA*, <https://www.aspc.org/about-us/aspc-grants>

them, and raising them, there will be not revenue until the café is ready to be opened. We can apply for this grant to ensure that we are financially secured at the beginning. Furthermore, ASPCA offers different grants based on the business model. Our café qualifies for several of them, such as Anti-Cruelty Grants and Animal-Rescue and Shelter Grants.



1.42 The Binky Foundation

Considering the size of our business, Binky is another choice for our company, because it tends to help small, local organizations to get a firm basis from the beginning of their businesses. We may be able to apply for funds up to \$2,500⁴.



1.5 Potential Risks and Strategies

1.51 Market Risks

One of the market risks for our café is posed by the “current market conditions and trends”⁵. If our products and services are not suitable for the current market or our targeted customers already have a store or a café they go to on a regular basis, our business might be at risk. However, the industry analysis shows that our primary competitor, “TheDogCaféLA”, is located

⁴ “Grant Program,” *The Binky Foundation*, http://www.binkyfoundation.org/binky_foundation_grants.html

⁵ “Risks of Starting a New Business,” *Chron*, <http://smallbusiness.chron.com/risks-starting-new-business-4195.html>

in Los Angeles. It is relatively far from where our café is located. So, it is not much of a threat to our café. Our secondary competitors are dog shelters, pet stores, and other cafés, but our café can stand out from them, because we combine all the features they have. In addition, the market analysis shows that our primary target is the student group from colleges nearby. Students are always looking for new places to hang out with their friends. So, they wouldn't keep going to one café.

1.52 Health and Regulation Risks

Technically, the biggest challenge of the café is to maintain a good mood for the dogs and keep them in a healthy condition. So, all of our staffs would be trained to learn how to feed the dogs, how to take care of them, and how to deal with any potential emergencies. The high standard of cleanness is also an ongoing concern for us, because we need to ensure that any detergent or cleanser we use in the café is not toxic to dogs, and we also need to teach our staffs how to clean the dogs' wastes. There is also the concern about hygienic conditions, because customers may play with dogs while having food and drinks. However, all of our dogs would be vaccinated before they come to our café. If the dogs' wastes are not around the dining area, the health risk for human is negligible.

1.53 Financial Risks

The financial risks are most likely caused by the miscalculation before starting the business, such as improper estimation of the fixed cost and revenue and fail to apply for the grants. There might also be other unpredictable factors like new rules credited by FDA, which can also be the risks of our business. Therefore, we can prevent those risks from happening by calculating the budget multiple time and always keep an eye on the new regulation related to our business. We are also concerned about the marginal revenue earned by having dogs in our café will be lower than the cost of injecting vaccines and fostering the dogs. Moreover, food and living expenses for dogs may also post potential risks on our business. Finding many investors at the beginning may be the potential solution for this problem.

1.6 Annual Budget Overview

Insurance:

-General Liability Insurance	\$425 - \$796
-Business Owner's Policy	\$602 - \$2,091
-Workers' Compensation Insurance	\$1,412 – \$3,686 ⁶

⁶ “How Much is Business Insurance for Coffee Shops,” *Insureon*,
<https://foodservices.insureon.com/resources/cost/coffee-shops>

Costs for five dogs:	\$820 - \$7,750 ⁷
Advertisement cost (2000 business cards):	\$600 ⁸
Rental fee:	\$153,360 ⁹
Salary for three employees (excluding owner)	\$45,240 ^{10 11}
Total:	\$202,459 - \$213,523

1.7 Conclusion

Contrasting with other cafés, DogHouse Café not only provides beverages and baked products, but also creates a harmonious atmosphere with dogs for customers to release their stress. We rescue homeless dogs and train them so that they become more docile and approachable. Our goal is to take as many dogs as possible and increase their possibilities of being adopted. When customers come to our café, they can interact with dogs and if they find a particular one they like, they may be able to adopt them by going through our adoption process. DogHouse Café acts as a café to serve customer coffees, a pet store to sell dog-related products, and a dog shelter to give the homeless dogs a temporary home and help them to seek for new homes.

⁷ “Pet Ownership Costs Guide for 2017,” *The Simple Dollar*, <https://www.thesimpledollar.com/pet-cost-calculator/>

⁸ “QR Code Business Cards,” *Moo*, <https://www.moo.com/us/products/qr-code-business-cards.html>

⁹ “Rent Market Trends, Berkeley,” *Rent Café*, <https://www.rentcafe.com/average-rent-market-trends/us/ca/berkeley/>

¹⁰ “How Many Hours Should You Work Each Week,” *INC.*, <https://www.inc.com/john-rampton/what-hours-should-i-work-everyday-as-an-entrepreneur.html>

¹¹ “Minimum Wage,” *United States DEPARTMENT OF LABOR*, <https://www.dol.gov/general/topic/wages/minimumwage>

2.0 Industry Analysis (Andrew Morissette)

2.1 Introduction

The insights provided by the cat café industry are particularly pertinent to the following analysis of the dog café industry because of the relative abundance of cat cafés and the solid frame they provide for our business model to branch off of. In effect, our business model is a cat café modified to be the intersection between dog services, dog products, and cafés. Moreover, note that while our only prime competitor is based in Los Angeles, we have secondary competitors in the lines of adoption services, pet services, and food services. The following industry analysis also considers a variety of socio-cultural elements relevant to the history and development of the cat café industry in Asia and delineates how they apply to our North American business model. Finally, this document will also analyze the fixed costs associated with becoming a licensed rescue and adoption agency, the overhead costs brought on by feeding and caring for the dogs we are harboring, and how our unique amalgam of services gives us a competitive edge to overcome these costs and develop a sustainable business.

2.2 History and Growth of Cat Cafes

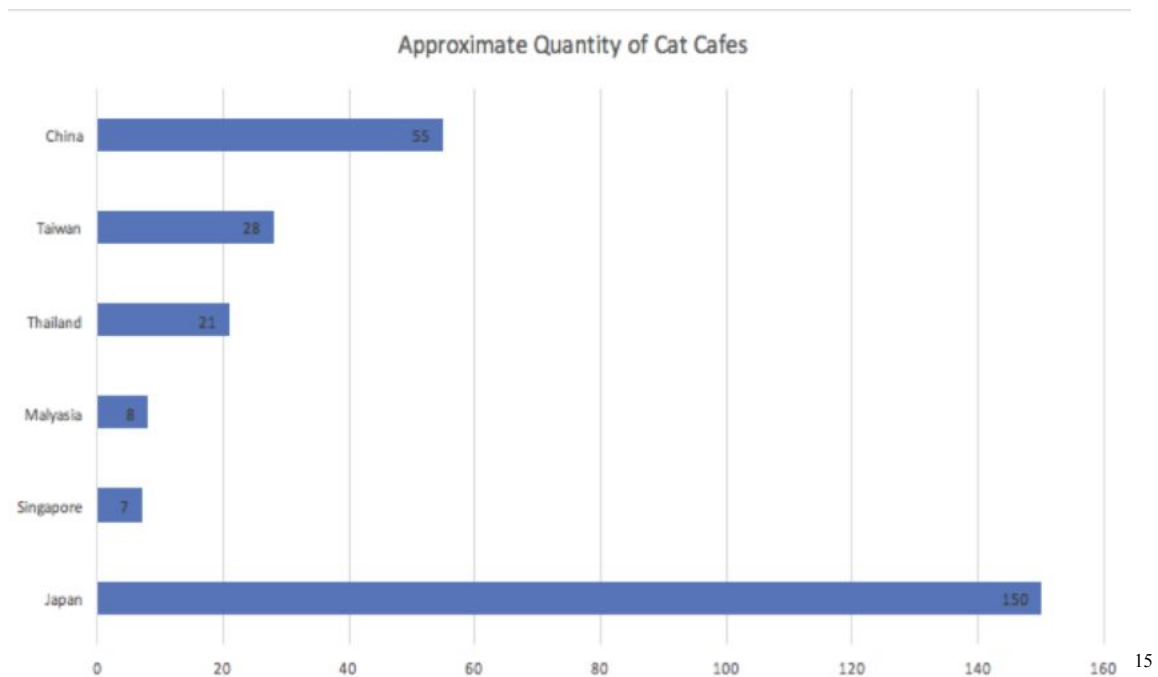
Though there are no quantitative statistics on the growth rate or net revenues of cat cafés, there is both historical and qualitative data suggesting their explosive growth in Asia in the past two decades, and their more recent expansion into North America. The Cat Flower Café in Taipei, Taiwan, which opened in 1998, is recognized as being the first ever cat café. Moreover, the first cat café to open in North America was the Café Chat L'Heureux, which opened in Montreal in 2014¹².

There are a variety of factors that gave rise to the popularity of cat cafés in Asia that differ in their relevance to our dog café in the United States. By and large, Asian countries often have fewer hygiene rules in restaurants, and pets can be bought in street markets. Likewise, European and American cafés often have stringent health and safety regulations that sometimes ban the petting of animals, or the presence of food amongst the animals. However stringent these regulations are though, they exist simply as red tape-based fixed costs to our enterprise, and have little meaningful effect on its plausibility. In a sense, these regulations raise our buy-in costs to be relatively higher than if we were to set up a duplicate café in an Asian country, but also serve to discourage the development of more competitors in the Berkeley area.

Furthermore, it's worth noting that cat cafés are so incredibly popular in Japan for not only a slew of cultural reasons, but also because of their population problems. The term *Hikikomori*, meaning 'pulling inward,' or 'being confined,' refers to the nearly half-million reclusive Japanese adolescents who withdraw wholly from social interaction and live in extreme

¹² "What's a Cat Cafe?" *The Cat Cafe*, www.catcafesd.com/us/whats-a-cat-cafe/

degrees of isolation¹³. Likewise, Japan has a dramatically declining population by modern standards; its birth rate sits at 1.4 children per family as opposed to the 2.1 children per family required for a sustainable birth rate. Note that two primary reasons for this decline are the oppressive work culture preventing romantic relationships and the infeasibility of young couples to find affordable housing together¹⁴. In consideration of this, it's simple to understand why many modern Japanese seek comfort and affection in animals they have no responsibility to care for, and likewise why there are currently more than 150 cat cafés in Japan. Note that while our dog café will not be subject to such extreme demographic influences, our presence will be relatively higher in demand than a Japanese cat café because of the sheer lack of competition in our area.



Finally, consider the therapeutic effect interaction with dogs has on humans and that 44% of American households while 35% of households have cats. The American Heart Association has found that dog owners are less likely to suffer from heart disease and depression, and more likely to have lower blood pressure than non-pet owners. Unsurprisingly, college campuses across the nation have created dog therapy days for students before their final exams; every UC school including UC Merced and UC San Francisco now hold quarterly dog therapy day.

¹³ “Hikikomori,” Wikipedia, <https://en.wikipedia.org/wiki/Hikikomori>

¹⁴ “It’s Official, Japan’s Population is Drastically Shrinking,” The Washington Post, <https://www.washingtonpost.com/news/worldviews/wp/2016/02/26/its-official-japans-population-is-drastically-shrinking/>

¹⁵ “Cat Cafes of the World.” *Google Maps*, https://www.google.com/maps/d/viewer?mid=12jze0qXlPs4w7L1FRgH8qKxEzzA&hl=en_US&ll=37.67127118720278%2C-105.14576096508802&z=4

Therefore, because of the recent popularization of dogs as therapy animals and of America's clear preference for dogs over cats, we expect our dog café to be vastly more successful than local cat cafés.

2.30 Competitors

2.31 Primary Competitors

In Northern California, there is one cat café in each of San Francisco and Oakland, and the only other relevant dog café on the West Coast is “TheDogCaféLA,” which is in Los Angeles. It's worth noting that pet cafés— especially cat cafés are particularly popular in Asia relative to North America. Likewise, our business is placed in Berkeley to capitalize on three things: the lack of competition in this area, the relative proximity of UC Berkeley's campus, and the lower rent price in Berkeley relative to San Francisco.

TheDogCaféLA is our primary competitor in the sense that it has a similar business model to us, but the fact that it's hundreds of miles from our establishment and draws from the shelters and consumers of completely separate metropolitan area effectively prevents it from siphoning traffic away from our business.

Cat Town in Oakland is a nonprofit establishment in Oakland that offers a full café, has roaming cats up for adoption, and offers cat-specific apparel. They have fourteen to twenty cats roaming around at any time, and have the capacity to seat twelve visitors per hour. They do, however, have a \$10 cover fee and require reservations at least a full day beforehand.

KitTea in San Francisco operates similarly, but serves a variety of teas, waffles, and sandwiches. KitTea does not, however, offer up their cats for adoption; they are part of the store's official “crew,” and return customers can expect to encounter the same cats during each visit.

DogHouse café will be more robust than either of these businesses because our seating capacity will be roughly forty-two, or that of a North American Starbucks, and it will also feature a cover charge to incentivize the college students who study in our shop to leave within an hour. Likewise, these two components of our business will hedge the economic losses we would otherwise take from constantly being at full seating capacity, and put us in a superior position to the two other cat cafés. In effect, because Americans prefer dogs to cats, and because dog therapy days have exploded in popularity among the UC schools, we expect to retain more than our fair share of miscellaneous pet café-goers and UC Berkeley students.

2.32 Secondary Competitors

Although we have few relevant primary competitors, we do have competition in the realm of dog shelters. Since a strong component of our business model is offering adoption services for rescue dogs, the presence of more shelters in our area would potentially crowd us out of this revenue. Google Data shows approximately twenty-seven shelters in the greater San Francisco Bay Area and three shelters within Berkeley that hold dogs¹⁶. There is an ASPCA institution in the East Bay and in San Francisco, but the closest thing in Berkeley is the Berkeley Humane Society, which receives no federal, state, or local government-based funding. Likewise, we plan to partner with the Berkeley Human Society in providing homes to rehabilitated dogs largely because they provide their dogs with the medical care needed for adoption, which takes immense potential overhead costs off of our business and is in turn easily passed onto the consumer through our \$200 - \$500 adoption fee.

There are eleven stores in Berkeley that sell pet food and would therefore be in direct competition with our in-house pet store¹⁷. However, the edge our company has over these stores is that we offer boutique style pet food and gifts, which, along with our Café and pet adoption services, offer a much more intimate and personalized experience than stores like PetCo. Finally, there are exactly twenty coffee shops including three Starbucks' in the city of Berkeley, so these will invariably dip into our share of commuters¹⁸. However, recall that roughly a third of Berkeley's population are college students, and despite the presence of coffee shops on UC Berkeley's campus, we expect to draw a relatively stronger share of these customers through the allure of our free-roaming dogs.

2.4 Barriers to Entry

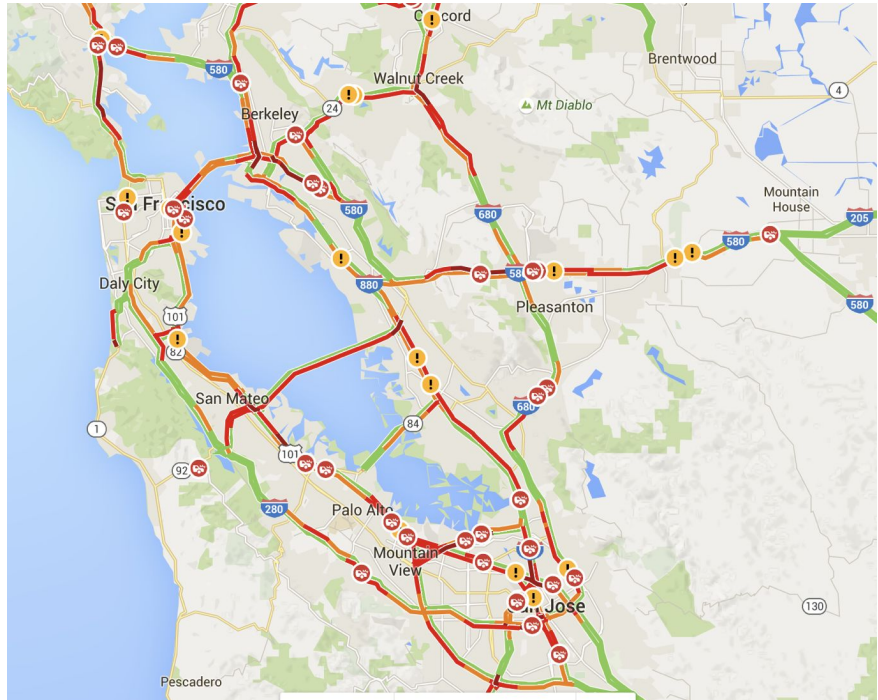
We propose to build our café in the San Francisco Bay Area, so our greatest overhead cost will by far be housing. Besides general lack of cultural exposure, the biggest reason there are only three cat cafés and no dog cafés in the Bay Area is because their low revenue, high fixed-cost and overhead models most often make long-term establishment unsustainable. Likewise, we plan to open our café in Berkeley because the New York Times quotes the average

¹⁶ "Bay Area Dog Shelters," *Google Maps*,
<https://www.google.com/maps/search/bay+area+dog+shelters/@37.6400809,-122.2323074,10.65z>

¹⁷ "Berkeley Pet Stores," *Yelp*,
https://www.yelp.com/search?find_loc=Berkeley,+CA,+USA&start=10&cflt=pets+store

¹⁸ "Coffee Shops in Berkeley," *Google Maps*,
<https://www.google.com/maps/search/coffee+shops+in+berkeley/@37.8641927,-122.311591,13z/data=!3m1!4b1>

rent price per square foot in San Francisco as \$4.95¹⁹, and rent per square foot in Berkeley as \$4.26²⁰. Consider that our location is also advantageous because of its proximity to the popular ‘BART’ commuter system, and to northbound morning traffic on Highway 580 and Highway 880. It’s also worth noting that there is consistently northbound traffic on these highways in the mornings because housing prices are significantly cheaper south of the city.



Another primary barrier to entry we face is health and sanitation regulations. Thanks to the Americans with Disabilities Act, dogs are allowed into restaurants if they are service animals²¹. However, the FDA bans all other instances of pets in retail establishments where food is served, amongst concerns of the animal’s excrement causing food-borne illness through patrons petting the animals and not washing their hands. Small Animal Veterinarian, Dr. Eva Evans states, “A healthy dog that is fully vaccinated and on a monthly parasite prevention, such as Heartgard, Interceptor, Sentinel, or Advantage Multi will pose an extremely low risk to human health,” she says. And even if the dog is unhealthy, contact with their bodily fluids is unlikely.” As long as the dog’s waste is kept away from the dining area, there is little concern for human risk²².”

One final barrier to entry is customer turnover, which will be directly influenced by the presence of dogs in our shop. Consider that we expect to draw a proportionally large population of student patrons compared to other coffee shops because of our proximity to UC Berkeley and the presence of our dogs. Also consider that while commuters would be in and out of our coffee shop in less than ten minutes, college students are much more likely to stay longer, especially after encountering the fluffy creatures we have roaming around. Likewise, if the average college

¹⁹ “Rent Price Per Sqft, San Francisco,”

<https://www.google.com/search?q=san+francisco+rent+price+per+sqft&oq=san+francisco+rent+price+per+sqft&aqs=chrome..69i57.4906j0j7&sourceid=chrome&ie=UTF-8>

²⁰ “Rent Market Trends, Berkeley,” <https://www.rentcafe.com/average-rent-market-trends/us/ca/berkeley/>

²¹ “Dogs’ Restaurant Health Risk,” <https://www.healthline.com/health/pet-health/dogs-restaurant-health-risk>

²² “Dogs’ Restaurant Health Risk,” <https://www.healthline.com/health/pet-health/dogs-restaurant-health-risk>

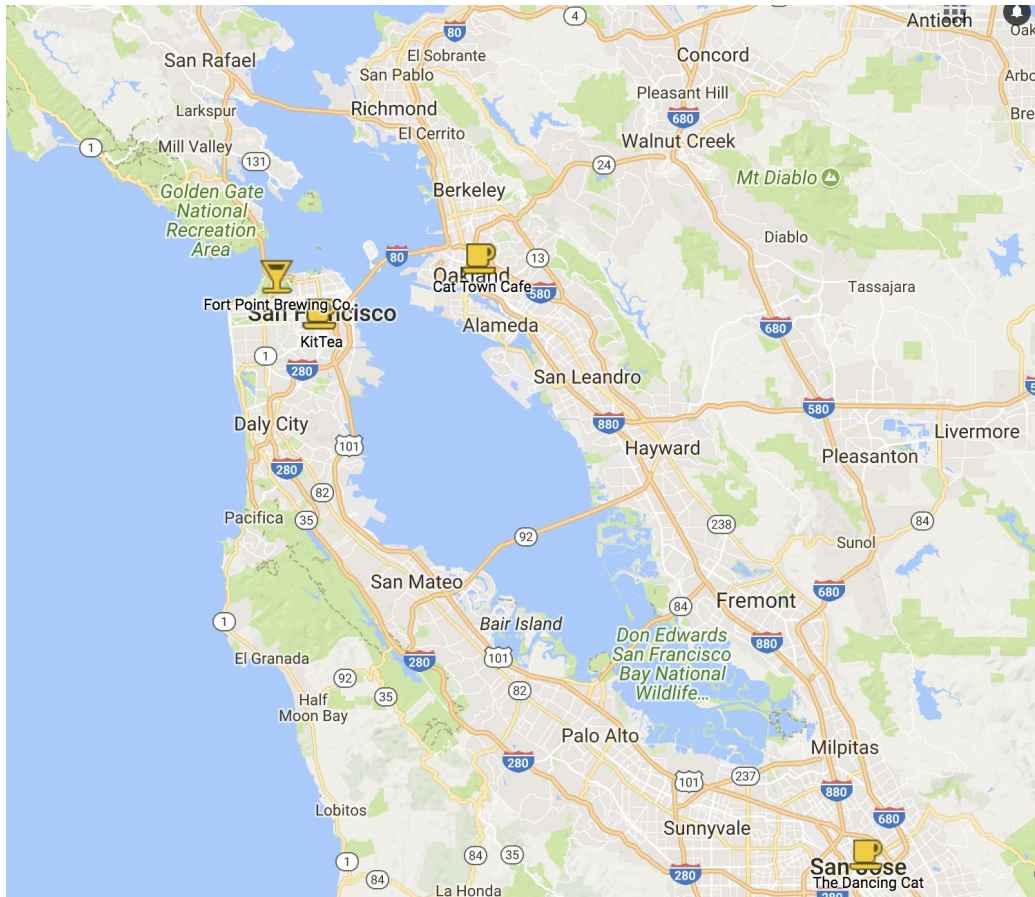
student stays even thirty minutes, or three times longer than the average commuter, we should expect to reach capacity earlier and thus have less than optimal revenue from café sales. This is a bit daunting given that our most worrisome costs are by far overhead and fixed costs.

2.5 Competitive Edge

In consideration of our variety of potential competitors, our business model will minimize the traffic drawn away from us in two main ways. Firstly, we'll receive a unique cache of college students and commuters because we are based in Berkeley; a different municipality than most of our competitors. More importantly, our mission goes far beyond us being a dog-based rather than cat-based establishment because our dogs are rescue dogs that we're providing for open adoption to the public. Likewise, consider that there's a market for animal adoptions that exists completely independent of the market for casual interactions with animals while sipping coffee, and that we add value by binding these two services together simultaneously.

Moreover, it's worth noting that humans are impressionable, especially considering that modern dogs are specifically bred to form emotional connections with humans. In consideration of this, our establishment adds value to the economy that had not previously existed by creating an atmosphere where customers who would otherwise only be interested in drinking coffee and petting animals may develop an emotional connection with and subsequently adopt a rescue dog. Finally, the gravity of our mission with respect to the development of our business is two-fold, because our commitment to bringing rescue dogs into loving homes will garner us a reputation for community improvement and humanitarianism, which will in turn bring in more business through a positive feedback loop.

Note the map below depicting both of the San Francisco Bay Area establishments featuring both food and live cats in their operations i.e. the two coffee cups with plates under them. Again, recall that these are secondary competitors with our establishment, as we differ both in the scope of the markets we cater to and how we cater to them.



2.6 Miscellaneous Considerations

There are a variety of factors that gave rise to the popularity of cat cafés in Asia that differ in their relevance to our dog café in the United States. By and large, Asian countries often have fewer hygiene rules in restaurants, and pets can be bought in street markets. Likewise, European and American cafés often have stringent health and safety regulations that sometimes ban the petting of animals, or the presence of food amongst the animals. However stringent these regulations are though, they exist simply as red tape-based fixed costs to our enterprise, and have no meaningful effect on its plausibility. In a sense, these regulations raise our buy-in costs to be relatively higher than if we were to set up a duplicate café in an Asian country, but also serve to discourage the development of more competitors in the Berkeley area.

2.7 Conclusion

DogHouse Cafe offers an experience that melds the morning commute coffee shop, the lax animal café, and the adoption center into a uniquely humanitarian establishment. Our location favors us in allowing us to provide to commuters and college students as well as the natural denizens of Berkeley, and our distinct absence of primary competition and lack of

secondary competition provides us an open playing field for our operations. Truly, our greatest challenges are the fixed costs associated with becoming licensed to have dogs in the same premises that food and drink are being served in and the operational costs of feeding and caring for the dogs we are harboring. In conclusion, our competitive advantage is created through our unique culture of featuring dogs rather than cats, our commitment to the rescue and adoption of our dogs, and our ability to simultaneously tap into multiple markets while our competitors are focused on exploiting one market only.

3.0 MARKET ANALYSIS (Xiaoxiong Xu)

3.1 Abstract

The American people love both coffee and dogs, so our ability to attract consumers By considering Berkeley County as an ideal location, we will focus on drawing customers from Berkeley citizens.

Our primary targets are college students in Berkeley and people who are looking for dog adoption. With the location advantage, college students with high population may be our main customers. With the popularization of recent dog therapy, our coffee shop is expected to stand out from local cat cafes. According to the UC Berkeley students' high frequency of visiting cafe chain, we assume that they may come to our cafe and we will provide the place for study and meeting. As UC Berkeley enrollment increased, we foresee that we will have more business opportunity. People who want to adopt dogs are another primary target customers. Since growing number of Berkeley citizens adopted dogs in recent years, we can help more dogs to find their new owners.

We regard people who drink coffee as our secondary targets. Despite college students, commuters have the high percentage of Berkeley population. Although people with higher income are more likely to buy coffee, low-income people still drink coffee frequently. Therefore, we sell our coffee to those office workers. However, we are concerned about the decreased population growth rate which may decrease our sales of coffee. Less consumers will buy our coffee and beverages due to the soda tax.

3.2 Target Market

It is no secret that Americans love dogs. According to the data from American Pet Products Association, it is estimated that 78 million dogs and 85.8 million cats are owned in US²³. Approximately 44 percent of all households in the US have a dog, and 35 percent have a cat²⁵. The demographic supports that dogs are an essential part of US families. People consider their dogs as companions who provide emotional support and joy in their lives. As our company provides the service of dog therapy, we will be competitive in the US market.

Except of making profits, our mission is to help more rescued dogs find their new human companions. We rescue homeless dogs or retrieve dogs from shelter. When these dogs settle in

²³ "Berkeley Ca Population 2017." *Berkeley Ca Population 2017 (Demographics, Maps, Graphs)*, <http://worldpopulationreview.com/us-cities/berkeley-ca-population/>.

our café, they will have better chances to interact with people, which help them integrate back into the community quickly. As the Figure 1 reported by AAPA, the primary method that people get dog as pets are finding breeders, and then getting dogs from shelter or humane society²⁴. Although trading with breeders may be the favorable approach, there are still one-fifth of total population who choose to adopt dogs, which allows us to have customers in the national market.

	Dogs	Cats
Animal Shelter/Humane Society	23%	31%
Friends/Relatives	20%	28%
Breeder	34%	3%
Stray	6%	27%
Private Party	12%	6%
Other	32%	39%

Figure 1. - Methods of People Getting Pets

We will also sell coffee and beverages in our cafe shop. Coffee is a popular drink in US nowadays. According to the news from National Coffee Association USA, coffee retail sales in the U.S. have grown at a healthy rate. The total dollar sales advanced at the compounded annual growth rate of 4.6 percent from 2012 to 2016. In 2015, 26 percent of American adults said they drink one cup of coffee on an average day, 19 percent drink two, 8 percent drink three, and 11 percent drink four or more. The remaining 36 percent drink none²⁵. These demographics reveal that about two-thirds of American people drink at least one cup of coffee per day, and demonstrate the increased coffee consumption in last four years. With the huge community which consist of caffeine drinkers, we believed our company will have more business. As the location of our company is at Berkeley County, we are interested in how well the features of our company attract people in Berkeley County. Regarding the Figure 2, the population of Berkeley is 121,240. Furthermore, the US Pet Ownership Statistics provides that 17,020 households of Berkeley have a dog, which is the largest pet community. The dog population in Berkeley is 27,232^{26 27}, which means that almost each of dog owning households has 2 dogs. The

²⁴ “Pet Statistics.” ASPCA, www.asPCA.org/animal-homelessness/shelter-intake-and-surrender/pet-statistics.

²⁵ Fool, Dawn Kawamoto The Motley. “Is Coffee the New Leading Economic Indicator?” *AOL.com*, AOL, 14 July 2016, www.aol.com/2011/08/11/is-coffee-the-new-leading-economic-indicator/.

²⁶ “U.S. Pet Ownership Statistics.” *U.S. Pet Ownership Statistics*, The AVMA, www.avma.org/KB/Resources/Statistics/Pages/Market-research-statistics-US-pet-ownership.aspx.

²⁷ “Berkeley Ca Population 2017.” *Berkeley Ca Population 2017 (Demographics, Maps, Graphs)*, <http://worldpopulationreview.com/us-cities/berkeley-ca-population/>.

second-largest pet community is cat owning households, which is 14,176 units. It estimates that our dog therapy is not only profitable in nationwide but also tenable in the Berkeley County.

Berkeley Ca Population 2017

Berkeley Ca's estimated population is 121,240 according to the most recent United States census.

Year ▼	Population	Growth	Growth Rate
2016	121,240	627	0.52%
2015	120,613	1,859	1.57%
2014	118,754	1,709	1.46%
2013	117,045	1,630	1.41%
2012	115,415	1,389	1.22%
2011	114,026	1,446	1.28%
2010	112,580	9,837	9.57%

Figure 2. - Berkeley Ca Population

As Figure 3 shows, there is a significant growth of Berkeley people successfully adopted dogs in last four years, which is about three times larger than the number of people from 2008 to 2011 in Berkeley²⁸. The data shows a good sign that more people consider taking dogs from shelters, which provide us more chances to help our rescued dogs to find their new owners.

²⁸ "Berkeley Humane Society." *Statistics*, <http://berkeleyhumane.org/Statistics>.

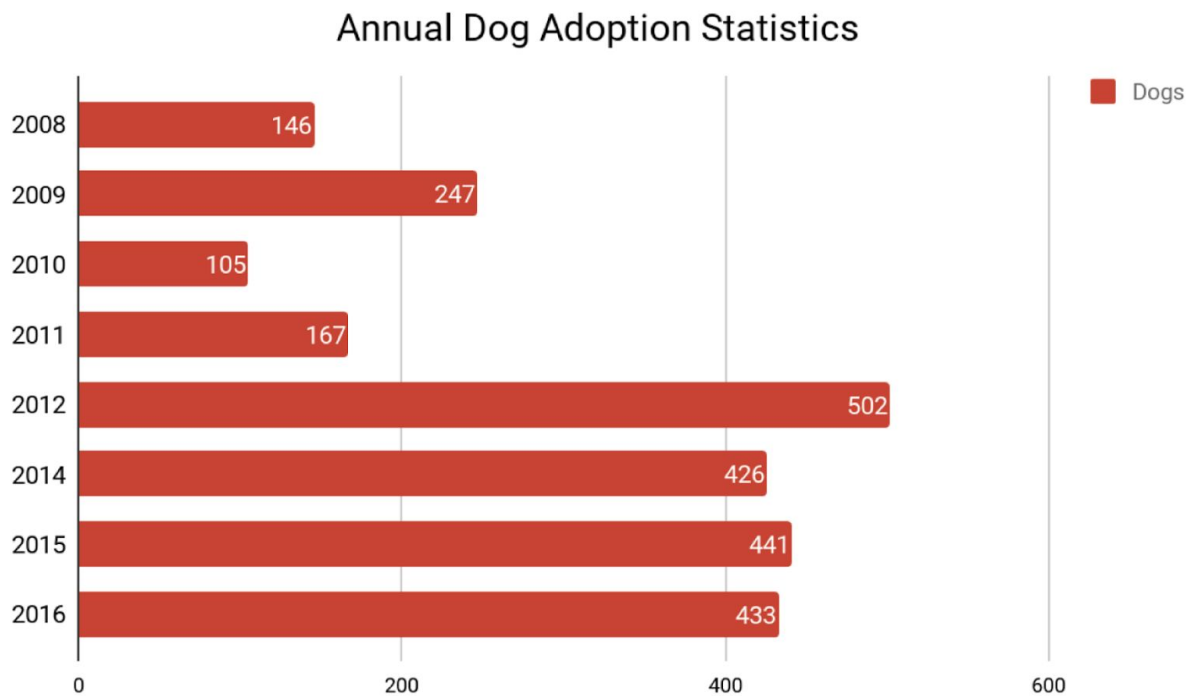


Figure 3. - Annual Dog Adoption Statistics of Berkeley

Besides, we can generate business through selling coffee and beverages. Although do not have direct demographics of coffee consumption in Berkeley County, we still have positive response and indirect data from the coffee shop owner in Berkeley and Bay Area. As Martina Nelming, co-owner of Modern Coffee, who has serves a variety of local roasts at its two Oakland cafes, says, “People who live and work in the East Bay constantly on the lookout for new experience when it comes to food and drink, and looking to support local business²⁹.” That means, when our company opens, we are likely to draw customers in the East Bay Area as our service and products are fancy to them. Once they are satisfied with our services and products, we can form a loyal customers base.

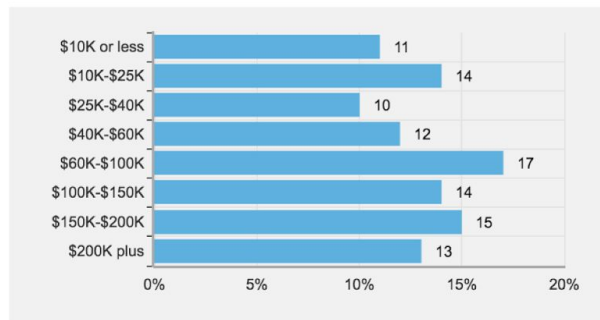
Mo’joe Cafe owner Adil Mouftakir mentions that half of his customers are part of the traditional morning crush rush - people zipping in to get a coffee to go as they head into the office^[6]. Also, as Lydia Saad states that, people with higher income are more likely to purchase coffee. The median household income of Berkeley is \$65,283³⁰. With these standards, people whose incomes are higher than median income are more likely to buy coffee frequently. In terms of Figure 4, 73 percent of household income is from salary, and about half of households has higher income than

²⁹ Seto, Benjamin. “Small-Batch roasters keep the East Bay caffeinated.” *Berkeleyside*, 2 Dec. 2016, www.berkeleyside.com/2015/12/01/small-batch-roasters-keep-east-bay-caffeinated/.

³⁰ Areavibes. “Berkeley, CA Demographics.” *AreaVibes - The Best Places To Live*, www.areavibes.com/berkeley-ca/demographics/.

median income³². We can assume that big part of Berkeley citizens are commuters, who will buy coffee on the way to their office in the morning. Lydia Saad also states that people have lower income still have more than 58 percent chance to drink one or more than one cup of coffee per day. Therefore, the sales of our coffee can be guaranteed in Berkeley County due to loyal consumers who frequently drink coffee.

Household Income Distribution



Source Of Income

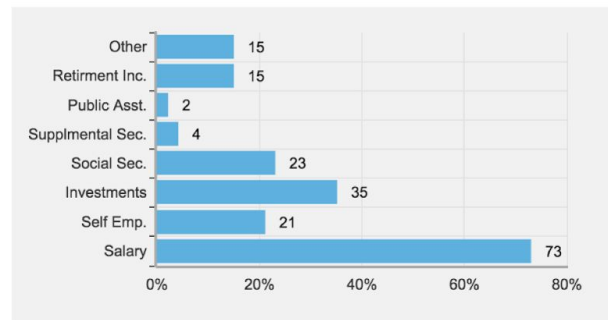


Figure 4. - Household Income Distribution & Source of Income

After all, since our dog therapy, dog adoption, and coffee bar can be attractive in both nationwide and Berkeley County as they are popular among the markets. In order to make more specific target and make market strategies, we will define our primary target as college students and people want to adopt dogs, and secondary target as people who drinks coffee.

3.2.1 Primary Target Market

There are a lot of colleges and universities in Berkeley County, such as UC Berkeley, the Graduate Theological Union, Zaytuna Colleges, the Wright Institute, and Berkeley City College. Among those institutions, the large population is the population of UC Berkeley students, which is 121,240 for Fall quarter in 2017. The population is about one-third of the citizens in Berkeley County^{31 32}. Therefore, we need to put effort into generating business among those college students.

The information from ESRI Marketing Map tells that most of the students in Berkeley county live life for entertainment, studying and socializing. They spend their time discovering new places and hanging out with their friends³³. Since there are no dog café, only two cat cafés in Bay

³¹ “By the numbers.” *UC Berkeley*, <http://www.berkeley.edu/about/bythenumbers>.

³² Saad, Lydia, “Americans' Coffee Consumption Is Steady, Few Want to Cut Back.” *Gallup.com*, 29 July 2015, <http://news.gallup.com/poll/184388/americans-coffee-consumption-steady-few-cut-back.aspx>.

³³ *Location Strategy*, <http://webapps-cdn.esri.com/Apps/location-strategy-for-business/#/insights?zip=94704&graphs=Median-Age,Population-Density,Median-Income/>.

Area, and one cat café in Oakland, people in Berkeley are lacking this kind of new cultural exposures. Hence, our curious customers may be attached by our unique features. Besides, there are Dog Hug Days in each academic quarter. With the popularization of the dog therapy, we expect students will provide us more opportunities for business.

Besides, our café is an ideal place for studying. Students consider coffee shop to be a convenient studying or meeting location, where they can read or meet with peers without the necessity to pay cover charges. For us, as the house for dogs and coffee bar are separated, students can study or meet up in our café. It is unsurprising that coffee is college students' best friends during the coming midterms or final session. They can buy drinks whenever they get tired of study. Angelene Shreya states that UC Berkeley students visited Starbucks more than all the other students, but the highest coffee chain visited at UC Berkeley is Philz Coffee, which was visited 44 times more than the American average³⁴. Through those facts, we can see UC Berkeley students have a high frequency of buying coffee, and we can get profitable on those college students, especially during the midterms and final sessions.

As saving dogs is our mission, we will see people who want to adopt dogs are another primary target. With the demographics in previous, we believe there will be plenty customers who come for adoption. Customers will inspect dogs more than once since they need to know the conditions of rescued dogs before getting our dogs. Things happened when people returned adopted dogs owing to lack of knowing the dog sufficiently. Also, our dog therapy can arouse people's awareness of adopting dogs. The DogHouse Café contribute to making people want to adopt rescued dogs. Every time our customers have our dog therapy, they are likely to form a connection with dogs. As the frequency of dog therapy increases, the connection grows stronger. It is possible that our customers will finally think about adoption. Meanwhile, letting our dogs to interact with people can help them to. Consequently, we are promoting more people for giving our dog a new home. After helping rescued dogs find new companions, we can get positive impressions from our customers, which potentially provide more chances for business.

3.2.2 Secondary Target Market

Our secondary target market is to sell coffee to city workers. As previously mentioned, the frequency of coffee intake is high in US. Both people with higher, and lower-income people have more than 58 percent chance to buy coffee except that higher income have a higher probability. Meanwhile, there are high-income drinks coffee than low-income, but low-income drinks more cups on average per day³⁵, which support that both of these office works are likely to generate business for us. Therefore, we will consider commuters as our secondary target consumers as they are likely to come by our coffee shop and grab a cup of coffee before working.

³⁴ Shreya, Angelene. "Is it True? Using Factual." *Factual*, <https://www.factual.com/blog/Four-Intern-College-Insights>.

³⁵ Saad, Lydia, "Americans' Coffee Consumption Is Steady, Few Want to Cut Back." *Gallup.com*, 29 July 2015, <http://news.gallup.com/poll/184388/americans-coffee-consumption-steady-few-cut-back.aspx>.

3.3 Trends

As the Berkeley News reports, “Comparing to the previous academic year, there are 7.6 percent more UC Berkeley students received offer admission³⁶.” It demonstrates that the population of UC Berkeley students increases in this year. Therefore, this will benefit us since more students are likely to visit our business.

However, the Figure 1 illustrates the growth rate of population increases each year from 2010 to 2015, but it starts cool down since last year³⁷. The population growth of Berkeley County becomes an unpredictable factor. If the growth rate keeps decreasing, people who will buy our products and services will become limited. Otherwise, the increasing growth rate of population will benefit us owing to more potential customers.

In March 2015, soda tax, which will tax on either artificially- or sugar- sweetened beverages, went into effect in Berkeley. Before the vote, the average person drank about 1.25 sugary beverages per day. The number went down by 20 percent after the vote. People reported huge increased consumption in water³⁸. As the result, the soda tax, which tries to encourage people live in a healthier way, seems work, but which will harm our business. The increased people consume water are not benefit to our retailed sales.

3.4 Conclusion

The community of dog people is larger than the community of people who like other pets. Meanwhile, there is a significant fraction of households who have dogs. These conditions are effective for us to run business in Berkeley County.

College students are our primary target consumers since they are interested in socializing, and places to entertain, are likely to study and meet up with people in café, have high frequency of visiting coffee shops, and they have a large population. These factors provide a unique possibility for building a loyal client base. We also consider those who want to adopt dogs as our primary target customers. Our customers can get fully prepared and get attached to dogs they wish to adopt by participating in dog therapy, which will reduce the probability of returning dogs

³⁶ Gilmore, Janet. “Campus offers admission to more than 15,000 students.” *Berkeley News*, 6 July 2017, <http://news.berkeley.edu/2017/07/06/campus-offers-admission-to-more-than-15000-students/>.

³⁷ “Berkeley Ca Population 2017.” *Berkeley Ca Population 2017 (Demographics, Maps, Graphs)*, <http://worldpopulationreview.com/us-cities/berkeley-ca-population/>.

³⁸ Charles, Dan. “Berkeley's Soda Tax Appears to Cut Consumption Of Sugary Drinks.” *NPR*, NPR, 23 Aug. 2016, www.npr.org/sections/thesalt/2016/08/23/491104093/berkeleys-soda-tax-appears-to-cut-consumption-of-sugary-drinks.

to the shelter. Furthermore, customers who frequently engage in dog therapy are likely to develop the connection with dogs. Thus, they may consider adopting one. Our secondary target consumers are commuters who need coffee before working.

As the growing number of new college students are enrolled, we can have more primary target customers. Whereas, the population growth rate of Berkeley is unpredictable. The growth rate cools down since last year, which can harm our business. With the influence of soda tax, we may lose part of customers who drink coffee and beverages as the increase of people drink water than sugar-sweetened beverages.

4.0 Marketing Plan (Sooyeon Kim)

4.1 Marketing Plan Abstract

DogHouse Café wants people to relax with dogs while having a cup of coffee. If customers want to see our dogs again, they can come visit our cafe whenever they want to. If they are qualified, customers may also choose to adopt one of our dogs.

The main marketing strategy of DogHouse café will mostly be utilizing digital and online platforms. Our website and various social media platforms will allow an increase in exposure and communication with customers. Our business will use different methods of advertisement depending on the characteristics and features of each platform.

DogHouse Café will be advertised at the University of California, Berkeley and dog parks. When our team meets people in person and promote our business, we will distribute our business card with a QR code. With a QR code, people can easily access our social media platforms by scanning it on their phone.

4.2 Marketing Message

4.2.1 Logo



In our logo, a human and a dog are holding each other's hands. It seems like they commune with each other and play a trick. At Doghouse Café, customers and our dogs will hang out together like the logo.

4.2.2 Slogan

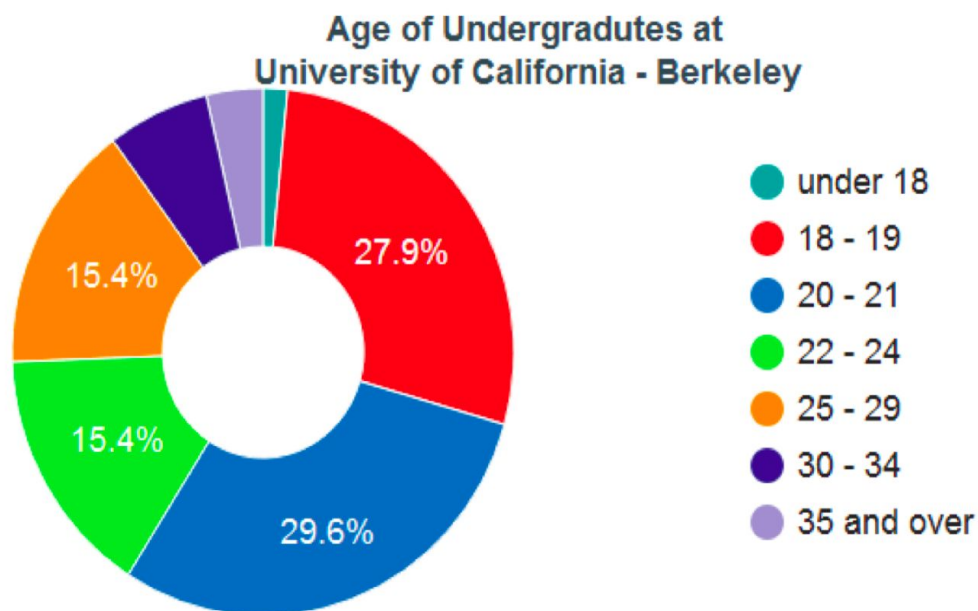
Our motto will be “Pause for paws.” The slogan connote that stop by the café to hang out with the dogs, and have a cup of coffee while they are staying.

Of course, pure breeds puppies from pet stores or breeders are cute. However, mixed dogs or dogs at the shelters are also adorable if t have chance to hang out with them. Our customers will spend time and commune with the dogs while have a cup of coffee. The dogs will be adopted if any customer fall in love with them and is qualified to have them.

4.3 Online Advertising

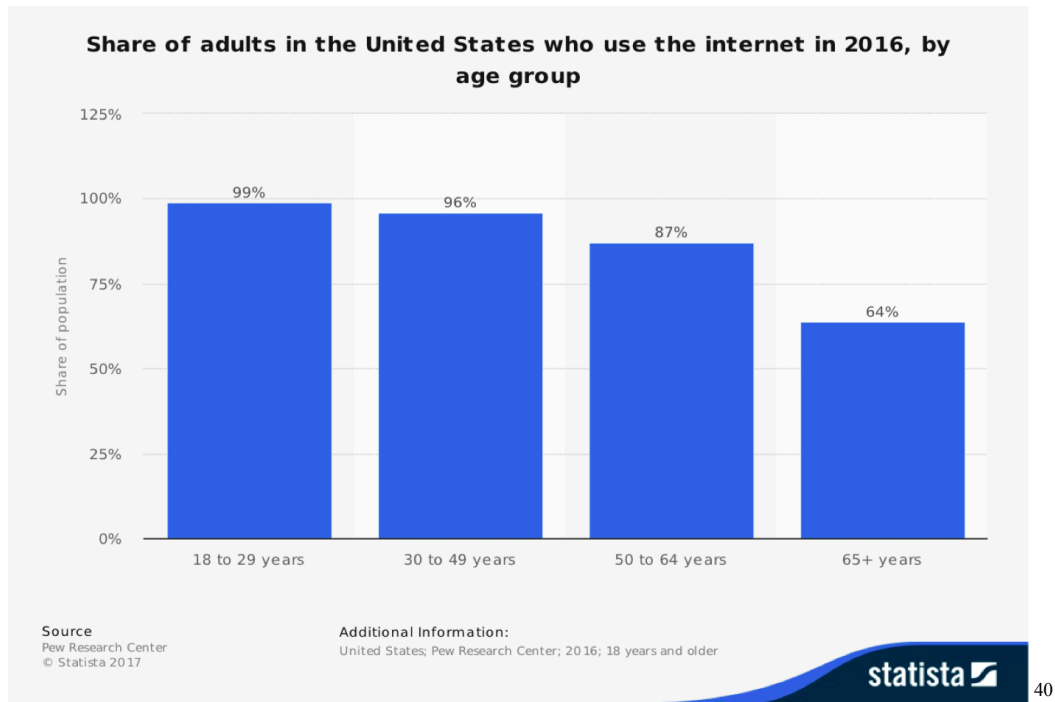
4.3.1 Website

The website will be the main tool for advertising DogHouse Café online. According to College Factual, 88 percent of undergraduate students at University of California, Berkeley range in age from 18 to 29. Those are our main target because the statistics shows that 99 percent of them use the internet. Moreover, those who are over 30 still use the internet in high rate as well. Therefore, making our own website and informing all the information about our business on it will be the most important part of online advertisement.



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³⁹ “How Diverse is University of California - Berkeley?” *College Factual*, 19 Nov. 2017, www.collegefactual.com/colleges/university-of-california-berkeley/student-life/diversity/#secAge.



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On the top middle of the website, we are going to keep the logo. Under the logo, there will be six tabs: *About Us*, *Visit Us*, *Adoptions*, *Menu*, and *Events*.

On the *About Us* section, the mission of our business will be stated with our slogan. Our main mission is to rescue, rehabilitate, and rehome the dogs.

On the *Visit Us* section, we will state the rules of using the café, age limit and entrance fee before connecting to the reservation application form. Once people reach the reservation application, they can choose the date and time on the calendar, and then put the information such as first and last name, email, how many people are in their party, for how long they want to stay, and why they are coming. When they put all the information, it will connect to the payment section and the booking confirmation section.

Moreover, on the *Adoptions* section, we will have four sections, including: *Dog Ownership Tips*, *Adoption Stories*, *View Our Dogs*, and *Application*. On the *Dog Ownership Tips* section, we want to inform people, who are considering adopting a new puppy or dog, what supplies they will need, how to take care of them, and which foods are good and bad for them. Also, on the *View Our Dogs* section, we will upload the pictures of the dogs and their information, including: name, age, breed, gender, weight, and neutralization. On the top of this page, people can see the dogs by filters such as breed, age, and gender. On the *Adoption Stories* section, we will upload pictures of dogs and their new owners. We will be able to keep in touch with the new owners through this section. The owners can upload their adopted dogs and say how they have changed.

⁴⁰ "U.S. internet reach by age group 2016 | Statista." Statista, www.statista.com/statistics/266587/percentage-of-internet-users-by-age-groups-in-the-us/.

Likewise, people who want to adopt the dogs can apply online through the *Application* section. When they apply, we will check the information to see they are qualified.

On the *Menu* section, people will see our menu of drinks and foods with the prices. In addition, we will upload products that we are selling such as dog food, dog treats, dog supplies, and cup and tumbler with our logo.

Furthermore, on the *Events* section, we will upload the information for the upcoming events on the calendar. The main two events will be *Meeting at a Dog Park* with customers' own dogs and *Adoption Day*. *Meeting at a Dog Park* will be a good chance for the dogs to socialize. Also, customers can see if their own dogs and potential adopted dogs get along with each other. On the *Adoption Day*, we will bring our dogs, which are ready to rehome, out and find them new homes. It should take place where many people are walking around, so they can see our dogs easily. It might be a good advertisement as well.

On the bottom of the website, we will state location, connect, hours, and subscribe mailing list. People who are subscribed to our mailing list will receive information about new dogs coming in and events. We will also add icons for Facebook, Instagram, and Yelp, so people can access those links easily.

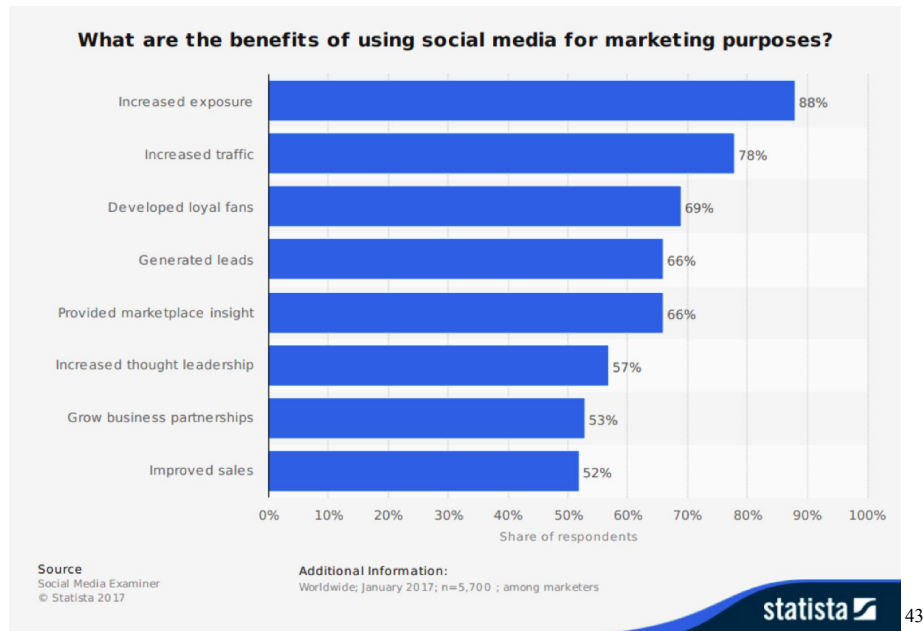
In the article "What Does a Website Cost," the author Zach Katkin mentions that developing a website for small sized business will cost around \$2,000 to \$5,000⁴¹. On the other hand, in the article "Cost to Build a Website 2017," the author Jeremy Wong remarks that a custom website can be created in the \$2,000 to \$10,000 range. Therefore, we expect to pay \$6,000 to build our website⁴².

4.3.2 Social Media

Social media is an online tool and a platform that is used for communicating and sharing information about people's thoughts, opinions, experiences, and points of view. Moreover, it includes technology, information, communication, and social interaction to share and communicate with each other online. The objects that are shared on social media are various forms of media such as text, image, audio, and video. With these characteristics of social media, social media marketing takes a huge portion of our marketing strategy.

⁴¹ Katkin, Zach. "Website Design Cost & Pricing | Clear Website Pricing." *Atilus*, 20 Nov. 2017, www.atilus.com/what-does-a-website-cost-web-site-development-costs/.

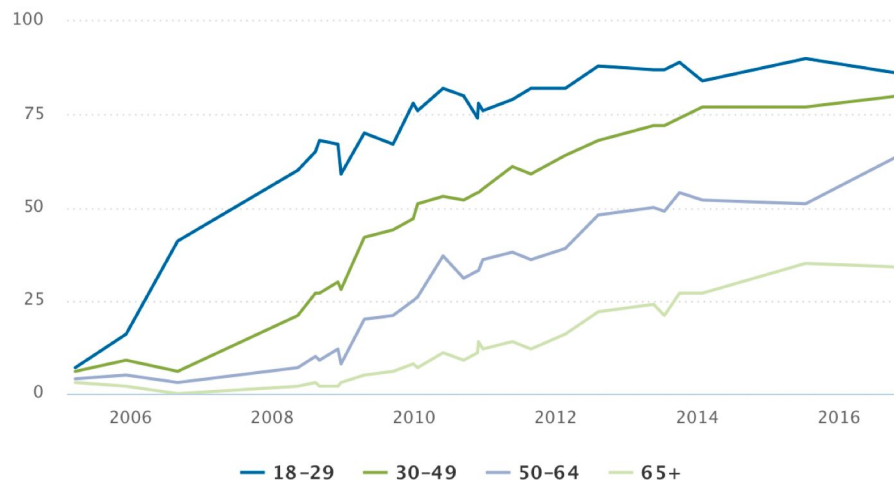
⁴² "Cost To Build A Website." *Best Website Builder Reviews for 2017*, 29 Nov. 2017, www.websitebuilderexpert.com/cost-to-build-a-website/#s7.



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The statistic shows that social media marketing helps increase exposure, develop loyal fans, grow business partnership, improve sales, and so on. All these benefits are the main points of the advertisement. 88 percent of marketers affirmed that social media marketing helped increase exposure. It will be the main part of our marketing at first because DogHouse Café is a new business.

% of U.S. adults who use at least one social media site, by age



44

⁴³ "Benefits of social media marketing worldwide 2017 | Statistic." Statista, www.statista.com/statistics/188447/influence-of-global-social-media-marketing-usage-on-businesses/.

⁴⁴ "Social Media Fact Sheet." Pew Research Center: Internet, Science & Tech, 12 Jan. 2017, www.pewinternet.org/fact-sheet/social-media/.

Similar with the statistic of usage of internet by age, the statistic of usage of social media by age shows that the age ranges from 18 to 29 use social media the most. Promoting on social media will be a good way to reach customers since our marketing targets are in the same age range, but we should know the characteristics of each platforms well and use the characteristics properly. Fundamentally, we will post images and videos of dogs, drinks, food, and everything else in the café on all the social media platforms.

4.3.2.1 Facebook

Facebook is the most popular social media platform and it is getting bigger and more popular. 500,000 people sign up for Facebook every day and 79 percent of adults in the United States use Facebook. Moreover, 76 percent of Facebook users check it every day and 60 million active business pages are on Facebook.

Facebook has some basic functions such as clicking the “like” button, commenting on, sharing, and following posts or pages. When people click the “like” button or comment, the posts appear in their friends’ timelines. People can also tag their friends on the comment line so they share the information and talk about it.

Creating a Facebook page with the name of DogHouse Café will be the first step of advertising on Facebook. We will need to put all the information about our business with the logo and the URL of our website as well. Secondly, we will post pictures and videos of our dogs, drinks, foods, and the inside and outside of the café. We will upload more pictures and videos than on our website, so more people can see our posts and the posts will appear more frequently on others’ timelines.

Also, we will share our posts and upcoming events to UC Berkeley main Facebook page and local dog community pages. Due to the fact UC Berkeley has cross-promotion across all their social media accounts, most UC Berkeley students are following their college’s Facebook page⁴⁵. It will be easy to communicate with our primary target through UC Berkeley Facebook page. In addition to UC Berkeley Facebook page, Dog Connect SF Bay Area and Berkeley Animal Care Services will be good groups to advertise our business because we have common interest in dogs. Dog Connect SF Bay Area has more than 3,100 members and Berkeley Animal Care Services has more than 8,100 likes. When we post something about our business on these two Facebook groups, at least 8,100 people will see the post.

In addition, posting at the best times will help us get more likes, more followers, more traffic, and more engagement. The best days to post are Saturday and Sunday, and the best times are 9AM, 1PM, and 3PM.have common interest in dogs⁴⁶.

⁴⁵ Kolowich, Lindsay. “The 13 Best College Facebook Pages (And What Sets Them Apart).” *HubSpot Blog*, www.blog.hubspot.com/marketing/best-college-facebook-pages.

⁴⁶ “105 Amazing Social Media Statistics and Facts.” *Brandwatch*, 4 Dec. 2017, www.brandwatch.com/blog/96-amazing-social-media-statistics-and-facts-for-2016/.

4.3.2.2 Instagram

Instagram is one of the popular social media platforms, based on posting pictures and videos. Similar to Facebook, they have the functions such as tapping “like” button, commenting, and following posts or users. Instagram’s unique function is hashtag. Hashtags help Instagram users to easily discover specific subject, content, or theme. For example, #dog shows all the posts about dog.

Posting with at least one hashtag leads to 12.6% more engagement⁴⁷. Thus, we will post pictures and videos with hashtags to increase engagement. The basic hashtags will be #doghousecafe, #dogs, #doglover, #dogadoption, #dogcafe, #berkeley, #ucb, #ucberkeley, and #pethugs.

4.3.2.3 Yelp

Yelp is a social networking site that allows the users to search local business reviews, ratings, and experiences. When the user opens the application or the website, it will recognize the user’s location and display the business list by the filter setting. Yelp shows categories such as restaurants, bars, food, delivery, takeout, reservations. User can either choose one of the categories or search the restaurant name or the type of food that they are looking for. User can also filter the result by price, distance, rating, most reviewed, and so on. On Yelp, ratings and reviews are the most important features.

Most people will prefer to pick the businesses that have higher ratings and most reviewed⁴⁸. Our business strategy will be to encourage our customers to leave reviews. For instance, we will offers customers free drinks if they write a good review with a five star rating.

4.4 Personal Advertising

Digital marketing is important but personal advertising is important as well. We are going to promote our café at the places where dog lovers are shown often in public. *Pet Hugs* event at University of California, Berkeley and a dog park will be perfect places to advertise it. For personal advertising, we will make business card with QR code. QR code is a two-dimensional barcode that is readable by smartphones⁴⁹. If we use a QR code, it will be easier

⁴⁷ “A Long List of Instagram Statistics That Marketers Need to Know.” *Hootsuite Social Media Management*, 13 Dec. 2016, www.blog.hootsuite.com/instagram-statistics/.

⁴⁸ Fuller, John. “How Yelp Works.” *HowStuffWorks*, 20 July 2009, www.computer.howstuffworks.com/internet/social-networking/networks/yelp.htm.

⁴⁹ “QR Code Generator.” *The QR Code Generator*, www.the-qrcode-generator.com/whats-a-qr-code.

for the customer to directly land on our social media page by scanning the code through their smartphones. MOO Inc. charge \$0.30 per card for 400 business cards with QR code⁵⁰.

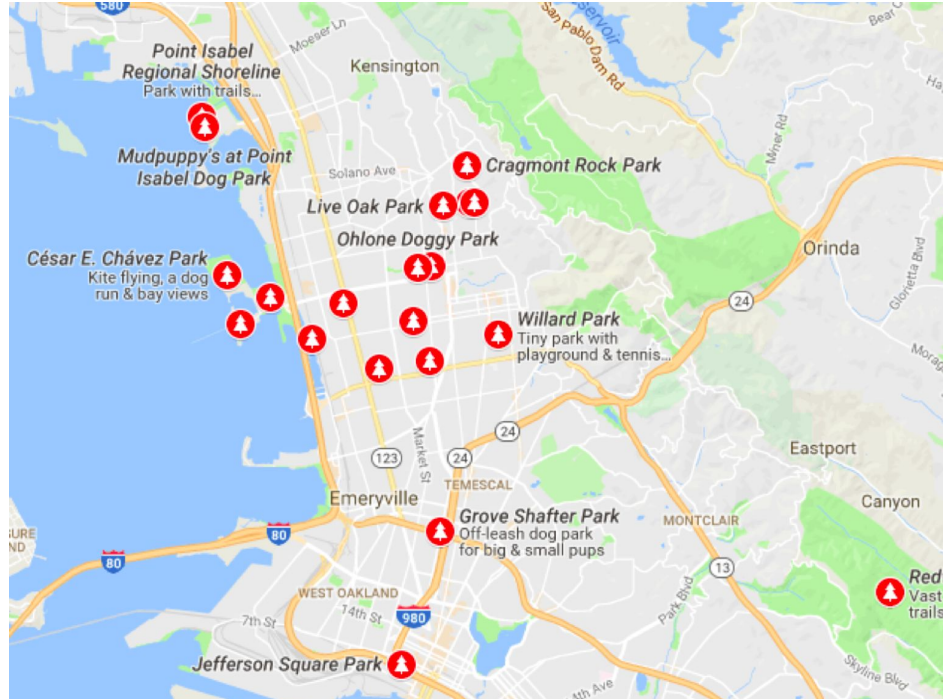
4.4.1 *Pet Hugs* at University of California, Berkeley

University of California, Berkeley has an event, which is called *Pet Hugs*, every first Tuesday of the month for an hour⁵¹. Students, staffs, and faculties who love dogs or who miss their dogs from home come to the pet hugs. According to the number of the pictures of the albums on their website, we assume that more than 80 people come to each event.

We are going to have a partnership with the school, so more students, staffs, and faculties can meet our dogs more often. We will advertise our café by making the dogs to wear clothes with our logo so people can tell the dogs are from DogHouse Café. Moreover, we will tell them we have more cute dogs at DogHouse café and hand out the business cards.

4.4.2 Dog Parks

As increasing the number of dogs and pet ownership in the United States, the number of dog parks is increasing as well. That means a lot of pet owners use dog parks. Moreover, there are almost 20 dog parks in Berkeley. We will go to the dog parks near DogHouse café not only to walk dogs but also to promote our business.



⁵⁰ "Home." *Scannable Business Cards* | MOO, www.moo.com/us/products/qr-code-business-cards.html.

⁵¹ "Pet Hugs." *Pet Hugs* | University Health Services, www.uhs.berkeley.edu/pethugs.

Since we want those who love dogs to come to DogHouse Café, it will be a good opportunity to advertise it to the people who come to the park with their dogs. Coming to the park with dogs actually means that they know what the dogs need or want, and they care their dogs.

We will talk to the people about DogHouse Café and give out our business cards at the dog parks.

4.5 Conclusion

DogHouse Café is in development to create a new type of café experience for puppy or dog owners, people's beloved pets, and anyone who is interested or loves puppies and dogs. Our café is not only going to serve excellent brewed coffee and finest customer services but also continuously strive to provide relaxing puppy and dog friendly environment. Moreover, DogHouse Café will have adoption programs for prospective dog or puppy owners. Our company will respect the state regulations and have its own standards and policy.

DogHouse Café will uphold traditional marketing strategy which is “word of mouth”. Our company believes that this strategy is crucial for small business to be successful and earn communal recognition. Conversely, DogHouse Café also thinks Social media platforms are vital marketing strategy and it is “word of mouth” of current era. Therefore, DogHouse Café will accommodate, adapt and be flexible to any popular social media platforms to meet our diverse clientele.

DogHouse Café crews will also reach out by being present to local University and nearby dog parks. Our team will introduce our café by handing out pamphlets and business cards with QR code. By equipping QR code system, it will simplify customer experience and enhance attention and interest.