cartems
DONUTS

FINAL PRESENTATION

2020/04

STRATEGY
CONSULTING
INITIATIVE

OUTLINE

- Introduction

- Project Objective

- Key Deliverables

- Vancouver Market
  - Customer Surveys
  - Revenue Growth Strategies
  - Potential Growth Locations
- Toronto Market
  - Market
  - Competitors
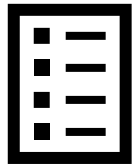 - Potential Growth Locations
  - Case Studies

PROJECT OVERVIEW

Client – Cartems Donuts

Founded on 2011, Cartems currently operate 3 standalone locations in Vancouver and 6 retailers

With strong current performance, exploring options to further grow their business

Vancouver

Objective: To outline an expansion strategy

- Understand Existing Customers
- Evaluate New Revenue Streams

Toronto

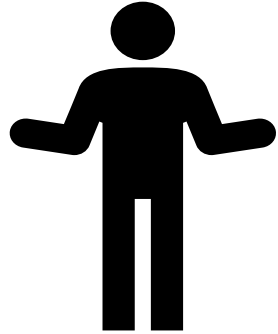### Objective: To understand the market for entry

- Evaluate opportunities based on current market understanding
- Understand competitive landscape in target market

KEY DELIVERABLES

### DEVELOP CUSTOMER PERSONA

Analyze interviews with existing customers from each of Cartems locations to determine individual purchasing habits, preferences and goals

SUGGEST REVENUE GROWTH OPPORTUNITIES

Present research on competitor analysis, industry trends, locations of potential growth and consumer interests and feedback

UNDERSTAND TORONTO MARKET
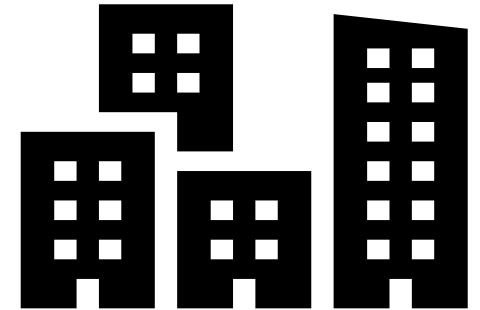
Conduct research on Toronto market looking at demographics, competitors, potential locations and case studies

Survey Results

Demographics

63%
Female Visitors

30-35
Average Age

Purchasing Habits

Friday
Most Popular Day

$10.2
Avg. Spend

Drivers

20%
Vegan & G.F Customers

Taste
Most Important

Price
Least Important

Feedbacks

More
Vegan & G.F Flavors

Decrease
Line up at the store

Provide
Stock Update System

KITSILANO LOCATION

Name: Becca Thomas
Age: 30
Gender: Female
Role : Stay at home Parent

PRIORITIES

 Convenience

 Nutrition and taste

NEEDS

 Community engagement

 Guaranteed high quality products

Becca trusts her **peers recommendation** and uses **Instagram** to share her experience

DOWNTOWN LOCATION

Name : Allen Richard
Age: 35
Gender: Male
Role : Solution Manager at Microsoft

PRIORITIES

Convenience

Nutrition and taste

NEEDS

Quick service

Guaranteed high quality products

Unique flavors and more gluten free options

Allen trusts his **peers recommendation** and uses **Instagram** to share his experience

MOUNT PLEASANT LOCATION

Name : Alicia Zimmerman
Age: 30
Gender: Female
Role : Writer at local
newspaper agency

PRIORITIES

Pleasure

Nutrition and
taste

NEEDS

Good service

Guaranteed high
quality products

Unique flavors and
more vegan options

Alicia trusts her **peers and food bloggers recommendation** and uses **Instagram** to share her experience

REVENUE GROWTH STRATEGIES

Frequency

Loyalty/Stamp Card

Timbit Size Donuts

More Vegan/G.F Options

New Location

Average Transaction Sizes
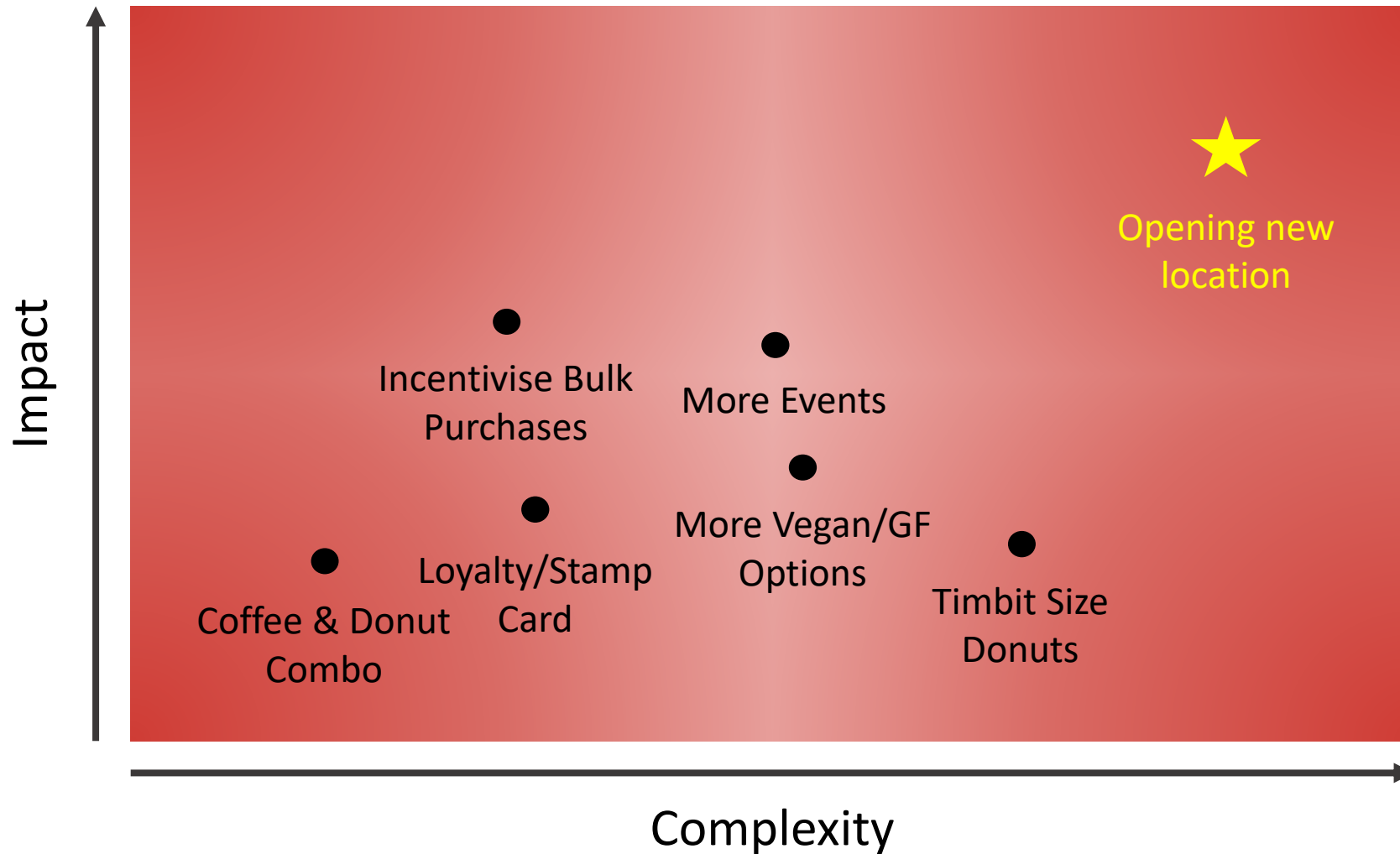
Incentivise Bulk Purchases

Coffee + Donut Combo
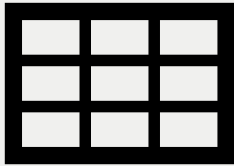
More Community/Local Events

EVALUATING STRATEGIES

01	Cost	Examine the costs and resources required to implement strategies
02	Time	Consider the length of time needed to apply & execute strategies into current business model
03	Risk	Understand the successes and failures of similar companies utilizing related strategies
04	Impact on Revenue	Identify similar strategies in the market and how it affects future and current revenue growth
05	Customer Interest	Determine customer interests, values and motivations and how it relate to Cartems' goals

EVALUATING STRATEGIES

Impact (y-axis), Complexity (x-axis)

Opening new location

Incentivise Bulk Purchases

More Events

More Vegan/GF Options

Loyalty/Stamp Card

Coffee & Donut Combo

Timbit Size Donuts

LOCATION GRADING PROCESS

1
Design of Decision Matrix

- Grading criteria elaboration
- Weight allocation
- Matrix design

2
Location Selection and Grading

- Location selection
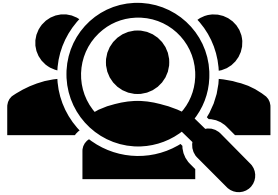- Secondary research collection
- Location grading

3
Analysis and Additional Research

- Filtration of locations in favor of best performers
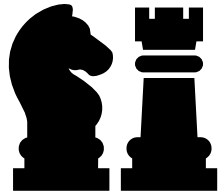- Evaluation of additional research needed

GRADING CRITERIA

Each grading criteria is evaluated on a scale from 1 to 3, with 1 defining a poor status, 2 a neutral, average status and 3 an ideal status for a certain location
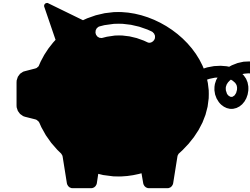
Population Traits

- Population density
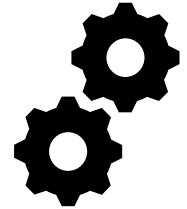- Demographic compatibility
- Area growth

Competition

- Direct competition
- Indirect Competition

Rent
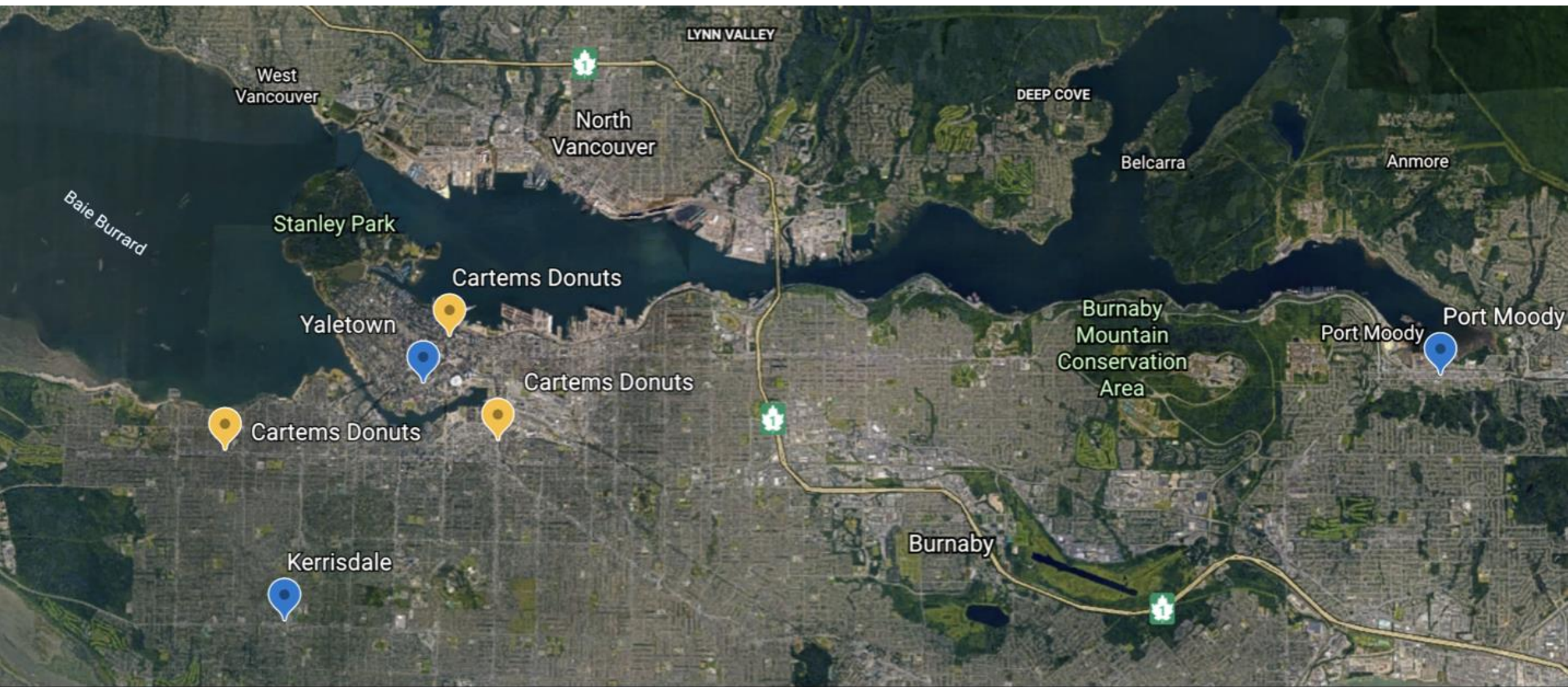
- Retail space rent price compared to metropolitan average

Logistics

- Location access
- Accessibility
- Brand alignment

VANCOUVER GRADING MATRIX

Criterion		Weight	Potential Location									
			Port Moody Centre	Kerrisdale	Yaletown	East Van	North Van	West End	Oakridge	UBC	West Van	Metrotown Burnaby
Population Traits	Population Density	3	2	2	3	2	2	3	2	2	1	3
	Demographic Compatibility	1	2	2	2	2	3	2	2	1	2	1
	Area Growth and Trends	2	3	3	3	2	2	2	2	2	2	2
Competition	Direct Competition	2	3	2	2	3	2	2	2	3	2	2
	Indirect Competition	1	2	2	1	2	2	1	2	2	2	2
Rent	Rent Price (sq. ft)	2	3	2	1	2	2	1	2	2	2	1
Logistics	Logistic Compatibility	2	1	2	3	3	2	3	2	2	2	1
	Brand Alignment	3	3	3	2	2	3	2	2	1	2	1
Location Score			39	37	36	36	36	34	32	30	29	27

	Kerrisdale	Yaletown	Port Moody
Suggested Corner	Yew & 41st	Helmcken & Mainland	Near Moody Station
Advantages	• Community-oriented • Independent commerce • Trendy & growing	• High population density and foot traffic • Trendy & growing • Attracts tourists	• Community-oriented and family-friendly • Low competition • Suburban project
Additional Research Required	• Seasonality • Market saturation	• Brand alignment • Cannibalization	• Space availability • Logistics
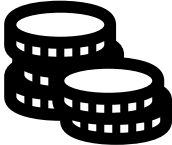
Toronto Expansion

EVALUATING TORONTO ENTRY

01 Target Segment — Define the subsegment of the market and accordingly the target customer. Create a profile of the typical target customer.

02 Market Demographics — Estimate the size of the target subsegment through secondary research

03 Competition — Refine the market size by analyzing potential competition and estimate a realistic penetration rate

04 Comparison — Estimate the Toronto Market by benchmarking the current Vancouver against key demographic traits

05 Cost-Benefit — Weigh the estimated addressable market value against the required investment cost

	Vancouver	Toronto
Total Pop.	2.5 Million	5.9 Million
Pop. Growth	+ 6.5 %	+ 6.2 %
Target Pop.	180,000	430,000
GDP	$ 130 B	$ 330 B
Average Income	$ 46,000	$ 50,000
Donut Shops	12	25

Toronto has...

X 2.4

More number of women 25-35 years old

X 2.1

More number of Artisanal Donut Shops like Cartems

COMPETITIVE LANDSCAPE

Artisan donut stores

Gourmet Bakery

Artisan chocolatier

Gourmet cafes

Gourmet ice cream stores

	cartems DONUTS	Glory Hole DOUGHNUTS	The Rolling Pin	VON doughnuts	bloomer's handcrafted vegan donuts & goodies
Fresh ingredient	●	●	●	●	●
Products	Donuts, coffee and Tea	Donuts, coffee and Tea	Donuts, Pie, Macaroons, cake	Donuts, beverages, mini donuts	Donuts, baked goods, lunch and brunch menu
Vegan option	●	●			●
Gluten friendly	●				
Price	$18	$24	$21	$19	$21
Community events	●				

TORONTO GRADING MATRIX

	Criterion	Weight	The Annex	King West	Financial District	U of T	Yorkville	Kensington Market	Lower Younge	Entertainment District
						Potential Location				
Population Traits	Population Density	3	3	3	3	3	3	3	3	3
	Demographic Compatibility	1	3	3	3	2	3	2	2	2
	Area Growth and Trends	2	3	3	3	3	2	2	2	2
Competition	Direct Competition	2	1	1	2	2	2	1	1	1
	Indirect Competition	1	2	2	1	2	1	1	1	1
Rent	Rent Price (sq. ft)	2	2	1	1	1	1	1	1	1
Logistics	Logistic Compatibility	2	2	2	2	2	2	2	2	2
	Brand Alignment	3	3	3	2	2	2	2	2	1
Location Score			39	37	35	35	33	30	30	27

TORONTO
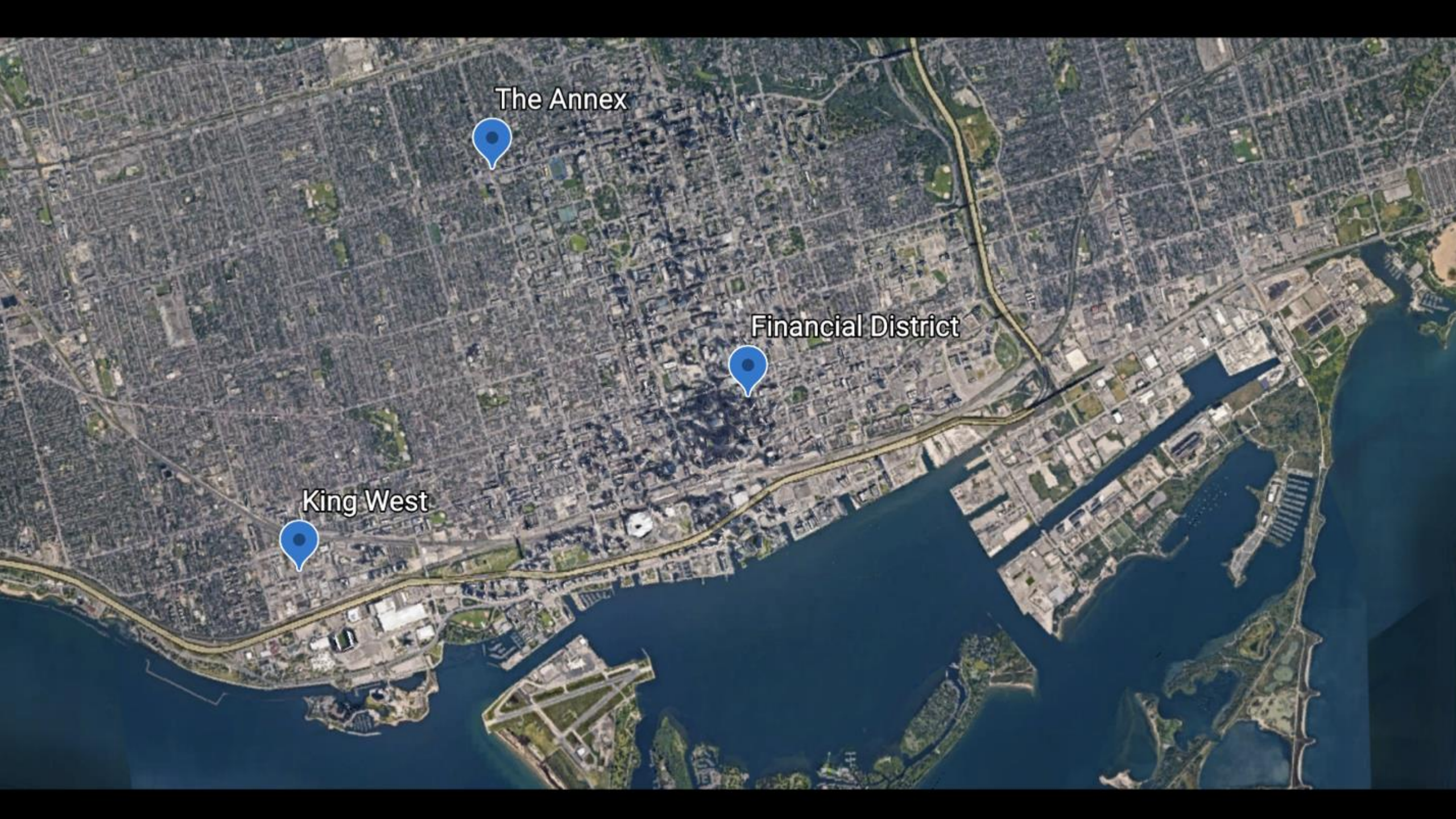
	Financial District	King West	The Annex
Suggested Corner	W King & Yonge	Liberty & Jefferson	W Bloor & Spadina
Advantages	• High population density and foot traffic • Commercial activity	• Restauration scene • Trendy & growing • Attracts tourists and foot traffic	• Hip, trendy area, high brand alignment • Community-oriented
Additional Research Required	• Space availability • Market saturation	• Brand alignment • Space availability	• High competition • Logistics

CASE STUDY I - SUGARFINA

Background

- Founded in 2012, Sugarfina is a luxury "grown up" candy retailer based in LA
- The Sugarfina concept features premium items made from high-quality ingredients

Strategy

- Sugarfina entered the Canadian market with its first standalone store in November of 2017 at Metrotown
- Prior to opening these stores, Sugarfina had been only available in a handful of Canadian retailers (i.e Nordstrom)

Lesson Learned

Sugarfina was able to "test the waters" before entering the Canadian market and replicating their stand-alone boutique model that was so successful in the US

CASE STUDY II – JJ BEAN COFFEE ROASTERS

Background

- Vancouver based, family run business for four generations - guided by one principle: the best taste wins
- Features the highest quality coffee and fresh daily batches

Strategy

- JJ Bean opened it's first Toronto location in early 2016, followed by three more cafes all near subway stations
- Focused on building a sense of community and delivering high quality, freshly roasted coffee

Lesson Learned

JJ Bean understood the culture of Toronto was different than Vancouver, but focused on remaining true to their own beliefs and values

THANK YOU!

CONTACT US

Strategy Consulting Initiative (SCI)

PHONE NUMBER

778-863-8390

EMAIL ADDRESS

Longco.ko@outlook.com