



VIVID COFFEE

Business Plan

Executive Summary

Vivid Coffee aims to provide a high quality protein coffee drink that delivers:

- Low number of high quality ingredients
- 30 grams of protein
- Cold brewed coffee for flavor and benefits
- Coconut milk for added nutrients

All of the beverage ingredients will be sourced from high quality farms, companies, and wholesalers. The coffee will be roasted by hand, and the protein mix will be blended and bottled with the coffee by hand to provide freshness and quality that other beverages don't provide.

Vivid Coffee will be marketed as high-end dietary supplement with a modern, minimal design. This will appeal to on-the-go business people and fitness enthusiasts who care about the ingredients that go into their bodies.

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Table of Contents

Executive Summary	<i>page 2</i>
Problem Statement	<i>page 4</i>
Business Description	<i>page 6</i>
Business Goals	<i>page 8</i>
Risks	<i>page 10</i>
Sales and Marketing	<i>page 12</i>
Target Market	<i>page 13</i>
Marketing Plan	<i>page 14</i>
Strategies and Goals	<i>page 17</i>
Sales Revenue Forecast	<i>page 18</i>
Profit and Loss Forecast	<i>page 19</i>
Capital Spending Plan	<i>page 22</i>
Personnel Plan	<i>page 25</i>
Management Team	<i>page 26</i>
Appendix	<i>page 27</i>



Problem Statement

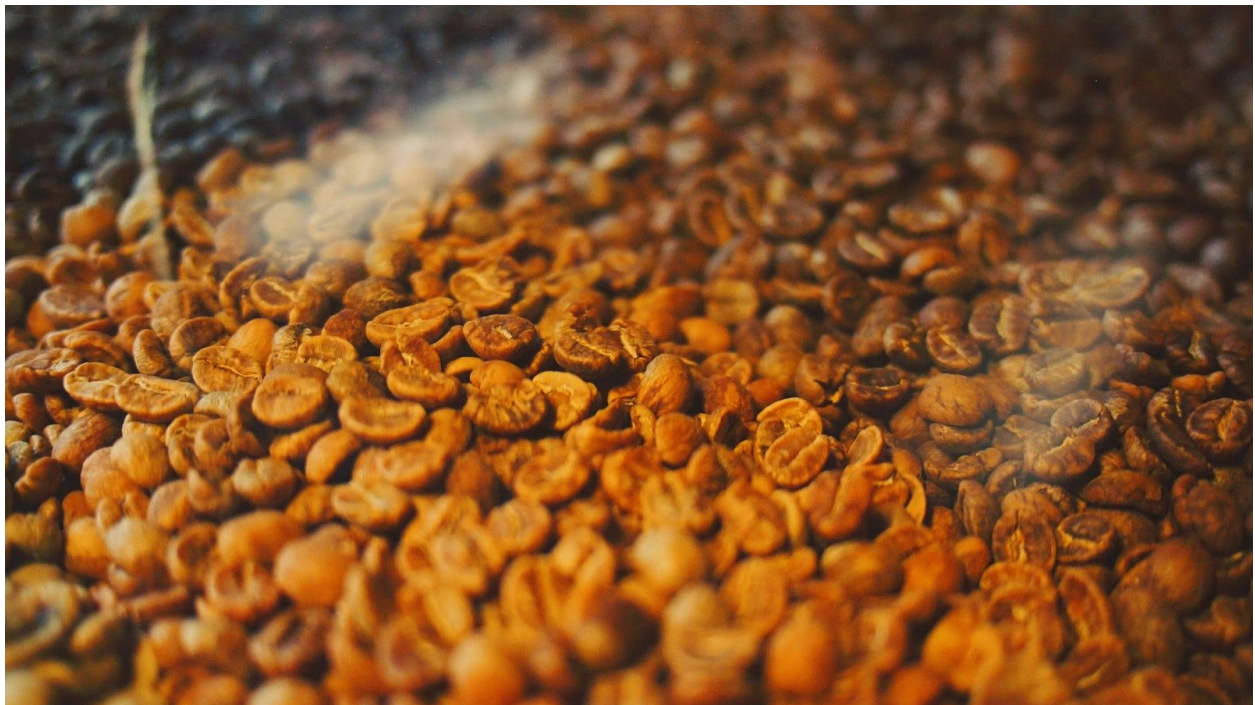
Americans are consistently becoming busier while compromising their health in the meantime. According to the CDC, one-third of Americans are obese. That number is growing. With limited options that are both healthy and quick, health conscious people often must resort to fast-food and sugary options for a boost.

It is becoming increasingly difficult to get high quality nutrients in our fast paced world. In Tim Ferriss' bestselling book *The Four Hour Body* his main recommendation for both weight loss and muscle gain is to get 30 grams of protein within 30 minutes of waking up. If you just had eggs, it would take five eggs to meet

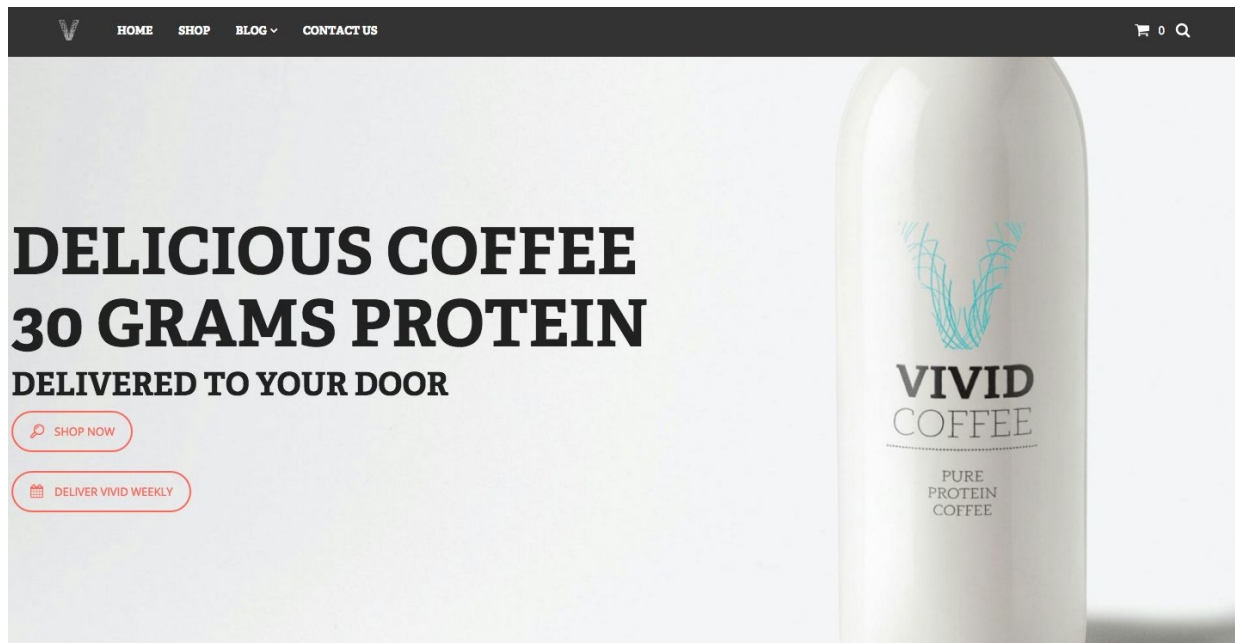
<http://vivid.coffee>

this goal. With so many people rushing out the door in the mornings it makes this even harder to achieve. The best way to get high quality protein in our world's fast-paced mornings? Combine protein with high quality cold brew coffee into a delicious beverage.

According to a study in 2013 by the National Coffee Association, 83% of Americans drink coffee regularly.¹ Most people get low quality coffee beans that are highly acidic and typically burnt. By combining the protein with cold brew coffee that has less acidity and has been shown to cause less gastrointestinal issues is a perfect way of meeting the demand for healthy and high quality products. Vivid Coffee helps consumers meet their protein needs without interfering with their increasingly busy schedules.



¹ <http://www.usatoday.com/story/money/business/2013/04/09/coffee-mania/2069335/>
<http://vivid.coffee>



Business Description

Vivid Coffee will create high quality protein coffee drinks for health conscious consumers. We use simple, high quality ingredients to provide protein and energy for your muscles through the rest of the day. Similar competitor's drinks either aren't healthy or have far too many unnecessary ingredients. A nutritionist in New York Daily explains that Starbucks Doubleshot Protein drink is less healthy than having cup of coffee and one hard-boiled egg.² Vivid provides a simple, healthy breakfast for people who want to get started with their day.

We have created an incredibly delicious coffee protein drink, and plan to share it with health-conscious consumers. We are very selective with our

² <http://www.nydailynews.com/life-style/don-reach-new-starbucks-protein-experts-article-1.2160325>

ingredients, buying wholesale coffee from single-origin farms³ to keep costs under control. The coffee will then be roasted and cold brewed in house for maximum taste and freshness. The remaining ingredients will be mixed and bottled on-site by machine to ensure consistent quality.

Once bottled, Vivid Coffee will be sold online and in targeted stores. Because the product requires refrigeration, online sales will be shipped to zip codes in or near Salt Lake City, then expanded as profit increases. Targeted stores include Whole Foods, Sprouts Market, and other local health-conscious stores.



Vivid Protein Coffee is the only product of its kind. Initially, the product will only be available online and will be shipped in six packs. Our social media marketing strategy allows us to get quick feedback from consumers, and we will use their suggestions to improve and, after the first year, expand our product line.

³ such as: <http://www.burmancoffee.com/coffeelist/new-popups/colombianpopayan.html>
<http://vivid.coffee>

Business Goals

- Focus on monthly subscriptions over retail
- Have an action plan for unanticipated growth
- Be the healthier alternative



Focus on monthly subscriptions over retail

Our primary goal is to increase the number of monthly subscriptions to Vivid Coffee to provide predictable, steady income and product movement. We intend to have at least 600 subscriptions by the end of 2016. In order to reach this goal, we will be heavily active on social media as a cheap and effective marketing technique, as well as the other channels listed in the Marketing section on page 14.

Have an action plan for unanticipated growth

Because social media marketing occasionally causes unanticipated growth, we have a contingency plan to meet unexpected demand for Vivid Coffee. All of our suppliers are capable of providing at least ten times the amount of product that we expect to need within the first three years. In addition, the bottling machine we are purchasing has a potential capacity far higher than our expected demand, and we are able to hire temporary workers if the need arises. We are in a position to sustain a growth rate per month of 100% for at least six months before we will need to consider outsourcing labour or expanding our facility.

Be the healthier alternative

Existing products that we will be competing against contain a lot of sugar, as well as other ingredients that make them less pure. Vivid Coffee will provide a much healthier and simpler alternative to these products. We will maintain our simple list of ingredients and our no-sugar-added recipe to provide our customers with a superior health product.





Risks

Risk is inherent in any business, especially in the food or food supplement industry.

We have identified our three main risk factors and outlined steps to mitigate them:

- Food safety
- Low Growth
- Expansion

Food Safety

Vivid Coffee is a beverage, so we run the risk of product contamination during mixing and bottling. An incident or outbreak could result in a lawsuit and negative attention. Because a single incident could severely damage our ability to do business and attract new customers, precautions must be taken in order to maintain the integrity of our product.

<http://vivid.coffee>

Low Growth

Many coffee beverages are impulse items, so it may be difficult to persuade people to buy monthly subscriptions of Vivid Coffee. If sales are sluggish, we will have to consider marketing directly to stores instead of focusing on online sales.

Expansion

Because of differences in state law, it may be difficult to begin selling Vivid outside of the State of Utah. Vivid Coffee will be produced according to FDA guidelines so that we will be able to legally sell the product anywhere in the country.

Product transportation may also be an issue. Our product needs to be refrigerated to extend its shelf life, and shipping across the country cheaply provides new difficulties and a lower profit margin. Expanding too quickly outside of Utah could damage our ability to keep our product profitable and convenient to customers. For the time being, we expect to defer the cost of shipping outside of Utah to the consumer.



Sales & Marketing

Vivid will focus heavily on marketing through social media. We will focus on selling the brand as a whole, rather than the individual product because our target market tends to focus more on company image than product details.

Social media allows us to keep a daily log of all posts that we are involved with. At the end of every month Vivid's management team will discuss which sectors of our marketing strategy are or are not succeeding and why. If a sector is failing for three consecutive months we will look to outsourcing to a marketing firm or investigating a new marketing platform.

The currently targeted social media sites include:

- **AdWords** - Search and display network. Vivid will target specific lifestyle and fitness keywords with specific landing pages.
- **Facebook** - Facebook Ads uses extensive demographic targeting. We will focus on consumers with specific interests and psychographics. Boosting social media posts so that they reach more people and create more page views, likes, and shares.
- **Instagram** - Vivid's target audience shares the same demographic as 90% of the 150 million users of Instagram. Instagram also links easily with other social media sites, making it an effective advertising platform.
- **Misc. Campaigns** - Other platforms such as Bing and emerging markets. They represent a small portion of the target market, and will not be part of our initial focus.

Because coffee drinks tend to be an impulse buy, we will target local stores such as Whole Foods and Sprouts Market. Our streamlined design and limited ingredient list will draw health conscious customers. We will offer limited product tastings at these stores, gyms, farmers markets and other marketplace style vendors to increase product awareness.

Target Market

Vivid's initial target market is 18-35 year old people interested in weight training, wellness, and weight loss. This segment includes career-minded workers without time for breakfast and those that go to gym early and need fuel for the rest of their day. After getting early adopters, Vivid will market to the larger coffee drinking population as a healthy alternative to sugary, low-protein beverages.



Marketing Plan

SWOT Analysis

Strengths: <ul style="list-style-type: none"> ● New Product ● Strong Brand Identity 	Weaknesses <ul style="list-style-type: none"> ● New Brand ● Undeveloped Supply Chain
Opportunities <ul style="list-style-type: none"> ● Emerging Health Markets ● One-of-a-kind Product 	Threats <ul style="list-style-type: none"> ● Larger Companies ● Competitive Beverage Market

Strengths:

People love to try new beverages and product tastings will help generate excitement over our new product. Because we have a strong brand identity that is focused on health and sustainability, we can capitalize on the health-conscious market.

Weaknesses:

Since Vivid Coffee is a new brand, we don't have the recognition that older, more established brands have. The first year will be crucial for defining our image and building our reputation. Our supply chain is also undeveloped, so we will need to continue searching for the best quality and pricing available to keep costs down while maintaining product reliability.

Opportunities:

Americans are increasingly becoming more health conscious as a response to our recent obesity epidemic. A sugary breakfast is much less appealing now. Vivid Coffee offers a unique product for today's health-conscious consumer. In emerging international markets, such as India, it can be expected that health trends will grow as they have in the United States.

Threats:

Vivid Coffee is a very small company in a large market. An undistinguished brand would get lost in the competition. Social media marketing allows us to easily distinguish our brand as healthy and environmentally conscious. A small brand can succeed by differentiating itself through marketing to compete with larger brands.

Market Research

Protein coffee allows us to tap into two markets, beverages and protein supplements. Worldwide 500 billion cups of coffee are consumed each year.⁴ In the United States, the protein powder industry is an almost \$5 billion market. Vivid Coffee is a healthy alternative to energy drinks that provides a boost in the morning, then sustains energy through the rest of the day. We believe that consumers need a healthy, convenient alternative that isn't available in the current market. By expanding Vivid Coffee's operations, we will be able to provide for that need.

⁴ <http://www.businessinsider.com/facts-about-the-coffee-industry-2011-11?op=1>
<http://vivid.coffee>



Nutrition Facts

Serving Size	1 fl oz (30 mL)
Amount Per Serving	
Total Fat	0g
Total Protein	10g
Total Sugar	0g
Total Fat	0g
Total Protein	10g
Total Sugar	0g
Total Fat	0g
Total Protein	10g
Total Sugar	0g



Protein Coffee – 6 Pack

\$16.99

Single origin coffee hand roasted in Salt Lake City, combined with high quality organic whey protein, and organic coconut milk.

To receive an update when we are back in stock please sign up for our newsletter here:

[SIGN UP](#)

Out of stock

Competition

Vivid's largest competitors include Starbucks, Click, WheyUp, Special K's Coffee House Breakfast Drink, and Optimum Nutrition. Starbucks and Special K are directly in our market by offering pre-mixed protein coffee beverages. WheyUp, Click, and Optimum Nutrition offer powder substitutes for water, milk, or the patron's beverage of choice. Vivid Coffee's advantage over direct competitors is that there is no added sugar, making it the healthier alternative.

<http://vivid.coffee>

Strategies & Goals

Advertising Strategies

Vivid plans to offer free product tasting at health food stores, sporting events and competitions. Initially we will aim to offer tastings at, and eventually sponsor, three competitions a year. As our budget grows we will be able to sponsor large events.

Google AdWords will be a key element of Vivid's marketing strategy, as it will reach the largest number of potential customers. To run effective adword campaigns Vivid will create keywords based on the value of clicks combined with the number of views.

Athlete Sponsorship

Since our initial marketing campaign targets fitness enthusiasts, we plan to sponsor athletes. Sponsoring athletes will enable us to generate interest from consumers, create content, and broaden our social media reach. As our sales increase, so will our marketing budget, allowing us to reach out to more proficient athletes.

Sales Revenue Forecast

Sales will begin in December of 2015. Our sales target for that month is 200 units (6 bottles). From there, we expect an average 10-20% monthly growth. By December 2016, sales are expected to be between 600 (for 10% growth) and 1500 (for 20% growth) bottles per month. This equates to between 4200-8000 bottles sold by December 2016, a total revenue of \$68,000-\$130,000. We expect the per-month revenue to be between \$9,000 and \$24,000.

All charts and other financial sections will assume a much more conservative 10% monthly growth for 2016, and 5% monthly growth for subsequent months. Any higher rates of growth will result in a rapid increase in revenue.



Profit & Loss Forecast

The cost per bottle of producing Vivid Coffee is \$1.143 per bottle. To consider extra costs, such as shipping, production costs have been rounded to \$1.50. Six bottles will be packaged and sold as a unit, totaling \$9. Units will be sold at \$16 per unit.

We will make \$7 profit on every unit sold. We estimate sales revenue will be \$9,100 per month at the end of 2016, while the fixed costs plus product costs will be \$15,750 per month, and expect a loss of \$6,650 per month at the end of our first year in business. These expenses include initial equipment costs.

We expect to break even in early 2018. Vivid Coffee has already started attracting interest from consumers ready to purchase a healthy ready-made coffee drink, so we believe that our growth estimates are conservative.

Our initial expenses:

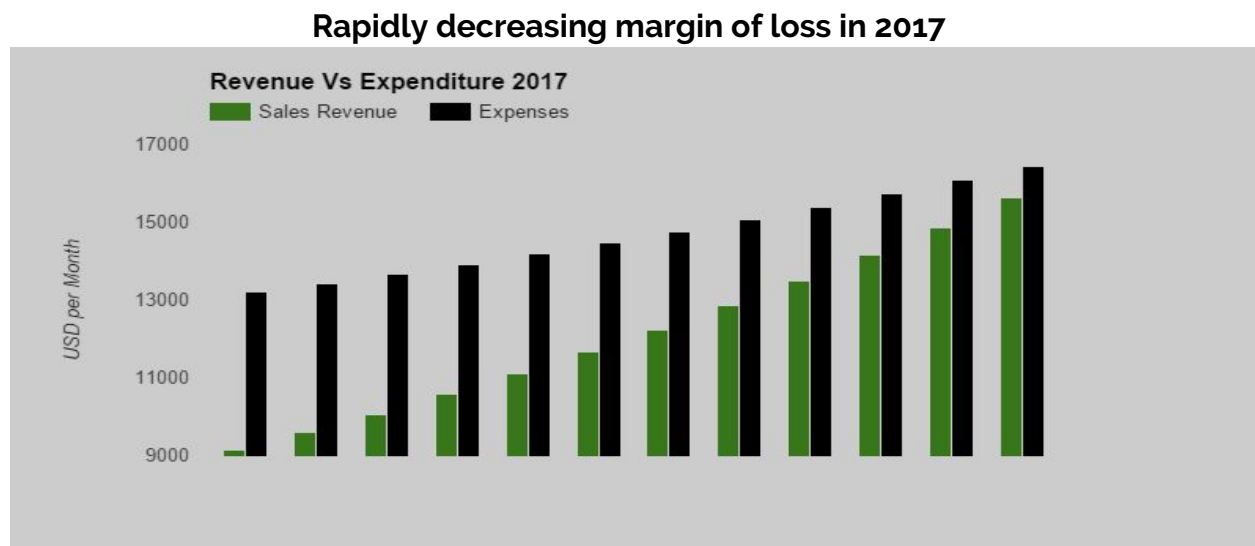
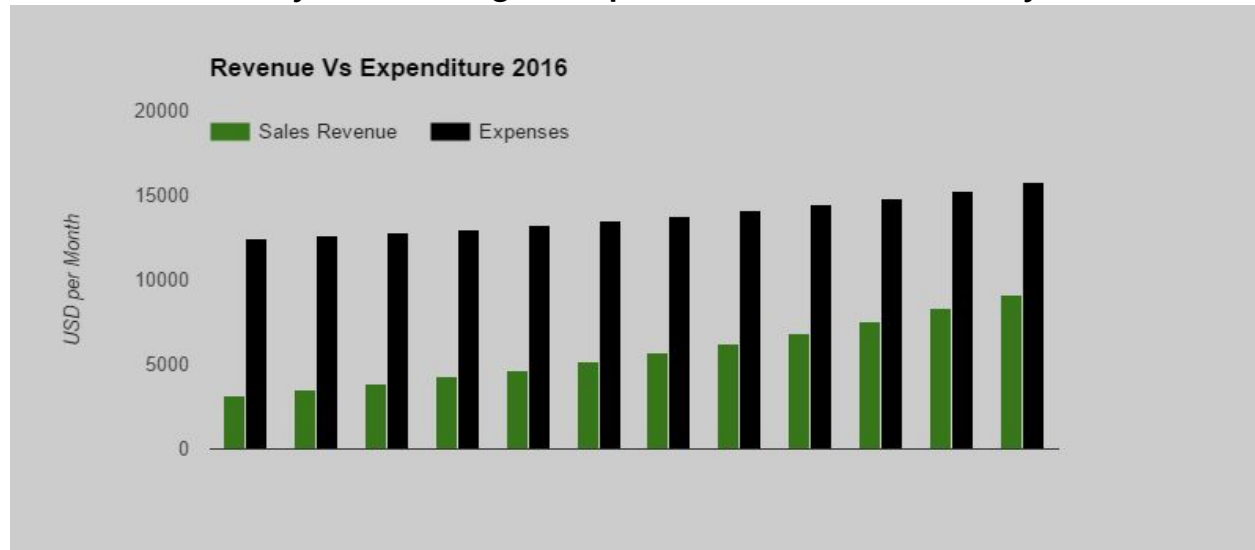
Bottle filling machine:	\$9,260
Water purifier:	\$17,000

Our company's expected fixed monthly expenses:

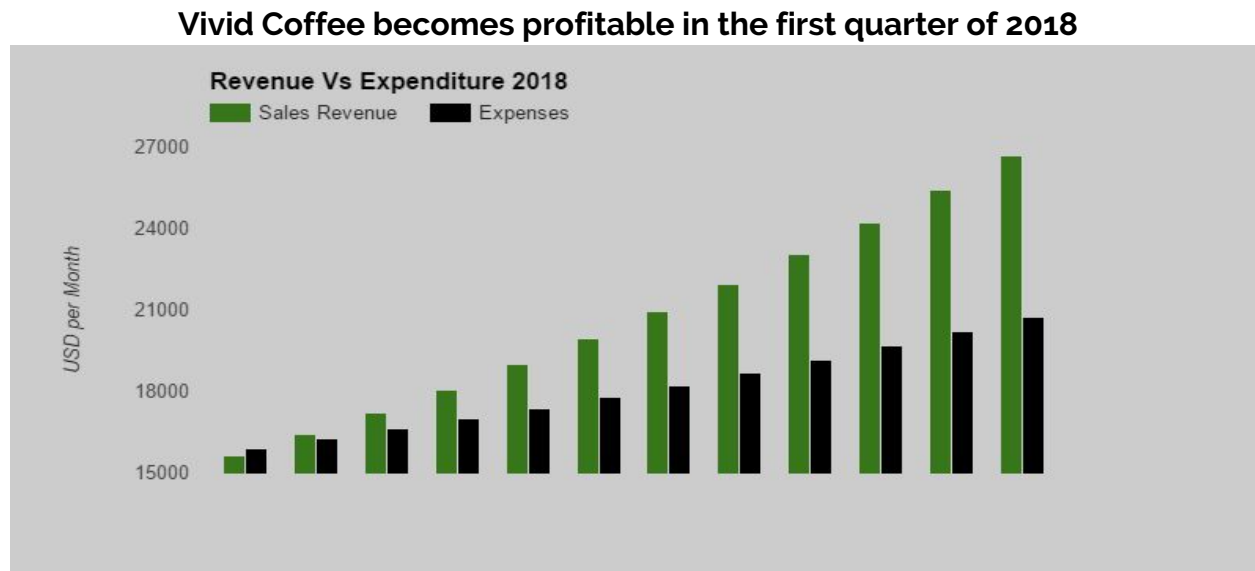
Rent and utilities:	\$1,300
Payroll:	\$5,600
Marketing:	\$1,000
Equipment maintenance:	\$42
Office supplies:	\$75
TOTAL:	\$8,017

Profit & Loss Forecast (graphs)

Spending and revenue plan for the next three years. We expect 10% growth per month for the first year, and 5% growth per month for consecutive years.



Profit & Loss Forecast (graphs cont.)



Capital Spending Plan

The capital spending plan estimates the first three years. This plan leaves at least \$30,000 of our initial investment fund available at all times for unseen expenses and covers initial expenses, recurring expenses, and includes profit/loss forecasts.

Our initial expenses are machines for production and computers for marketing and product tracking. To ensure product quality and consistency, Vivid Coffee will be produced by a machine that precisely measures ingredients and fills the bottles. A water deionizer will ensure that any impurities in the tap water will be eliminated, increasing the lifespan of the machines and the quality and consistency of the beverage.

Recurring expenses include employee wages, rent and utilities, internet and phones, marketing expenses, and budgets for office supplies and equipment maintenance. The following chart details these expenses.

Category	Item	2015	2016	2017
Wage	Bottle filler	\$19,760.00	\$19,760.00	\$19,760.00
Wage	Partner Wage	\$48,000.00	\$48,000.00	\$48,000.00
Equipment	Bottle Filling Machine	\$9,260.00		
Equipment	Maintenance contract	\$500.00	\$500.00	\$500.00
Equipment	Water Purifier/Filter	\$17,000.00		
Facility	Rent	\$12,000.00	\$12,000.00	\$12,000.00
Facility	Utilities	\$3,600.00	\$3,600.00	\$3,600.00
Marketing	Marketing	\$12,000.00	\$12,000.00	\$12,000.00
Facility	Office supplies	\$900.00	\$600.00	\$600.00
Facility	Computers	\$1,000.00		
	Profit/Loss	-\$94,082.00	-\$23,798.53	\$43,350.25
	Remaining	\$55,918.00	\$32,119.47	\$75,469.71

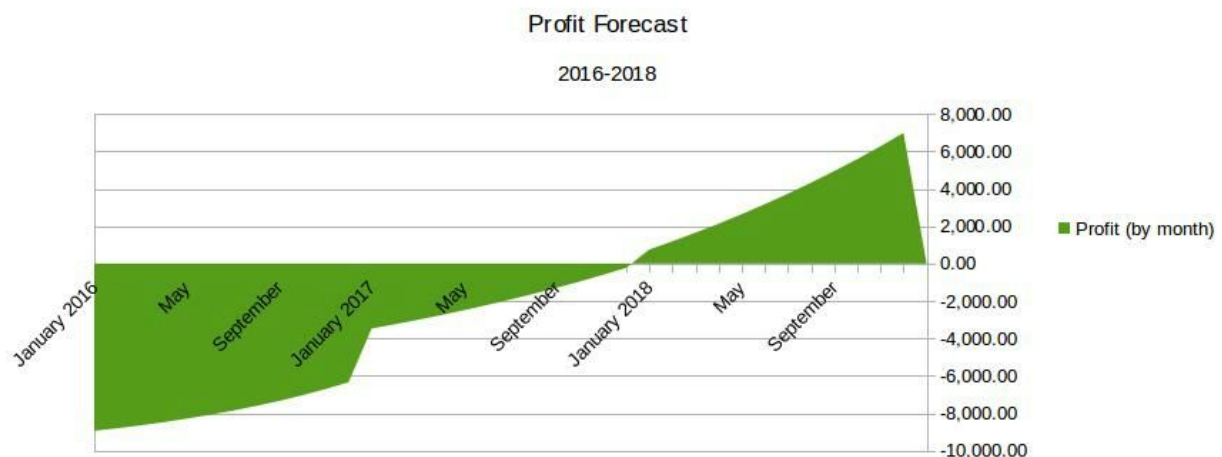
The following chart details monthly expected expenses, initial investment, and the expected bank balance for three years:

Initial Units Sold	\$200.00	Profit Per Unit	\$16.00	Monthly Expenses (Itemized)										2016	
Growth Rate	\$1.10	Cost Per Unit	\$9.00	Employee Wkr	\$1,646.67	Rent	\$1,000.00	Utilities	\$300.00						
Monthly Expenses	\$10,620.12			Partner Wage	\$4,000.00	Marketing	\$1,000.00	Misc	\$2,673.46						
Month	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL		
Units Sold	\$200.00	\$220.00	\$242.00	\$266.20	\$292.82	\$322.10	\$354.31	\$389.74	\$428.72	\$471.59	\$518.75	\$570.62	\$4,276.86		
Sales Revenue	\$3,200.00	\$3,520.00	\$3,872.00	\$4,259.20	\$4,685.12	\$5,153.63	\$5,669.00	\$6,235.89	\$6,859.48	\$7,545.43	\$8,299.98	\$9,129.97	\$68,429.71		
Expenses	\$12,420.12	\$12,600.12	\$12,798.12	\$13,015.92	\$13,255.50	\$13,519.04	\$13,808.93	\$14,127.81	\$14,478.58	\$14,864.43	\$15,288.86	\$15,755.73	\$165,933.20		
Profit (by month)	-\$9,220.12	-\$9,080.12	-\$8,926.12	-\$8,756.72	-\$8,570.38	-\$8,365.41	-\$8,139.94	-\$7,891.92	-\$7,619.10	-\$7,319.00	-\$6,988.88	-\$6,625.76	-\$97,503.49		
Profit (to date)	-\$9,220.12	-\$18,300.25	-\$27,226.37	-\$35,983.10	-\$44,553.48	-\$52,918.89	-\$61,058.83	-\$68,950.75	-\$76,569.85	-\$83,888.84	-\$90,877.73	-\$97,503.49	\$0.00		
Investment	\$150,000.00														
Bank Balance	\$140,779.88	\$131,699.75	\$122,773.63	\$114,016.90	\$105,446.52	\$97,081.11	\$88,941.17	\$81,049.25	\$73,430.15	\$66,111.16	\$59,122.27	\$52,496.51			

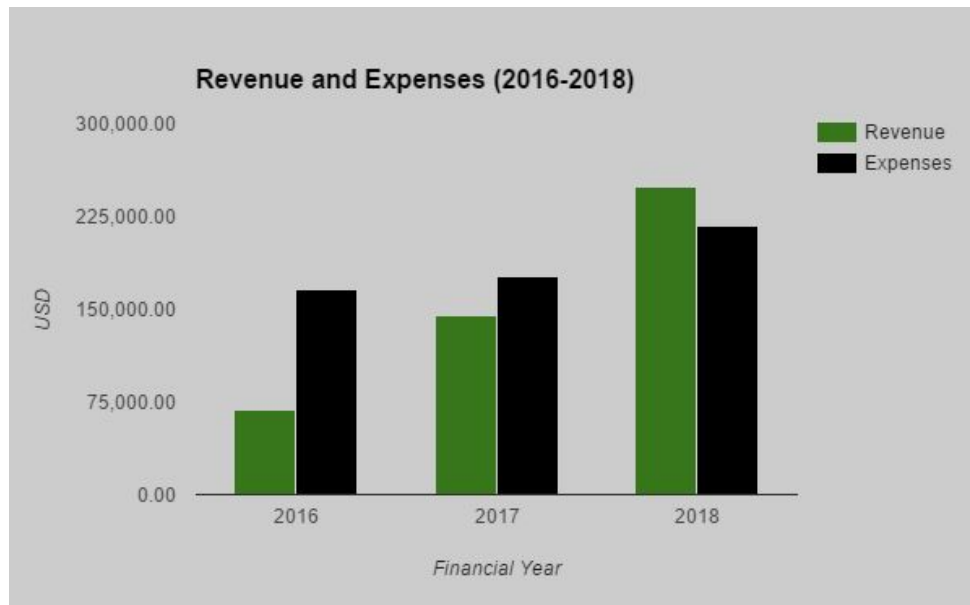
Initial Units Sold	\$570.62	Profit Per Unit	\$16.00	Monthly Expenses (Itemized)										2017	
Growth Rate	\$1.05	Cost Per Unit	\$8.00	Employee Wkr	\$1,646.67	Rent	\$1,000.00	Utilities	\$300.00						
Monthly Expenses	\$8,643.85			Partner Wage	\$4,000.00	Marketing	\$1,000.00	Misc	\$697.18						
Month	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL		
Units Sold	\$570.62	\$599.15	\$629.11	\$660.57	\$693.60	\$728.28	\$764.69	\$802.92	\$843.07	\$885.22	\$929.49	\$975.96	\$9,082.68		
Sales Revenue	\$9,129.97	\$9,586.47	\$10,065.80	\$10,569.09	\$11,097.54	\$11,652.42	\$12,235.04	\$12,846.79	\$13,489.13	\$14,163.59	\$14,871.76	\$15,615.35	\$145,322.94		
Expenses	\$13,208.83	\$13,437.08	\$13,676.74	\$13,928.39	\$14,192.62	\$14,470.05	\$14,761.36	\$15,067.24	\$15,388.41	\$15,725.64	\$16,079.73	\$16,451.52	\$176,387.62		
Profit (by month)	-\$4,078.86	-\$3,850.61	-\$3,610.95	-\$3,359.30	-\$3,095.08	-\$2,817.64	-\$2,526.33	-\$2,220.45	-\$1,899.28	-\$1,562.05	-\$1,207.96	-\$836.17	-\$31,064.68		
Profit (to date)	-\$4,078.86	-\$7,929.47	-\$11,540.42	-\$14,899.72	-\$17,994.79	-\$20,812.43	-\$23,338.76	-\$25,559.21	-\$27,458.49	-\$29,020.54	-\$30,228.51	-\$31,064.68	\$0.00		
Bank Balance	\$48,417.65	\$44,567.04	\$40,956.10	\$37,596.79	\$34,501.72	\$31,684.08	\$29,157.75	\$26,937.30	\$25,038.02	\$23,475.97	\$22,268.01	\$21,431.84			

Initial Units Sold	\$975.96	Profit Per Unit	\$16.00	Monthly Expenses (Itemized)										2018	
Growth Rate	\$1.05	Cost Per Unit	\$7.00	Employee Wkr	\$1,646.67	Rent	\$1,000.00	Utilities	\$300.00						
Monthly Expenses	\$9,073.96			Partner Wage	\$4,000.00	Marketing	\$1,000.00	Misc	\$1,127.30						
Month	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL		
Units Sold	\$975.96	\$1,024.76	\$1,076.00	\$1,129.80	\$1,186.28	\$1,245.60	\$1,307.88	\$1,373.27	\$1,441.94	\$1,514.03	\$1,589.74	\$1,669.22	\$15,534.47		
Sales Revenue	\$15,615.35	\$16,396.12	\$17,215.93	\$18,076.72	\$18,980.56	\$19,929.59	\$20,926.07	\$21,972.37	\$23,070.99	\$24,224.54	\$25,435.76	\$26,707.55	\$248,551.55		
Expenses	\$15,905.68	\$16,247.27	\$16,605.93	\$16,982.53	\$17,377.96	\$17,793.16	\$18,229.12	\$18,686.88	\$19,167.52	\$19,672.20	\$20,202.11	\$20,758.52	\$217,628.88		
Profit (by month)	-\$290.33	-\$148.85	-\$609.99	-\$1,094.19	-\$1,602.60	-\$2,136.43	-\$2,696.95	-\$3,285.49	-\$3,903.47	-\$4,552.34	-\$5,233.65	-\$5,949.03	-\$30,922.67		
Profit (to date)	-\$290.33	-\$141.48	-\$468.52	-\$1,562.71	-\$3,165.31	-\$5,301.74	-\$7,998.69	-\$11,284.18	-\$15,187.64	-\$19,739.98	-\$24,973.63	-\$30,922.67	\$0.00		
Bank Balance	\$21,141.51	\$21,290.36	\$21,900.35	\$22,994.55	\$24,597.15	\$26,733.57	\$29,430.52	\$32,716.01	\$36,619.48	\$41,171.82	\$46,405.47	\$52,354.50			

Vivid Coffee expects to begin making a profit by the first quarter of 2018.



We have estimated yearly profit and loss, detailed on page 19, and figured these totals into our capital spending plan.



Personnel Plan

The four founders will be in charge of business strategy, marketing, and day to day business, as well as bottling when demand exceeds supply. All founders will be billed as part time employees, at a salary of \$1000 per month each.

After purchasing a bottling machine, one employee can take care of filling all of the bottles. This employee will be hired in December 2015, and will be in charge of mixing and bottling the product. The employee will be full-time, and we will pay \$9.50 per hour, for a total of \$1,600 monthly. This 5 person workforce will be sufficient for the first three years.

Task Breakdown:

- Chris: Chef, webmaster
- Kevin: Manage the warehouse, supply chain, and finances
- George: Personnel
- Troy: Social media and marketing
- TBA Employee: Mixing and bottling of product

Management Team

Vivid's management team is made up of individuals with diverse skill sets in business, marketing, and computer science. Specific skills are listed below:

- Extensive programming skills in web and back-end technologies
- Previous startup and fundraising experience
- Accounting and office management experience
- Experience with coffee roasting and brewing

Chris Fowles



George Hanley



Kevin Haupt



Troy Tully



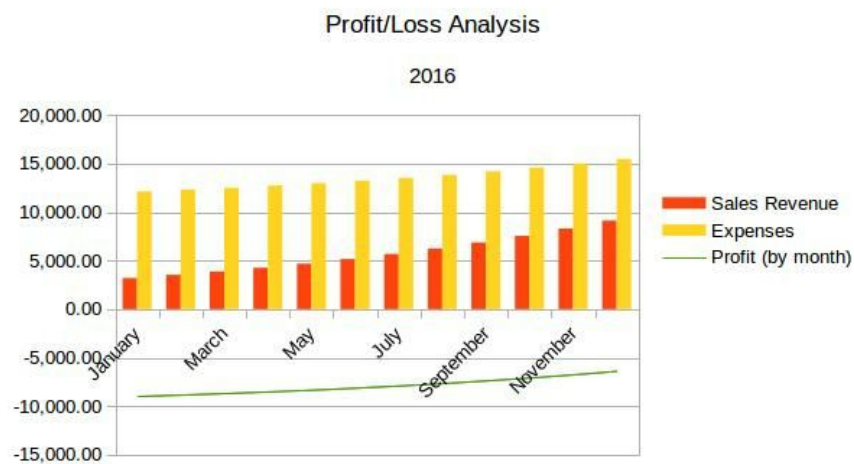
Appendix

Domain Name: vivid.coffee

Social Accounts:

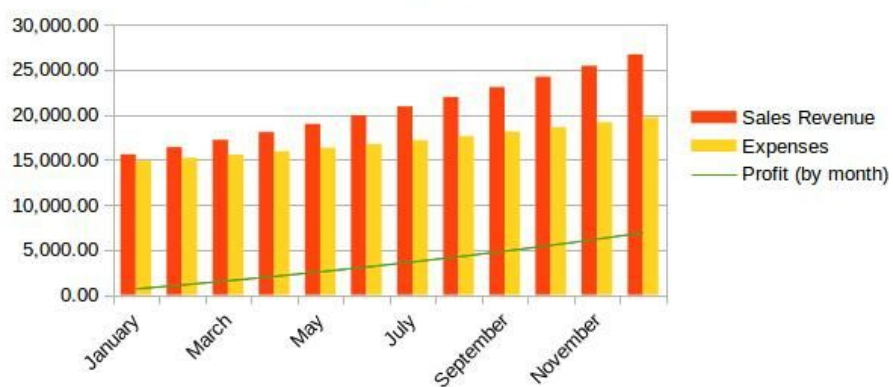
- Facebook: [Vivid Coffee](#)
- Instagram: [Vivid](#)

Further financial graphs are below:

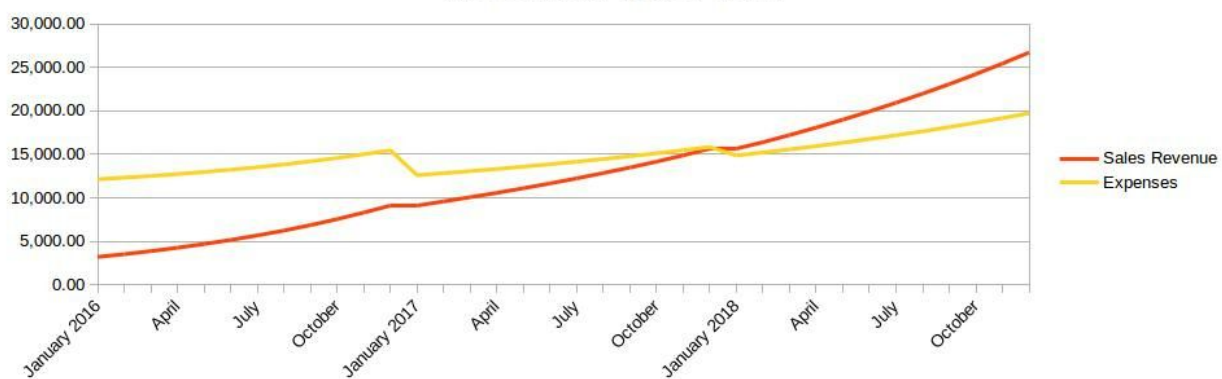


Profit/Loss Analysis

2018



Three Year Profit/Expense Forecast



Profit/Loss by Year

