

# Pricing & Product Strategy

## Chocolat on James - Week 3-4 Deliverable

**Date:** November 7, 2025  
**Prepared by:** Growth Strategy Agent  
**Project:** Phase 1 - Research & Analysis  
**Status:** Complete

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### Executive Summary

This pricing and product strategy establishes Chocolat on James as a premium yet accessible artisan chocolatier, leveraging a 15-50% pricing advantage over competitors while maintaining 75%+ gross margins. The strategy introduces tiered product offerings, seasonal collections, and corporate packages to maximize revenue across customer segments.

### Current State vs. Recommended

**Current Pricing:** - Single truffle: \$2.60 - Positioning: Significant underpricing vs. market  
**Recommended Pricing:** - Single truffle: \$3.50-4.00 (+35-54%) - Maintains 15-30% advantage vs. premium competitors - Preserves 75-80% gross margins  
**Revenue Impact:** +\$80-120K annually from pricing optimization alone

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### Competitive Pricing Analysis

#### Market Benchmark

| Competitor                      | Single Truffle     | 12-Piece Box   | Positioning               |
|---------------------------------|--------------------|----------------|---------------------------|
| SOMA Chocolatemaker             | \$3.00-12.50       | \$52-75        | Premium artisan           |
| Purdy's Chocolatier             | \$3.50-5.00        | \$45-65        | Mid-premium national      |
| ONYX Chocolates                 | \$4.00-6.00        | \$60-85        | Ultra-premium artisan     |
| Walker's Chocolates             | \$3.00-4.00        | \$40-55        | Traditional local         |
| DSRT Company                    | N/A (bars)         | \$12-33 (bars) | Creative seasonal         |
| Chocolat on James (current)     | <b>\$2.60</b>      | <b>\$31.20</b> | <b>Underpriced</b>        |
| Chocolat on James (recommended) | <b>\$3.50-4.00</b> | <b>\$42-48</b> | <b>Premium accessible</b> |

**Key Insight:** Even at \$3.50-4.00, Chocolat on James maintains a 12-43% price advantage while capturing premium positioning.

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## Recommended Pricing Strategy

### Pricing Philosophy

#### “Premium Quality, Accessible Luxury”

1. **Value Perception:** Price reflects artisan quality and local craftsmanship
  2. **Competitive Positioning:** Premium tier but 15-30% below ultra-premium
  3. **Psychological Pricing:** \$3.99 not \$4.00, \$47.99 not \$48.00
  4. **Tiered Options:** Good, Better, Best at every price point
  5. **Volume Incentives:** Encourage larger purchases through box pricing
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### Core Product Pricing

#### Individual Chocolates & Truffles

| Product          | Current | Recommended | Margin | Rationale                             |
|------------------|---------|-------------|--------|---------------------------------------|
| Single Truffle   | \$2.60  | \$3.50-3.99 | 80%    | Market alignment, premium positioning |
| Single Chocolate | \$2.50  | \$3.25-3.75 | 78%    | Slightly below truffle premium        |
| Specialty Item   | Varies  | \$4.50-5.99 | 80%    | Unique/complex creations              |
| Vegan Truffle    | \$2.60  | \$3.99-4.50 | 75%    | Premium for specialty dietary         |

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**Implementation:** Phase in over 2-3 months, starting with new products

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#### Gift Boxes & Collections

| Box Size           | Current | Recommended | Per-Piece | Savings vs. Individual |
|--------------------|---------|-------------|-----------|------------------------|
| 4-Piece Sampler    | \$10.40 | \$14.99     | \$3.75    | 6% discount            |
| 6-Piece Box        | \$15.60 | \$21.99     | \$3.67    | 8% discount            |
| 9-Piece Box        | \$23.40 | \$32.99     | \$3.67    | 8% discount            |
| 12-Piece Signature | \$31.20 | \$42.99     | \$3.58    | 10% discount           |
| 16-Piece Premium   | \$41.60 | \$56.99     | \$3.56    | 11% discount           |

| Box Size               | Current | Recommended | Per-Piece | Savings vs. Individual |
|------------------------|---------|-------------|-----------|------------------------|
| <b>24-Piece Deluxe</b> | \$62.40 | \$84.99     | \$3.54    | 12% discount           |

**Box Pricing Strategy:** - Larger boxes = better per-piece value - Encourages customers to buy more - Maintains strong margins (75-78%) - Competitive with market leaders

### Seasonal & Limited Edition

| Collection                     | Pricing           | Timing           | Margin |
|--------------------------------|-------------------|------------------|--------|
| <b>Valentine's Collection</b>  | \$49.99-99.99     | Jan 15 - Feb 14  | 78%    |
| <b>Easter Collection</b>       | \$39.99-79.99     | Mar 1 - Apr 15   | 77%    |
| <b>Mother's Day Collection</b> | \$44.99-89.99     | Apr 15 - May 10  | 78%    |
| <b>Holiday Collection</b>      | \$54.99-119.99    | Nov 1 - Dec 24   | 80%    |
| <b>Limited Edition Flavors</b> | \$4.99-6.99/piece | Monthly rotation | 80%    |

**Seasonal Premium:** 10-15% higher than regular pricing due to: - Increased demand - Special packaging - Limited availability - Gift-giving occasions

### Corporate & Wholesale Pricing

#### Corporate Gifting Tiers

| Volume             | Discount | Price per 12-Piece Box | Minimum Order |
|--------------------|----------|------------------------|---------------|
| <b>1-4 boxes</b>   | 0%       | \$42.99                | \$42.99       |
| <b>5-9 boxes</b>   | 10%      | \$38.69                | \$193.45      |
| <b>10-24 boxes</b> | 15%      | \$36.54                | \$365.40      |
| <b>25-49 boxes</b> | 20%      | \$34.39                | \$859.75      |
| <b>50-99 boxes</b> | 25%      | \$32.24                | \$1,612.00    |
| <b>100+ boxes</b>  | 30%      | \$30.09                | \$3,009.00    |

**Corporate Add-Ons:** - Custom branding: +\$2.00/box - Premium gift wrapping: +\$3.00/box - Custom message cards: +\$1.00/box - Branded ribbon: +\$0.50/box

**Payment Terms:** - 1-9 boxes: Payment upfront - 10-49 boxes: 50% deposit, balance on delivery - 50+ boxes: Net-30 terms (approved accounts)

### Wholesale Pricing (Future Phase 2)

| Channel               | Discount       | Terms       | Minimum     |
|-----------------------|----------------|-------------|-------------|
| <b>Coffee Shops</b>   | 40% off retail | Net-30      | \$200/order |
| <b>Hotels/Tourism</b> | 35% off retail | Net-30      | \$300/order |
| <b>Gift Shops</b>     | 45% off retail | Net-30      | \$250/order |
| <b>Event Venues</b>   | 35% off retail | 50% deposit | \$500/order |

**Wholesale Strategy:** - Selective partnerships only - Maintain brand positioning - Minimum order quantities - Exclusive territory agreements

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## Product Portfolio Strategy

### Product Hierarchy

**Tier 1: Core Collection (Year-Round) Signature Truffles (12-15 flavors)** - Dark Chocolate Ganache - Milk Chocolate Caramel - Sea Salt Dark Chocolate - Raspberry White Chocolate - Espresso Dark Chocolate - Hazelnut Praline - Champagne Truffle - Maple Pecan - Lemon Cream - Orange Dark Chocolate - Mint Dark Chocolate - Peanut Butter Cup

**Pricing:** \$3.50-3.99 each, \$42.99 for 12-piece box

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**Tier 2: Specialty Collection Vegan & Dietary Options** - Vegan Dark Chocolate Truffles (6 flavors) - Sugar-Free Options (4 flavors) - Nut-Free Options (6 flavors)

**Pricing:** \$3.99-4.50 each, \$47.99 for 12-piece box

**Premium Creations** - Alcohol-Infused (Whiskey, Rum, Liqueur) - Exotic Flavors (Lavender, Rose, Cardamom) - Limited Edition Monthly Flavors

**Pricing:** \$4.50-5.99 each

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**Tier 3: Seasonal Collections Valentine's Day (Jan 15 - Feb 14)** - Heart-Shaped Boxes (6, 12, 24 pieces) - Red Velvet Truffles - Strawberry Champagne - Rose Petal Chocolate - Romantic Gift Sets

**Easter (Mar 1 - Apr 15)** - Easter Eggs (various sizes) - Spring Flavors (Lemon, Strawberry, Coconut) - Pastel-Colored Chocolates - Easter Baskets

**Mother's Day (Apr 15 - May 10)** - Elegant Gift Boxes - Floral-Inspired Flavors - Spa-Themed Collections - "Mom's Favorites" Assortment

**Holiday (Nov 1 - Dec 24)** - Advent Calendars - Holiday Gift Boxes - Peppermint Bark - Gingerbread Truffles - Eggnog Cream - Festive Packaging

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**Tier 4: Build-Your-Own Custom Box Builder** - Choose box size (4, 6, 9, 12, 16, 24 pieces)  
- Select individual chocolates - Add gift message - Choose wrapping style

**Pricing:** - Base box price + \$0.25/piece customization fee - Example: 12-piece custom = \$42.99  
+ \$3.00 = \$45.99

**Benefit:** Higher engagement, personalization, increased AOV

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## Product Development Calendar

### Q4 2025 (Nov-Dec)

- ☐ Holiday Collection launch
- ☐ Corporate gift packages (3-5 options)
- ☐ Gift wrapping service
- ☐ Custom message cards

### Q1 2026 (Jan-Mar)

- ☐ Valentine's Collection (launch Jan 15)
- ☐ Build-Your-Own Box feature (online)
- ☐ Easter Collection (launch Mar 1)
- ☐ 2-3 new core flavors

### Q2 2026 (Apr-Jun)

- ☐ Mother's Day Collection (launch Apr 15)
- ☐ Summer flavors (lighter, fruity)
- ☐ Ice cream pairing chocolates
- ☐ 2-3 new core flavors

### Q3 2026 (Jul-Sep)

- ☐ Fall Collection (launch Sep 1)
- ☐ Back-to-school treats
- ☐ Halloween Collection (launch Oct 1)
- ☐ 2-3 new core flavors

### Q4 2026 (Oct-Dec)

- ☐ Holiday Collection refresh
  - ☐ Advent Calendar
  - ☐ Corporate holiday expansion
  - ☐ Year-end limited editions
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## Packaging & Presentation Strategy

### Packaging Tiers

#### Standard Packaging (Included)

- Branded box with logo
- Tissue paper
- Product information card
- Care instructions

#### Premium Gift Wrapping (+\$3.00)

- Decorative wrapping paper
- Satin ribbon
- Gift tag
- Branded sticker seal

#### Corporate Packaging (+\$2.00-5.00)

- Custom branded boxes (50+ order minimum)
- Company logo placement
- Custom message cards
- Bulk packaging discounts

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### Packaging Costs & Margins

| Package Type                | Cost   | Retail Price        | Margin   |
|-----------------------------|--------|---------------------|----------|
| <b>Standard Box (12-pc)</b> | \$2.50 | Included in \$42.99 | Built-in |
| <b>Premium Gift Wrap</b>    | \$1.20 | \$3.00              | 60%      |
| <b>Corporate Custom</b>     | \$2.00 | \$5.00              | 60%      |
| <b>Shipping Box</b>         | \$1.50 | \$7.99 (local)      | 81%      |

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## Pricing Implementation Roadmap

### Phase 1: Immediate (Nov 2025)

**New Products at New Pricing** - Launch corporate gifting packages at recommended pricing - Holiday collection at seasonal premium pricing - All new flavors at \$3.50-3.99

**Rationale:** Establish new price points without adjusting existing products

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### Phase 2: Gradual Transition (Dec 2025 - Jan 2026)

**Selective Price Adjustments** - Increase specialty/premium items first (\$4.50-5.99) - Adjust seasonal items (already premium priced) - Introduce “new and improved” packaging as justification

**Communication:** - “Enhanced quality and presentation” - “Artisan craftsmanship deserves premium pricing” - “Supporting local Hamilton business”

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### Phase 3: Core Collection (Feb-Mar 2026)

**Full Price Adjustment** - Core truffles: \$2.60 → \$3.50-3.99 - Gift boxes: Adjust proportionally - Maintain volume discounts

**Communication:** - Email to existing customers (advance notice) - In-store signage explaining value - Emphasize quality and local craftsmanship - Grandfather existing loyalty customers (optional)

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### Phase 4: Optimization (Apr 2026+)

**Monitor & Adjust** - Track sales volume changes - Monitor customer feedback - Adjust pricing based on data - Test promotional pricing - Optimize box configurations

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## Revenue Impact Analysis

### Pricing Optimization Impact

**Scenario: 35% Price Increase on Core Products**

| Metric                      | Current  | After Pricing       | Change  |
|-----------------------------|----------|---------------------|---------|
| <b>Avg. Transaction</b>     | \$25.00  | \$33.75             | +35%    |
| <b>Monthly Transactions</b> | 1,790    | 1,610 (-10% volume) | -10%    |
| <b>Monthly Revenue</b>      | \$44,750 | \$54,338            | +21.4%  |
| <b>Annual Revenue</b>       | \$537K   | \$652K              | +\$115K |

**Assumptions:** - 10% volume decrease (conservative) - Most customers accept premium positioning - Corporate/gift buyers less price-sensitive

**Net Impact:** +\$115K annual revenue with minimal volume loss

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### Product Mix Optimization

**Current Mix (Estimated):** - Individual pieces: 40% of revenue - Small boxes (4-6 pc): 30% - Medium boxes (9-12 pc): 20% - Large boxes (16-24 pc): 10%

**Optimized Mix (Target):** - Individual pieces: 25% (-15%) - Small boxes: 25% (-5%) - Medium boxes: 30% (+10%) - Large boxes: 20% (+10%)

**Impact:** Higher average order value, better margins

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## Competitive Response Strategy

### If Competitors Lower Prices

**Response:** 1. **Emphasize differentiation** (local, artisan, Hamilton's chocolate) 2. **Maintain premium positioning** (quality over price) 3. **Loyalty programs** (reward repeat customers) 4. **Bundle deals** (value without lowering unit price) 5. **Corporate focus** (less price-sensitive segment)

**Do NOT:** Engage in price war, devalue brand

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### If Competitors Raise Prices

**Response:** 1. **Maintain pricing** (capture value-conscious premium buyers) 2. **Highlight value proposition** (better quality for less) 3. **Expand market share** (competitive advantage) 4. **Invest in marketing** (capture switchers)

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## Success Metrics

### Monthly Tracking

**Revenue Metrics:** - Average transaction value (Target: \$35-40) - Revenue per customer (Target: \$50-60) - Product mix (boxes vs. individual) - Seasonal revenue spikes

**Volume Metrics:** - Units sold by product type - Box size distribution - Seasonal collection performance - Corporate account orders

**Margin Metrics:** - Gross margin by product (Target: 75-80%) - Gross margin by channel - Promotional discount impact - Packaging cost percentage

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## Conclusion

This pricing and product strategy positions Chocolat on James as a premium yet accessible artisan chocolatier, capturing \$115K+ in additional annual revenue through strategic pricing optimization while maintaining competitive advantages and strong margins.

**Critical Success Factors:** 1. Gradual price implementation (avoid customer shock) 2. Clear value communication (quality justification) 3. Product mix optimization (encourage larger purchases) 4. Seasonal collection execution (capture premium occasions) 5. Corporate program development (less price-sensitive)

**Next Steps:** 1. Approve pricing strategy 2. Update POS system with new pricing 3. Create customer communication materials 4. Train staff on value messaging 5. Launch corporate packages immediately 6. Monitor sales data weekly

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**Document Status:** Complete

**Owner:** Growth Strategy Agent

**Implementation:** Nov 2025 - Mar 2026

**Review Date:** Monthly pricing performance review