

# Dhark Coco, Online Chocolate, Confections, and Treats Boutique

## Business Description

Dhark CoCo is an online chocolate boutique offering couture chocolates, confections and baked goods. Dhark Coco, a luxury brand, is for the chocolate connoisseur wanting to explore unique flavor profiles from all over the world, the business professional looking to impress their clientele, and is the perfect gift during the holiday seasons. Dhark CoCo will become more than a chocolate, confections and treats brand but will transform into an academy for the home baker learning to perfect their craft. Physical demonstrations, classes, cookbooks, video blogs is what the future holds for Dhark CoCo. The chocolate and confection industry is a powerhouse that is expected to have continuous annual growth and by 2017 have sales of \$21.4 billion, with chocolate accounting for over 20% of those sales. We will specialize in seasonal gifts, special events, and to satisfy the everyday craving for something sweet. This luxury brand will take its share in the market by delivery excellent customer service, creating a superior product using high quality ingredients,

Mission Statement: To satisfy every sweet tooth, chocolate craving and to provide luxury gifts for all occasions.

Company Goals and Objectives: Goals:

- 1<sup>st</sup> year
    - Host a launch party to invite potential customers to experience what I have to offer
    - Brand awareness mainly through social media awareness, using the promotion tools that Instagram, Facebook, and Twitter have to offer
    - To have a customer in at least half of the states in the country
    - Attend 3 wedding expos or other events as a vendor to get the company name out there
    - Focus on Search engine optimization
    - Partner with popular brands that will promote our business
    - Have products sold in a retail shop such as Whole Foods or Neiman Marcus
    - Cater desserts at least 5 local celebratory events
    - 2,000 followers between Instagram and Facebook business pages
    - Featured on a local news station, or major media outlet
    - Professional development class at the Chicago Chocolate Academy
  - Gross sales of \$20,000
  - Hire one employee
- 5 years
- Gross sales of \$100,000
  - Ship internationally
  - Move into own space
  - Follower base of 20,000 and more
  - Space to include filming kitchen
  - Host cooking/baking demonstrations to the public and private classes
  - Launch cooking/baking YouTube channel, to generate another source of income
- 10 years
- Write and publish cookbook
  - Book tour, traveling the country teaching classes

Business Philosophy: To create a luxury product, with quality ingredients found from all over the world, catering to the needs of the chocolate connoisseur to the superb gift giver and all in between, while delivery memorable service.

### Market Analysis

There are several segments I plan to market my product and services to. There are four categories: People hosting celebratory events, Business professionals, Holiday season gifts (Mainly Valentine's Day and Christmas), and high income level households.

Chocolate contributes to the majority of the \$34.5 billion confectionary industry in the United States. Chocolate sales accounted for \$21.1 billion of the candy industry in 2014 which was a 2.9% increase from the previous year. The greatest growth was in premium products, which expanded 11%, and in dark chocolate products, which grew 8%. Sales are expected to grow another 6% by 2017 to \$22.4 billion. Seasonal candy is also a major driver of the confectionary industry, in 2014 it accounted for over 21% of sales (\$7 billion). Premium and dark chocolate are the strongest segments of the market in the United States. I foresee this industry with constant growth, especially in the specialty (holiday) segments and in dark chocolate, with the health studies revealing that dark chocolate is good for your health.

Dhark CoCo will succeed because of the unique, personalized, product and services offered to potential customers. My company will emphasize building relationships with clients, something the major companies are missing the mark on due to mass production and an overwhelming variety of products offered. The products used will only be of high quality, found from around the world to provide a memorable experience to the chocolatier. Dhark CoCo's major competitive strengths will be a heavy presence on all social media outlets, targeting every potential segment for the various occasions and needs for chocolate. We not only provide chocolate and confections but baked goods as well, catering to special needs diets such as sugar free, gluten free, and vegan. We are able to not only have an online presence but be able to physically cater locally as well. Dhark CoCo will transform from a business that provides products to a business that also provides learning opportunities for the chocolate connoisseur that wants to develop their skills in chocolate making

#### **Targeted Market:**

- 25 years old and up
  - Male and Female
  - United States
  - \$70k and up salary
  - Upper middle and upper class
  - Individuals in need of purchasing for luxury gifts during the holiday season and other special events
  - Bachelor's degree or higher
  - Lifestyle: foodies (persons appreciative of food), the home entertainer, the luxurious gift giver, the event planner
- with high end clients, the everyday chocolate/sweet lover
  - Customers who enjoy purchasing delicacies no matter the cost, to impress others with their taste of luxury chocolate and confections.
  - Special diets: Vegan, Gluten Free, Sugar Free
  - Segments within my market
    - a) Bridal
    - b) Events: Sweets tables at weddings, birthdays, and other celebratory events

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| <p>c) Business: Business events looking to impress clients with a personalized touch</p> <p>d) Chocolate Lover<br/>For business customers, the demographic factors might be:</p> | <ul style="list-style-type: none"> <li>• Sales industry, or other industry that entertain/host clients</li> <li>• United States</li> <li>• Small size firm</li> <li>• Servicing high end clients</li> </ul> |
|--|---|

Market Research provided by Candy USA, National Confectioners Association (more research provided in actual business plan)

- Seasonal candy accounts for more than \$7.2 billion each year, accounting for 21% percent of annual
- Premium chocolate sales grew nearly 11% in 2014
- Overall confectionery market saw moderate growth in 2014
- Generating an estimated \$21.2 billion in U.S. retail sales, chocolate remains the largest sub category in confectionary
- More than 40% of online candy shoppers have purchased candy from specialty confectionery retailers
- Confectionery is a seasonal powerhouse for U.S retailers, growing nearly 8.5% during the Valentine’s Day, Easter, Halloween and Winter Holiday seasons in 2014 over 2013
- Grocery stores account for 22% of confectionary sales
- Confectionery industry is a \$35 billion industry

A survey was created using Google Forms to gauge family and friends about their chocolate consumption. I have so far received a good amount of responses by promoting the survey on my social media accounts. The shortcoming of the results is that the people filling out the form, don’t necessarily fall into the targeted market, so they wouldn’t even fathom buying luxury chocolates or confections, but the feedback/concerns were still helpful.

<https://goo.gl/forms/ehyAGsIuoxJc39Fz2>

For more accurate data, I plan to host an “eye tracker” with individuals from my target market to compare how my packaging holds up against the known brands. I also plan to host a focus group with individuals in my target market, that includes tasting products, asking price point questions, preferences, and more.

When examining my main competition/chocolate companies I am inspired by, the prices vary. In order for Dhark CoCo to be perceived as a luxury brand, it not only must deliver luxury products but also the price must match as well. Some of the high end established chocolate companies sell 3# of a variety of chocolate candies for \$398 (La Maison Du Chocolat) whereas Godiva charges \$78 for their signature assorted box of bon bons. My pricing will first depend on my food & labor costs, but I would like to fall into the “Godiva” price range. As a new start up, this may be a challenge with high prices, but I will not sell my company or my skills short in order to successfully enter the market. The quality ingredients and luxury packaging will drive up my food and wrap around costs, so I will have to price accordingly. In my projected 12 month profit/loss, I assumed my food cost was at 18%.

### **Products and Services**

Chocolates can be customized in color, logo, messages and names are available for a specialized touch

**Cake Jars:**

Cake Jars will be sold by the half dozen, assorted box also available, can customize for special events and occasions

- Chocolate (Devil's Food Cake) Dulce De Leche, espresso Swiss buttercream
- Chocolate, raspberry, ganache, chocolate buttercream
- Chocolate, peanut butter buttercream, pretzels, caramel

**Cookies:**

Cookies will be sold by the dozen, assorted boxes available by 2 dozen

- Brownies
- Chocolate Chip
- Peanut Butter
- Macarons
- Almond Raspberry Thumbprint Cookies
- Almond Spritz Cookies
- Chocolate Almond Espresso petit fours
- Oatmeal Raisin

**Vegan:**

Sold for the half dozen for cake in mason jars, cookies sold by the dozen

- Chocolate Chunk Cookies
- Peanut Butter Cookies
- Red Velvet Cake, Cream Cheese

**Gluten Free:**

Sold for the half dozen for cake in mason jars, cookies sold by the dozen

- Peanut Butter Banana Oatmeal Raisin Cookies
- Chocolate Cake, buttercream

**Sugar Free:**

Sold for the half dozen for cake in mason jars, cookies sold by the dozen

- Chocolate Brownies
- Chocolate Cake
- White Chocolate Chunk Cookies

- Red Velvet Cake

**Chocolate & Confections**

**Bon Bons & Chocolates:** Flavor sold by 1 dozen or signature bon bon box of 24, colors can be customized

- Vanilla milk chocolate
- Dulce de leche coffee
- Toucans
- PBJ's
- Tropical flowers
- Mint fondants
- Cherry Cordials
- Passion Fruit Honey
- Strawberry Balsamic
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**Truffles:** Flavor sold by 1 dozen or Signature box of 24 truffles

- Liqueur ganache, chocolate labels with personal messages can be created
- Amaretti
- Lavender
- Caramel ganache
- Passion vanilla
- Hazelnut latte
- Orange truffles

Confections:

Confections sold by the pound, assorted signature boxes available

- Chocolate taffy
- Peanut Brittle
- Peanut butter taffy
- Pecan butter crunch
- Soft caramels
- Chocolate fudge
- Pecan pralines

Aerated Confections:

- Marshmallows (Gourmet S'mores package, Chocolate bars, homemade graham crackers) (Flavor options: Chocolate, Coffee, Passion Fruit)

**Locally:**

- Will offer services for Dessert Bars (Items only limited to local) (minimum food and beverage expenditure required, servicing the Central Florida area)
- Profiteroles, traditional, caramel, and tropical
- Crème Brulee (vanilla, lemon, chocolate)
- Mini Tarte Tartin
- Saint Honore
- Chocolate Mousse
- Pot De Crème
- Strawberry Mousse Cake
- Key Lime Tart
- Fresh fruit Tartlet
- Pear frangipane tartlet
- Praline éclair
- Private in home classes

Flavors will be added or removed depended on the season, availability of product, and demand of the flavors. Will offer Holiday collections, different packaging for Christmas and Valentine's day.

Major concern for potential customers is quality of product once shipped. Here are several shipping methods I plan to incorporate to ensure the high quality of the products

- Educate customers on chocolate care (melting points ect)
- Only ship Monday-Wednesday (to prevent chocolate from being held in transit longer than three days)
- Always use 2 day shipping
- Shipping prices increase during summer for added wrap around costs to protect chocolate during high heat seasons
- Having an in detailed "Shipping Policy" page on website
- Always provide tracking number, no P.O boxes, no signature required

Services for special events: party favors/take home gifts to guests that can be specialized but not limited to. Other ideas include gifts for all occasions, wedding related (will you be my bridesmaid invitations), and congratulatory gifts.

The products and services I intend to produce will be of high quality falling within the luxury realm of products and services. My competitive advantages include providing a luxury experience from the buying process, delivery, and follow up, couture treats catering to the needs of the customers, open levels of communication with myself and clients, personalization of items for the various events and celebrations. Disadvantages would be getting my products into retail shops such as Neiman Marcus and Whole Foods, the limited amount of equipment to be able to mass produce my products to keep up with the demand, especially during peak holiday seasons such as Valentine's Day and Christmas.

### Competition

Being an online brand there will be several competitors in this industry. Focusing on luxury brands and those placed in positions that I hope to be in such as high end retail shops like Neiman Marcus.

List major competitors, and unique qualities:

#### **Godiva Chocolatier, INC**

- Large variety
- 6 truffles \$17
- Signature truffles, 12 for \$32
- 36 for \$78
- Shows the inside of each truffle in picture
- Gift boxes
- 12 strawberries for \$80
- Adds personal message
- Thank you, business, wedding/showers, baby shower, congratulations, anniversary
- Sections are too overwhelming
- **La Maison Du Chocolat**
- 221 pieces, 3# for \$398
- Tasting recommendations
- Holiday gifts, treats, bars, signature boxes, pastries, exceptional gifts, (hat boxes), party favors
- Vosges Haut-Chocolat

- Pairs wine with chocolates
- Gifts under \$25
- Gifts over \$75
- 50 pieces of chocolate for \$150
- Collections: Exotic truffle, limited edition, chocolate bar
- Corporate gifts, party favors
- Unique truffle flavors
- **Phillip Ashley Chocolates**
- **Small brand, yet featured on Neiman Marcus**
- Annual Chocolate subscription
- E-gifts, corporate gifts
- Flavor gallery, up close picture of each flavor, 76 flavors, trademarked names
- Designer chocolates, signature collections, truffles, confections and apparel.
- Example: Holiday, Supporting St. Jude Children’s Research Hospital, Taste of Memphis, World of Whiskey, Phillip Ashley Vegan, Gemstone Caramels.

A detailed SWOT analysis has been done including Dhark CoCo, Godiva, & Phillip Ashley

FACTOR	Dhark CoCo	Strength	Weakness	Godiva	Phillip Ashley	Importance to Customer
<b>Products</b>	High end chocolates, baked goods, confections, luxury packaged	Offering a variety of services other than just chocolate. Ex. Classes, baked goods, local catering for dessert bars	Uniqueness of some flavors, variety of gift packaging	Wide variety of products not limited to chocolates	Trademark flavor names, helping with charity	1
<b>Price</b>	Price will match luxury product	The product matches the price	May be too expensive due to lack of brand recognition	Fairly expensive but a known brand	Fairly expensive but a known brand	4
<b>Quality</b>	High quality	Using high quality products	Using those high quality products may get expensive for a start up	Pictures of each truffle on the inside ensuring high quality	High quality	1
<b>Selection</b>	Only selecting the most popular products and flavors, depending on season and demand.	Experience using products from around the world, I know what works	Having a limited selection of items compared to competitors	Wide selection of high quality productions	76 bon bon flavors, wide variety of collections	1
<b>Service</b>	High levels of service delivery is a top priority	Personalization, being a small business which means being able to take the time to build relationships with customers	Operating business by myself initially, may limit	Can track order, shipping info, return policy and FAQs all on their website	Can contact them via their website,	1

FACTOR	Dhark CoCo	Strength	Weakness	Godiva	Phillip Ashley	Importance to Customer
<b>Reliability</b>	Limiting shipping days, only offering 2 day shipping to eliminate risks	Will use every measure to make sure each product is top quality	Shipping procedures, ensuring product remains fresh and cold	Very reliable	Very reliable	1
<b>Stability</b>	Uses the best products to ensure quality, Dry Ice, Ice Packs, Insulation, sturdy shipping boxes	Chocolate becomes an unstable product when exposed to high temperature when being shipped	Product shipping through all climates	Have had over 100 years to master their craft	Very stable, retail shop only open three days a week to keep up with production	1
<b>Expertise</b>	Not a complete expert on chocolate but I have ample amount of experience working with it, and have the tools to expand my skills	Will take more professional developments to perfect my craft	Just myself and my experience, not having a world renowned chocolatier chef on staff	High level	High level	1
<b>Company Reputation</b>	Reputation will be based on superb service, high quality ingredients, and innovative flavors	My personal reputation within my area is positive	Being an unknown brand, trying to make a name for myself	Most recognizable brand, been around for almost 100 years	High ratings on yelp, TripAdvisor and better business bureau.	3
<b>Location</b>	Produce items in Daytona Beach, FL, targeting all of the United States.	No overhead costs due to renting commercial kitchen, while being able to service locally as well	Being in a location where my luxury products don't quite fit. Being online, people are hesitant to order online because of melting or lack of freshness	Website, Closest location is in Sanford, Florida	Three retail stores: Neiman Marcus, Horchow, Horsehoe Tunica, Corporate location is in Memphis, TN	5
<b>Appearance</b>	Will also have unique colors and designs for my products	Taking time to create eye pleasing chocolates and confections	Access to unique mold shapes	Variety of packaging, excellent gifts	Unique color combinations and molds	1
<b>Sales Method</b>	Online/Direct Sales	Utilizing social media to drive online sales	Not having a physical store location to generate more sales	Online Sales/Direct	Online Sales/Direct	4
<b>Credit Policies</b>	No refund/returns, but will go	No refund/returns	Customers may be upset will no	Warm weather guarantee	No returns or refunds offered	3

FACTOR	Dhark CoCo	Strength	Weakness	Godiva	Phillip Ashley	Importance to Customer
	above and beyond for unfortunate situations	to prevent customer fraud	refund/return policy			
<b>Advertising</b>	Social media, SEO, website	Great understanding of content, clear targets within in my market, experience using social media to target potential clients	Lack of funds to properly advertise like I should	Online, has a physical location, social media	Online, via Neiman Marcus, social media	1
<b>Image</b>	Photos along with gift boxes	Plan to model images based on Godiva	Will need complete photoshoot of each item, which will take time and money	Luxury, up close of inside	Perfect photos of each bon bon, up close	1

### Marketing Strategy

My Niche is luxury chocolates and confections delivering a personalized touch for the chocolate connoisseur, hostess with the mostess, or anyone sent into a sweet tooth frenzy. Dhark CoCo will also be an educational brand, teaching the public in an intimate setting on all things chocolate. Promotion

Marketing and Promotion will be mainly be done through social media, website, bloggers and other popular pages, and utilization of SEO's. Using Facebook and Instagram, you can specifically identify your audience, post content, interact with customers through posts and their Facebook and Instagram live option. On Facebook you can promote specific posts for a s little as \$5 to reach a certain amount of people in your targeted audience. The goal is to post twice a day on all social media outlets, being that my business will be solely online while posting an action video of my producing my products at least once a week. I also plan to network with bloggers and other personalities that have similar target markets with an established fan base to promote my business as well. In the beginning of starting this business, I plan to attend bridal shows, trade shows related to my industry and other events where I can promote my business. The image I want to project to my customers is a luxury brand of artisan chocolate, confections, and baked goods. I want the customers to view my chocolates, treats, and packaging as art. I do plan on hiring a graphic consultant to create a luxury logo to match my brand along with brochures, letterheads and cards, brochures, signage and table cloth. One my website, I plan to have the option where a customer can register their information to set up a profile, to track their buying habits and special occasions celebrated.

When it comes to placement, my ultimate goal is to be placed in established luxury retail stores such as Neiman Marcus. Being that the majority of chocolate sales come from grocery stores, being placed in Whole Foods is also another goal.

### **Pricing**

Depending on food and wrap around costs, prices may vary. Researching competitors, you notice there is no set trend from pricing certain items. Six chocolate truffles may cost \$12 for one brand but \$45 for another. Godiva is the most recognized brand amongst my targeted market, so I will strategically price possibly slightly lower than Godiva or at the same price, it just depends on the cost it takes to produce, package, and ship the products. My targeted customers don't make their decisions based on price, so I may be able to set higher prices, the shortcoming is being an unknown brand. I will provide an in-detail food/production cost of each item.

### **Production**

In order to produce all products for Dhark CoCo, a commercial bakery kitchen located in Daytona Beach, Florida will be rented for 2-3 days for 5-8 hours, each day to produce and package all items.

### **Financials**

Due to page restrictions, not everything has been included in this document. A complete business plan has been formulated, along with financial documents that include, break even analysis, start-up expenses, personal financial statement, 1<sup>st</sup> year projected sales forecast, and 1<sup>st</sup> year projected profit-loss sheet.

Break Even Analysis: \$7980

1 Year Sales Forecast: \$77,940

Profit-Loss Profit:

Total Revenue: \$77,940

Cost of Sales: \$13,979

Gross Profit: \$63,911

Total Expenses: \$8430

Net Operating Income: \$55,481

Start Up Expenses: \$10,000