

Chez Paul's Gourmet Market

Chez Paul's Gourmet Market
3421 Main Street
Abingdon, Maryland. 21009
410-880-7900
410-880-7950
info@chezpaul-gourmet.com

1. Executive Summary	1
2. Situation Analysis	1
2.1 Market Summary	1
2.1.1 Market Demographics	1
2.1.2 Market Needs	2
2.1.3 Market Trends	2
2.1.4 Market Growth	2
2.2 SWOT Analysis	3
2.2.1 Strengths	3
2.2.2 Weaknesses	3
2.2.3 Opportunities	3
2.2.4 Threats	3
2.3 Competition	4
2.4 Product Offering	4
2.5 Keys to Success	4
2.6 Critical Issues	4
3. Marketing Strategy	5
3.1 Mission	5
3.2 Marketing Objectives	5
3.3 Financial Objectives	6
3.4 Target Markets	6
3.5 Positioning	6
3.6 Strategies	6
3.7 Marketing Mix	7
3.8 Marketing Research	7
4. Financials	7
4.1 Break-even Analysis	7
4.2 Sales Forecast	8
4.3 Expense Forecast	9
5. Controls	9
5.1 Implementation	9
5.2 Contingency Planning	10

1.0 Executive Summary

Chez Paul's Gourmet Market will position itself as a leading gourmet foods retailer in Bel Air, MD. Our line of products will include top shelf oils, condiments, sauces, preserves, breads, appliances, herbs, spices, cheeses, and signature salads and sandwiches. We will serve distinct beverages, coffees and teas, hand made desserts, and offer catering and educational classes to our upscale clientele.

Chez Paul will try to reinvent the experience of gourmet shopping in a neighborhood atmosphere. Our strategic focus will be to educate customers and source the most exotic of products and to cater to their every food needs. Our target market will be upscale clientele with discretionary income. I predict steady sales growth as word of mouth creates interest and using a strategic marketing and advertising campaign to brand my store.

2.0 Situation Analysis

Chez Paul's Gourmet Market is will fill the market need for high end gourmet food products and not found in Harford County. The free educational series and knowledge of staff will be a key selling point. The high end products sold can not be found elsewhere in the county thus no competition for my services.

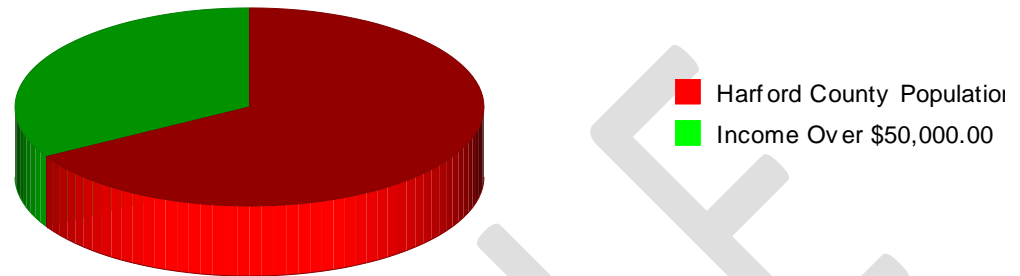
2.1 Market Summary

Chez Paul's Gourmet Foods has detailed knowledge of the Harford County Market. The market has very affluent clientele who drive great distances to other counties to have their culinary needs met.

Table: Market Analysis

Market Analysis	Growth	2005	2006	2007	2008	2009	CAGR
Potential Customers	5%	9,000	9,450	9,923	10,419	10,940	5.00%
Harford County Population	5%	4,500	4,725	4,961	5,209	5,469	5.00%
Income Over \$50,000.00	5.00%	13,500	14,175	14,884	15,628	16,409	5.00%

Market Analysis (Pie)



2.1.1 Market Demographics

The profile for Chez Paul's Gourmet Market customers consists of the following geographics, demographics, and behavior factors:

Geographic's

- Our immediate geographic target is the city of Bel Air, Abingdon, and Forest Hill with populations of 56,000.
- A 15 mile geographic area is in need of our services
- The total target population is 235,594

Demographics

- Male and Female
- Ages 25-65, this segment makes up 78% of the target market according to the US Census Bureau
- Young Professionals who work close to the area.
- Yuppies
- Have attended college and/or graduate school.
- Have income over \$40,000.
- Tend to patronize high end retailers.
- Are cognizant of their status and health.

Behavior Factors

- Enjoy a high quality of life and like to treat themselves to the finer things in life.
- Want to be pampered and feel important
- Value is attributed to the appearance of the store and its food.

2.1.2 Market Needs

Chez Paul's will give the discriminating epicurean who cares about quality and service, hard to find items and unmatched service in an atmosphere of elegance. Here you will find the finest foods, gifts, and hard-to-find specialties. Explore a renowned selection of international cheeses, condiments, spices and herbs, sauces, and breads — a treasure trove of tastes for refined palates.

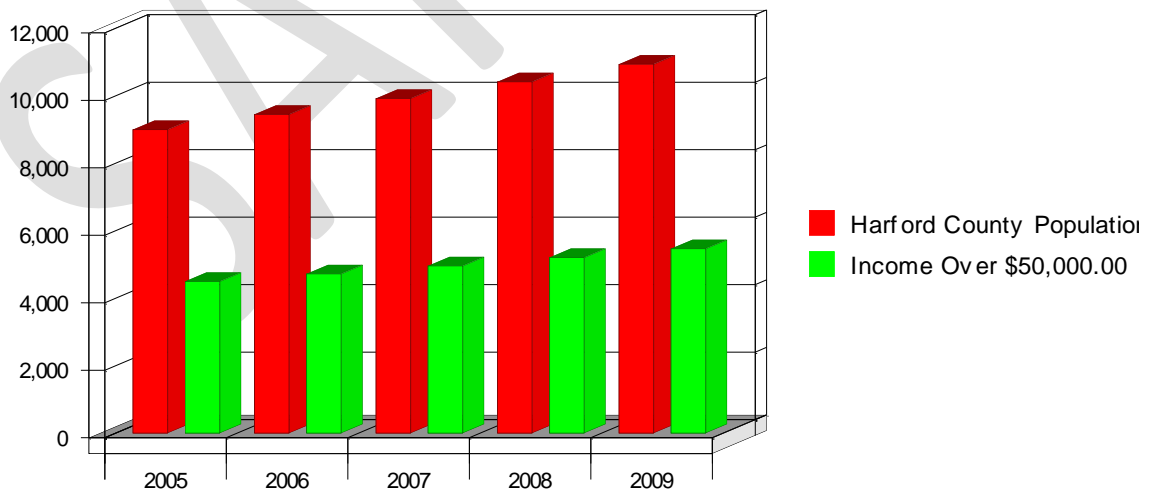
Just like a shopping mall in your community, we are a one-stop shopping source. Here you will learn the secrets to their unique products, find age old family recipes, and find products that you may not be able to obtain locally.

We understand that our target market needs more than just grocery stores. This need grew out of the special requirements of homemakers, who have the need for specialty items that can't be found elsewhere in the county. Our target customer wants to have all of that, plus to learn their craft. There is a need of gourmet food products which will satisfy the epicurious and culinarian that we can provide. Chez Paul's creates a great customer experience by incorporating the functionality and services that you want the most. In addition all of your shopping is backed by our 100% satisfaction guarantee.

2.1.3 Market Trends

One market trend for my region is population growth. Harford County is second in the state in population growth and new home construction. This brings affluence, culture, and tastes to bear. New shopping centers are spring up to meet the demand stemming from the population growth. Chez Paul's needs to seize the competitive advantage of being the first gourmet market in Harford County. The market trend is heading towards a more sophisticated customer. They are health conscience, care about food quality and ingredients and are looking for something new.

Market Analysis (Bar)



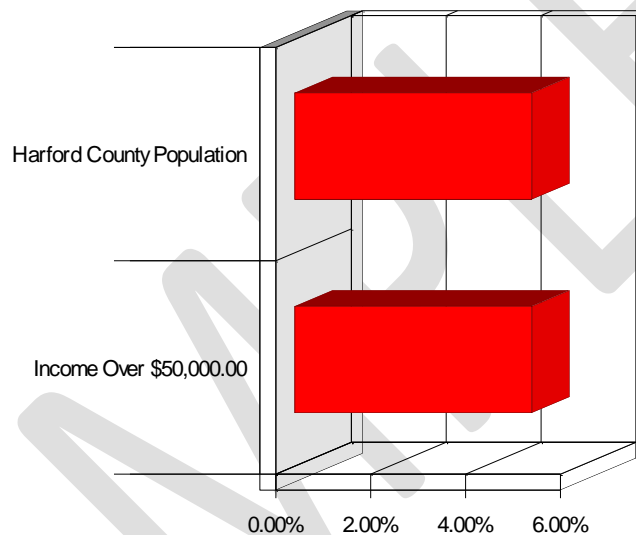
2.1.4 Market Growth

The market will see an expected increase in growth and consumption by 2012. Growth in population will give rise to

growth in consumption and grocery stores. This increase will give way for a need more grocery locations, and more gourmet services. An example of this is Wegman's Grocery Store chain's new store opening in Hunt Valley. The store has had unparalleled success in Baltimore County. It offers many of the gourmet foods I would offer in Harford County.

According to the U.S. Department of Labor Bureau of Labor Statistics Employment in grocery stores is expected to increase about 5 percent by the year 2012, compared with the 16-percent growth projected for all industries combined. Many additional job openings will arise from the need to replace workers who transfer to jobs in other industries, retire, or stop working for other reasons. Replacement needs are particularly significant due to the industry's large size and the high rate of turnover among cashiers and other workers who do not choose to pursue grocery industry careers.

Market Analysis (C.A.G.R)



2.2 SWOT Analysis

The following SWOT analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing Chez Paul's Gourmet Market.

2.2.1 Strengths

- Have an established strong relationship with vendors that offer high-quality products
- Highly skilled owner who is a Certified Executive Chef
- Will train a highly skilled staff, which will be knowledgeable and attentive
- Help several potential retail pads that are in high traffic areas that will be clean, and elegant
- Will have high customer loyalty among repeat customers
- Will have products and services offered nowhere else in Harford County
- Products will be top of the line and hard to find elsewhere

2.2.2 Weaknesses

- Lack name brand recognition

- A limited marketing budget to develop brand awareness
- A lack of working capital to endure a slow startup
- A lack of resources to stock inventory to match the stores perceived image

2.2.3 Opportunities

- Lack of gourmet food sections at existing grocery stores
- Affluent population that have a taste for the finer things in life
- Potential catering or consulting that can be attained from market
- Word of mouth potential can draw customers from nearby counties

2.2.4 Threats

- The opening of another gourmet market in the county in close proximity
- The opening of a Wegman's in the County
- A slump in the economy
- Competition in response to my stores success
- Negative press coverage
- A shift in consumer behavior and buying preferences

2.3 Competition

- Giant Foods: the Super Giants offer expanded product lines and some gourmet foods
- Wegman's: Grocery super store with expanded product lines and offerings

2.4 Product Offering

Chez Paul's Gourmet Market will position itself as a leading gourmet foods retailer in Bel Air, MD. Our line of products will include top shelf oils, condiments, sauces, preserves, breads, appliances, imported herbs, spices, and cheeses, and signature salads and sandwiches. We will serve distinct beverages, coffees and teas, hand made desserts, and offer catering and educational classes to our upscale clientele.

We will create a different kind of store. Food is not a product; the shopping experience is a service. Our staff will be able to answer all questions pertaining to our product. Our staff of chefs will help in creating a pleasurable dining experience and suggest ways and offer tips on how to use our products.

Chez Paul will try to reinvent the experience of gourmet shopping in a neighborhood atmosphere. Our strategic focus will be to educate customers and source the most exotic of products and to cater to their every food needs. Our target market will be upscale clientele with discretionary income. I predict steady sales growth as word of mouth creates interest and using a strategic marketing and advertising campaign to brand my store.

At a glance-- The Prototype Chez Paul's Gourmet Store:

- Location: will be in an upscale neighborhood.
- Design, clean, warm, earthy, fragrant.
- Size: 1,000-1,500 square foot.
- Seating: inside and outside, 35-45 people

2.5 Keys to Success

Location, Location, Location

Chez Paul's site selection will be critical to success. There must be ample parking and have ease of access. Product offering will also be key. There will be product never seen or tried before which can only be purchased at my store. Branding will be critical. Panera bread comes to mind. Their theme and branding creates a warm, hospitable feeling which I will try to duplicate through graphic design and marketing. Interior must convey, upscale, sophisticated and lavish. We will accomplish this through the strategic placement of lights and colors.

2.6 Critical Issues

The critical issues emerge from the SWOT analysis and review of the market:

Chez Paul's is in the speculative stage as a retail store. Its critical issues are:

- Expand at a reasonable rate which being fiscally conservative. Continue to build brand awareness which will drive customers to my store or my internet site.
- The underlying paradox: How can we sell our high-end customers on the one stop shop for their gourmet needs?
- Channels vs. Internet: Can we do both? Is there a channel conflict? Are we going to be able to manage our channels well enough to make money with them?

3.0 Marketing Strategy

Chez Paul's will work toward internal marketing control by establishing programs such as an in-house catalog publishing, direct mail and magazine ads. Website for online ordering detailed customer service vehicles that will allow us to track the success of our marketing and sales.

Our target markets present great opportunities for company growth, as our niche is not at all saturated at this point. We will dominate the high-end gourmet food market by stressing the quality and selection of our product lines, keeping up with market trends and by increasing our market research and customer service in order to constantly satisfy our markets' needs.

The culinarian, epicurious or gourmet will greatly benefit from our quality products in terms of selection, price, and appreciation of the finer culinary offerings. The key to reaching this market is to make them aware that our products are available. We do not need to convince them of anything except the products are available the shopping experience will be unforgettable.

3.1 Mission

We also create and nurture a healthy, creative, respectful, and fun office and workshop environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the product we produce. We seek fair and responsible profit, enough to keep the company financially healthy for the long term and to fairly compensate owners and investors for their money and risk.

Chez Paul's mission is to create the total epicurean experience. We will try to reinvent the experience of gourmet shopping in a neighborhood atmosphere. Our strategic focus will be to educate customers and source the most exotic of products and to cater to their every food needs.

3.2 Marketing Objectives

1. Experience an increase in new customers who are turned into long-term customers.
2. Maintain, positive, steady growth each month.
3. Our presence on the World Wide Web will increase the availability of our products to the specific market segments that we wish to target.
4. Generate \$30,000 in sales per month.
5. Our movement into internal catalog publishing will provide us with additional control over the content and recipients of our direct marketing. With experience gained through our inclusion in other high-end catalog merchants, and the owners experience in graphic design, advertising and webmaster experience, our internal catalogs will undoubtedly prove to generate great sales increases for Chez Paul's.

3.3 Financial Objectives

1. To grow our sales a triple our revenue over the first three years.
2. To increase reinvestment into the business, via capitol improvements and marketing.
3. Decrease our variable cost and reduce overhead through disciplined growth.
4. Decrease our debt and monies owed to our lenders.

3.4 Target Markets

The market can be segmented into three target populations:

- Individuals and head of household
- Chefs and Caterers
- Corporations

Our customers are affluent, educated, decision makers who desire the finer things in life. Age between 25-50. The most identifying characteristic of this market is income, with household income of over \$50,000.00. Our segment definition is of itself strategic. We are not intending to satisfy all consumers, only those who are most demanding. We are definitely out to address the needs of the high-end buyer, who is willing to pay more for quality.

3.5 Positioning

Chez Paul's will position itself as an innovator and leader in the gourmet food market business. Our customers will appreciate gourmet, high-end products and world class products and service. The product strategy is also based on quality, in this case the intersection of culinary knowledge showmanship, will work to create a unique food experience. Our competitive edge is will be the first in our market and will utilize our position to obtain maximum market share. We focus on a special kind of customer, the person who wants very high quality food at an elegant atmosphere. Our customer might be individual, larger corporations, small or medium business looking for lunch or catering. What is important to the customer is atmosphere, elegance, service and product selection.

3.6 Strategies

Our competitive edge will be catering to head of the household, a large portion who are women, who are on go and looking for new things to try. Our products will cater to their lifestyle. Our customers will appreciate high quality, with extensive offerings. Because there is no competition, will offer superior product, coupled with superior service. This will make us a leader in this market segment.

3.7 Marketing Mix

Chez Paul's marketing mix depends mainly on product and product marketing, advertising and promotion, and customer service.

- Product.** Critical to be perceived as a leader in the market by carrying an extensive product line
- Product Marketing.** To carry only the best and hard to find products that the consumer can't find elsewhere.
- Advertising.** The most successful advertising will be ads in the local papers with coupons and on air radio promotions and direct mail pieces.
- Customer Service.** Knowledgeable staff attentive to detail. Chez Paul's philosophy is make the customer happy, no questions asked.

3.8 Marketing Research

During the initial phase of the marketing plan the owner through empirical observation came to the conclusion there were no gourmet food stores in Harford County. He then interviews several current vendors (he is in the wholesale food business) who are purchasers for large grocery store chains. His market research led him to interview fellow employees to see if this sort of market would interest them. What he found through the interview process was the higher up in the company you were (the more you earned) the more interest in the project was found. This affirmed the owner's philosophy of targeting educated, affluent people. He interviewed 15 employees including the three owners.

Ongoing marketing will consist on questionnaires and asking for zip codes upon purchases so I can establish a database to assist in my marketing efforts and further target my advertising efforts.

4.0 Financials

This section offers a financial overview of Chez Paul's Gourmet Market as it relates to the marketing activities. This will include a break-even analysis, sales forecast, expense forecasts, and how those link to the marketing strategy.

4.1 Break-even Analysis

The break even analysis indicates that \$22,500 will be needed in monthly revenue to reach the break-even point.

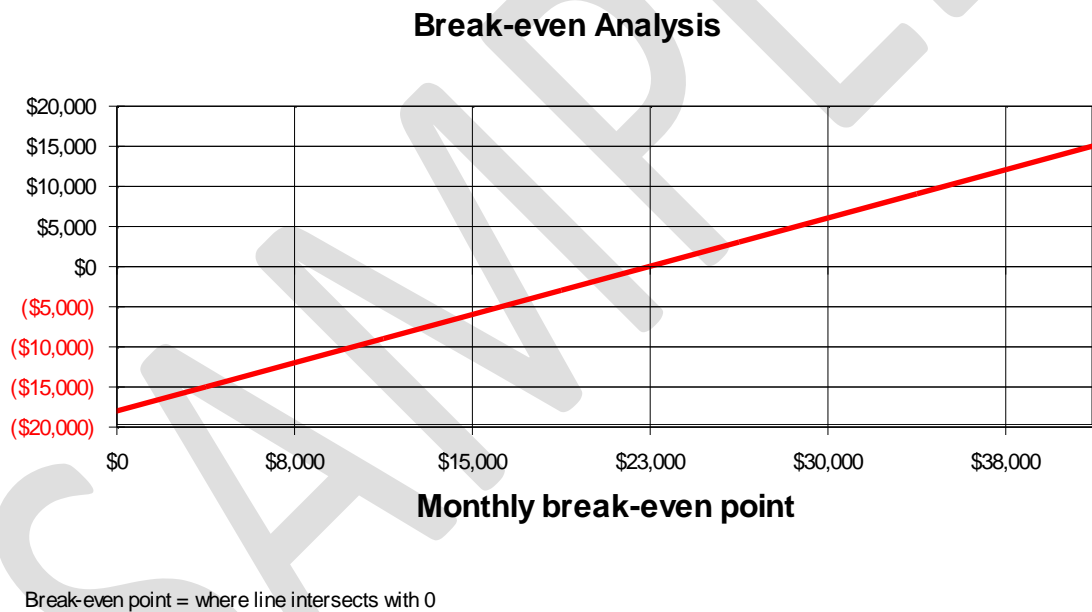


Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	1,125
Monthly Revenue Break-even	\$22,500

Assumptions:	
Average Per-Unit Revenue	\$20.00
Average Per-Unit Variable Cost	\$4.00
Estimated Monthly Fixed Cost	\$18,000

4.2 Sales Forecast

The first several months will be used to get the market up and running. I anticipate a net loss as I advertise trying to get customers in the doors. Sales will gradually increase with profitability being reached in year two.

Monthly Sales Forecast

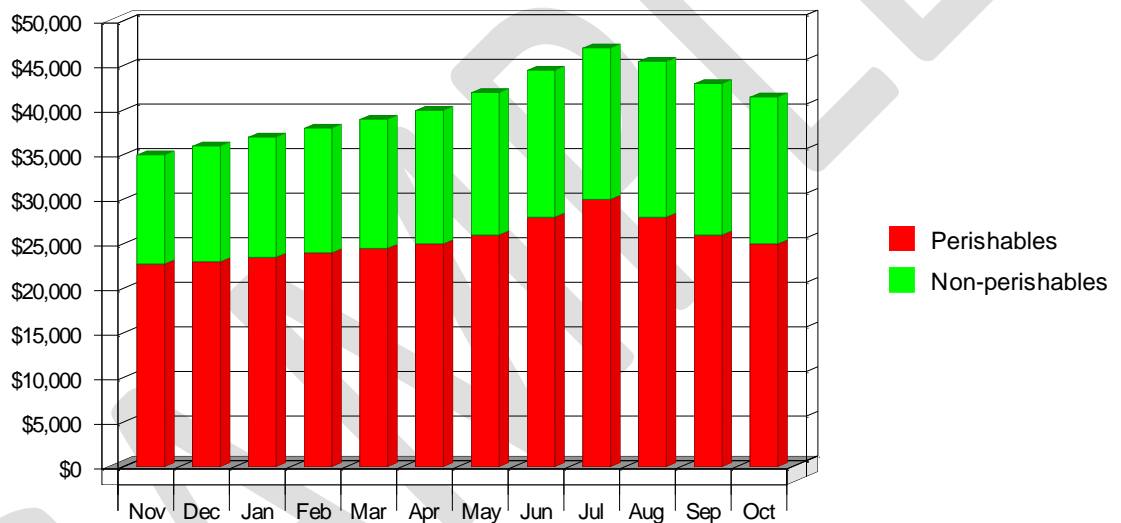


Table: Sales Forecast

Sales Forecast			
Sales	2006	2007	2008
Perishables	\$305,750	\$351,613	\$404,354
Non-perishables	\$182,750	\$201,025	\$221,128
Total Sales	\$488,500	\$552,638	\$625,482
Direct Cost of Sales			
	2006	2007	2008
Perishables	\$194,725	\$212,250	\$231,353
Non-Perishables	\$106,275	\$112,652	\$119,411
Subtotal Direct Cost of Sales	\$301,000	\$324,902	\$350,763

4.3 Expense Forecast

The marketing costs are to be budgeted so they will be high for the first several months and then lower as business level increases. Restaurant or delis typically see an increase in business in the summer than a lag in August as people are vacationing.

Monthly Expense Budget

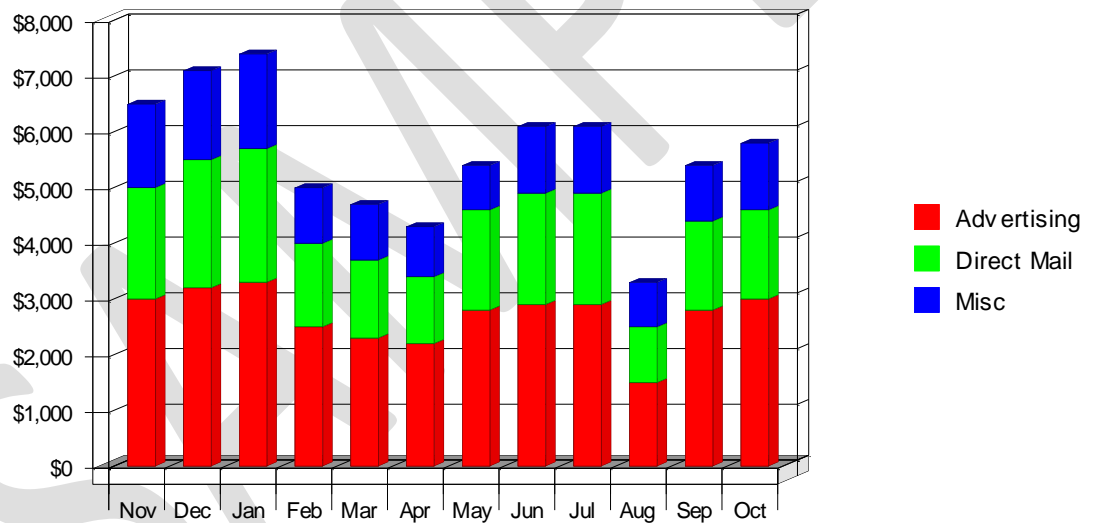


Table: Marketing Expense Budget

Marketing Expense Budget	2006	2007	2008
Advertising	\$32,400	\$0	\$0
Direct Mail	\$20,800	\$0	\$0
Misc	\$13,900	\$0	\$0
	-----	-----	-----
Total Sales and Marketing Expenses	\$67,100	\$0	\$0
Percent of Sales	13.74%	0.00%	0.00%
Contribution Margin	\$120,400	\$227,736	\$274,719
Contribution Margin / Sales	24.65%	41.21%	43.92%

5.0 Controls

The purpose of Chez Paul's Gourmet Market marketing plan is to serve as a guide for the organization. Though marketing

cost will be high at first the revenue and customer loyalty will offset the cost down the road. The website and direct mail will be key in developing new channels and expanding sales. Advertising and word of mouth will be key to get customers to try the market for the first time.

5.1 Implementation

The following milestones identify the key marketing programs.

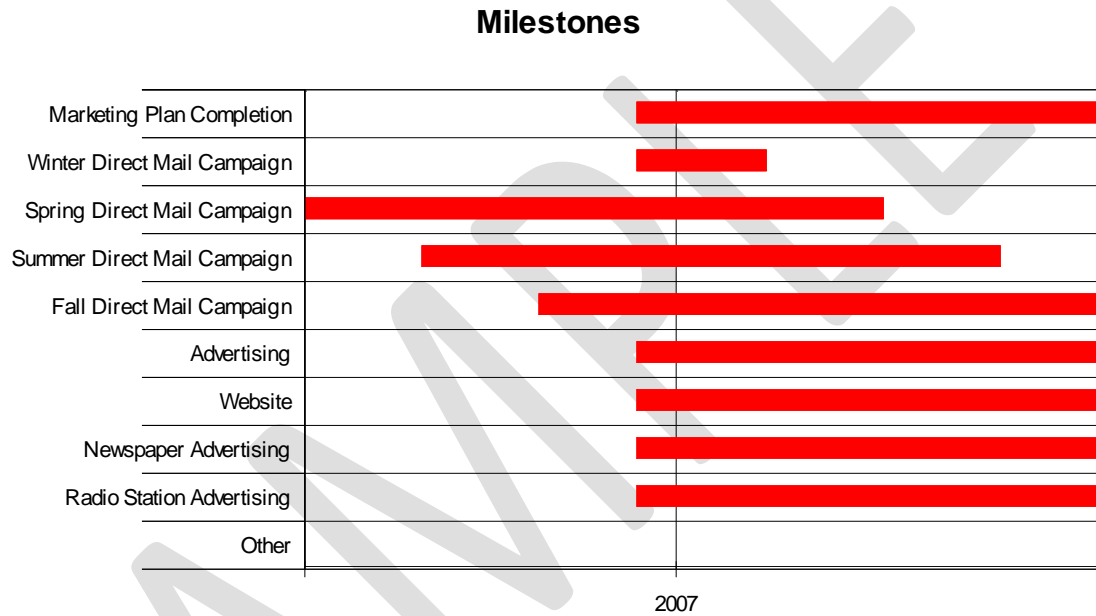


Table: Milestones

Milestones	Start Date	End Date	Budget	Manager	Department
Milestone					
Marketing Plan Completion	12/1/2006	12/1/2007	---	Paul	
Winter Direct Mail Campaign	12/1/2006	3/15/2007	\$5,000	Paul	
Spring Direct Mail Campaign	3/15/2006	6/15/2007	\$6,000	Paul	
Summer Direct Mail Campaign	6/15/2006	9/15/2007	\$3,000	Paul	
Fall Direct Mail Campaign	9/15/2006	12/1/2007	\$6,000	Paul	
Advertising	12/1/2006	12/1/2007	---	Paul	
Website	12/1/2006	12/1/2007	\$3,000	Paul	
Newspaper Advertising	12/1/2006	12/1/2007	\$15,000	Paul	
Radio Station Advertising	12/1/2006	12/1/2007	\$15,000	Paul	
Other	---	---	\$13,900	Paul	
Totals			\$66,900		

5.2 Contingency Planning

Difficulties and risk:

- Competitors moving in on the market
- Problems generating interest and visibility
- Poor customer service

- Poor consistency of the food

Worst Case risk may include:

- Lack of sales forces downsizing
- Having to liquidate to cover expenses

SAMPLE

Appendix A Table: Sales Forecast

Sales Forecast	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Sales												
Perishables	\$22,750	\$23,000	\$23,500	\$24,000	\$24,500	\$25,000	\$26,000	\$28,000	\$30,000	\$28,000	\$26,000	\$25,000
Non-perishables	\$12,250	\$13,000	\$13,500	\$14,000	\$14,500	\$15,000	\$16,000	\$16,500	\$17,000	\$17,500	\$17,000	\$16,500
Total Sales	\$35,000	\$36,000	\$37,000	\$38,000	\$39,000	\$40,000	\$42,000	\$44,500	\$47,000	\$45,500	\$43,000	\$41,500
Direct Cost of Sales												
Perishables	\$14,625	\$15,000	\$15,200	\$15,800	\$16,200	\$16,500	\$17,000	\$17,200	\$17,600	\$17,000	\$16,500	\$16,100
Non-Perishables	\$7,875	\$8,000	\$8,200	\$8,400	\$8,800	\$9,000	\$9,300	\$9,600	\$10,000	\$9,400	\$9,100	\$8,600
Subtotal Direct Cost of Sales	\$22,500	\$23,000	\$23,400	\$24,200	\$25,000	\$25,500	\$26,300	\$26,800	\$27,600	\$26,400	\$25,600	\$24,700

Appendix B Table: Marketing Expense Budget

Marketing Expense Budget	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Advertising	\$3,000	\$3,200	\$3,300	\$2,500	\$2,300	\$2,200	\$2,800	\$2,900	\$2,900	\$1,500	\$2,800	\$3,000
Direct Mail	\$2,000	\$2,300	\$2,400	\$1,500	\$1,400	\$1,200	\$1,800	\$2,000	\$2,000	\$1,000	\$1,600	\$1,600
Misc	\$1,500	\$1,600	\$1,700	\$1,000	\$1,000	\$900	\$800	\$1,200	\$1,200	\$800	\$1,000	\$1,200
Total Sales and Marketing Expenses	\$6,500	\$7,100	\$7,400	\$5,000	\$4,700	\$4,300	\$5,400	\$6,100	\$6,100	\$3,300	\$5,400	\$5,800
Percent of Sales	18.57%	19.72%	20.00%	13.16%	12.05%	10.75%	12.86%	13.71%	12.98%	7.25%	12.56%	13.98%
Contribution Margin	\$6,000	\$5,900	\$6,200	\$8,800	\$9,300	\$10,200	\$10,300	\$11,600	\$13,300	\$15,800	\$12,000	\$11,000
Contribution Margin / Sales	17.14%	16.39%	16.76%	23.16%	23.85%	25.50%	24.52%	26.07%	28.30%	34.73%	27.91%	26.51%

All interviews were completed with 15 co-workers at my present job. The findings were the higher the position in the company (the higher the salary) the more receptive they were to my marketing plan. This is what I suspected considering I am targeting educated, affluent clientele.

Marketing research was done via the internet, interviewing vendors (purchasers for large retail grocery stores, Wal-Mart, Giant). I talked to several vendors who were friends that I could trust and they told me it's a small market niche and if a customer wants a product they would try to source it. They said a gourmet market is not in their business model and therefore have no plans on entering that market. I interviewed several chefs in the area (I was a chef and have many friends who are chefs) to see if something like this would interest them. They said yes as long as it could be delivered, which was something else to consider.

Ideas and help were obtained from Paolo Alto software, using some of their examples via the internet. I used several market plans to get the flow of a typical market plan. I looked at many companies on the internet to help with wording, phrasing (mission statements) to get an idea how I should write this. All graphics were done by me (I have an AA in graphic design).

SAMPLE

SAMPLE