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Differentiation Strategy for Marketing of Sung Sim Dang Bakery & Latte Art Espresso Coffee Shop Plan

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**Differentiation Strategy for Marketing of Sung Sim Dang Bakery & Latte Art
Espresso Coffee Shop Plan**

**Scott You, Graduate Student in Master of Science in Project Management
University of Alaska Anchorage**

Final Report

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Differentiation Strategy for Marketing of Sung Sim Dang Bakery & Latte Art Espresso Coffee Shop Plan

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Abstract

This Differentiation Strategy for Marketing of Sung Sim Dang Bakery & Latte Art Espresso Coffee Shop Plan (DS Plan) is intended to propose a differentiation strategy in marketing by analyzing Anchorage market condition to verify the feasibility of the successful execution for the Sung Sim Dang bakery & Latte Art Coffee Shop plan (SL plan), to launch a new business in Anchorage, AK. But, the SL plan was not prepared through thorough investigation of Anchorage market research and analysis, so that there was a risk that could not lead a successful execution of the SL plan. This DS plan was intended to supplement the SL plan and propose a marketing strategy by providing Anchorage market research and analysis. To develop a marketing strategy, three market research tools were used; World Wide Web research, individual interviews, and literature review. Five years' worth of data and information were collected to analyze Anchorage market condition including selected competitors. These data and information were used in two selected analyses; the segmenting, targeting, and positioning (STP) analysis, and the marketing mix analysis with product, price, place, and promotion (4Ps), in order to understand Anchorage market conditions through the STP analysis and propose specific strategies of the 4Ps through the marketing mix strategy (4Ps). So, finally, a marketing strategy would function as a decision making tool whether to implement the SL plan by the project sponsor.

Key Terms

Marketing Strategy

STP Analysis (Segmenting, Targeting, and Positioning)

Segmenting Factors (Geographic, Demographic, Behavioral, Psychographic, and Economic Factors) Marketing Mix Analysis (4Ps: product, price, place, and promotion)

Local Latte Art Espresso Coffee Shop

SL Plan (Sung Sim Dang Bakery and Latte Art Coffee Shop Plan)

Korean Franchise Bakery (Sung Sim Dang)

Introduction

The Sung Sim Dang bakery & Latte Art plan (SL plan) was proposed to launch a new business in Anchorage, AK, including introduction of the background, the type, and the project execution plan with the project management plan (PMP) for a new business. This proposal had been intended for introducing brand-new and high-quality of breads at low costs and art crafted coffee products to Anchorage residents. The SL plan's concept was *Enjoy More and Pay A Little*, because introducing Korean franchised bakery to Anchorage market could inspire new taste to local residents, and provide familiar tastes of hometown breads to Korean-American, through Korea breads. A hand-made coffee with culinary art would provide unique flavors and fun to all local residents.

The differentiation strategy for marketing of Sung Sim Dang bakery & latte art espresso coffee Shop Plan (DS Plan) was intended to develop a marketing strategy for implementing and completing the SL plan successfully. The objective of this project was to show the feasibility of the new business by developing a differentiation strategy in marketing. This project included data and information of Anchorage market for up to past five years. Also, the competitor's data and information, and their capabilities in Anchorage were collected for the selected analyses: the STP analysis and the marketing mix analysis (4Ps).

The selected analyses were implemented through three steps for the STP analysis and four steps for the marketing mix analysis (4Ps). The three steps of the STP analysis included the processes of segmenting, targeting, and positioning. Each step of the STP analysis had subsidiary steps. In steps of segmenting strategy, it included

analyzing customer attributes by geographic, demographic, behavioral, psychographic, and economic factors; researching competitors' information; and determining business customers. In steps of targeting strategy, it included determining a business' capability and key success factors, researching competitors' capabilities, and defining targeted segments. In steps of positioning strategy, it included identifying the benefits of selected segment, and developing positioning concept of a business. Like the STP analysis, the four steps of marketing mix analysis (4Ps) included reviewing product, reviewing price, reviewing place (distribution), and reviewing promotion. Also, each step of the marketing mix analysis (4Ps) had subsidiary steps. These subsidiary steps included examining and re-assessing, and re-proposing the product, price, place (distribution), and promotion.

This final report included the contents of research method/approach and literature review, analysis, results, conclusion, limit and exclusion, recommendations (for further research), and references. Specifically, the section of Research Method/Approach and Literature Review, it showed the used research methods/approaches: World Wide Web research, individual interview, and literature review. And, the result of research and literature review was provided. In the section of Analysis, it described the specific methods of selected analyses how to implement and reach to the results of those analyses. In the section of Result, it summarized the results of market research and analyses. In the section of Conclusion, it showed the final conclusion of this project in overall. The section of Limit and Exclusion, it dealt with limit and exclusion with disclaimer of this final report. In the section of Recommendations (for further research), it showed the additional recommendations and comments when further research would be available after following up this project. And, in the section of References, it showed the relevant source, data, information that had been used for this project as Exhibits, used in this final report.

Literature Review

The literature review conducted for obtaining and understanding marketing concepts and terms of marketing to analyze Anchorage market condition and develop a marketing strategy. The literature review was used for reviewing the contents of the STP analysis and the marketing mix analysis (4Ps). Especially, the price of product in 4Ps of the marketing mix analysis was re-examined to the section of Limit and Exclusion in this final report in consideration of a concept of time value of money. Also, the literature review was used for monitoring and controlling this project.

The result of the literature review was successful in gaining credibility and validation for developing a marketing strategy and controlling this project. The concepts for the STP analysis and the marketing mix analysis (4Ps) and terms of marketing strategies were reviewed and examined with detailed information that had been used for building up a marketing strategy. (Kotler and Armstrong, 2011) The concepts of the time value of money for deciding prices of products, in which break-even point analysis was used for determining the prices of products, in the SL plan, and the consumer price index (CPI), which was the economic factor of the STP analysis, were reviewed and examined with specific criteria to re-confirm whether a new business would be operational by the suggested price and economic condition of Anchorage market. (Eschenbach, 2011) And, the project planning and executing processes were re-examined to identify it was appropriately managed and controlled through the project life cycle (Project Management Institute, 2013, and Pinto, 2013) Also, to manage and monitor stakeholders and their requirements, engagements, and attitudes, the matrix of stakeholder engagement profile was used. (Bourne, 2009)

Research Method/Approach

This project was planned and implemented through the data and information collected from the market research, rather than from the human subject research. By agreement with IRB board, three research methods were applied to this project: World Wide Web research, individual interview, and literature review. The World Wide Web research was used for collecting data and information for the STP analysis and the marketing mix analysis (4Ps). Individual interviews were used for collecting competitors' and their customers' data and information for the STP analysis.

Research Method/Approach

World Wide Web Research

The World Wide Web research conducted to collect necessary sources, data, and information of the Anchorage and the U.S markets for the STP analysis and the marketing mix analysis (4Ps). The World Wide Web research was conducted through the use of “Google”, to obtain statistic data and information through U.S Census, Department of Labor and Workforce Development (Research & Analysis Section), Municipality of Anchorage (Planning Division), IRS Tax Statistics, North American Industry Classification System (NAICS), U.S Department of Commerce, U.S Department of Labor (Bureau of Economic Analysis - Regional Income Division, and Bureau of Labor Statistics) and other private institutes and market research companies. These collected data and information mainly included required data and information of the STP analysis such as geographic, demographic, behavioral, psychographic, and economic factors. In order to use these data for the STP analysis and the marketing mix analysis, some data and information were intended to be used directly, and the other data and information was modified from the raw data and information to conclude the results of the STP analysis and the marketing mix analysis (4Ps). And, the process of collecting these data and information was successfully conducted to obtain necessary statistics, data, and information.

Individual Interview

To estimate gross sales and monitor their customers’ patterns of consumption and occasion, individual interviews were conducted through meetings with the business owners, managers, and employees of selected competitors, who were listed on the stakeholder register in the project management plan (PMP). The competitors and their locations were Yummy bakery, located on 1300 W 36th Ave, Anchorage, AK; Charlie’s Bakery, located on 2729 C St, Anchorage, AK; Kaladi Brothers, located on 3211 Providence Drive, Anchorage, AK, in a library building of University of Alaska Anchorage (UAA); and Starbucks, located on 1005 E Dimond Blvd., Anchorage, AK.

To examine the truth of those data provided by competitors, actual site visiting to those competitors’ locations conducted to monitor a steady stream of customer’s line up during peak times like breakfast, lunch, or dinner. And, some of stakeholders such as selected competitors of bakery and coffee shop businesses, and a primary potential contractor of Korean franchise bakery in the SL plan provided rough estimated sales and consumption of pattern of their products: breads and coffees for this project. These data were used after conducting updates through the individual interviews to correct any potential errors of these data and information. Also, any available official data and information of sales and consumption patterns of selected competitors were used to compare those collected data and information when applicable.

As a result of individual interview, first, to a potential primary contractor of Korean franchise bakery, the specific data and information of their intact marketing strategy could not be gained, but the key concepts and partial strategies of their marketing strategy were available to use for this project. It was data and information of high quality breads’ preference and their business goal. The key concept or the slogan of their business was “Nature, Tradition, and Health.” The partial strategy was relative to 4Ps: product, price, place, and promotion. Second, from the competitors and their customers, the data and information about sales and costs were successfully obtained as a rough estimation of magnitude. Some data and information of competitors like Starbucks could be compared with their official data and information. By comparison with the data and information collected through World Wide Web research, there was no big difference identified. But, the data and information collected through direct monitoring their business sites were used for the selected analyses. However, the data and information from the bakery businesses showed the big differences between data provided from those competitors and data monitored from them.

Analysis

By implementing market research through the World Wide Web research, the individual interview, and the literature review, the necessary data and information were collected to conduct two analyses: the STP analysis and the marketing mix analysis (4Ps). The purpose of collecting data and information of these researches were to understand Anchorage market and customers’ attributes. Some collected data and information were intended to provide Anchorage market conditions and customers’ attributes as they were, and other data and information were used to develop necessary tools or matrix of the STP analysis and the marketing mix analysis (4Ps). Both analyses used for this project had specific steps to be implemented: three steps for the STP analysis and four steps for the marketing mix analysis (4Ps).

STP Analysis

Based on the collected research data and information, three steps were implemented consecutively for the STP analysis: segmenting, targeting, and positioning. The steps of segmenting strategy were segmenting Anchorage market by potential customers by geographic, demographic, behavioral, psychographic, and economic factors; researching competitors' information for sales and their customers; and determining business customers. The steps of targeting were determining a new business' capability and business key success factors, researching competitors' capabilities for bakery and coffee shop businesses, and selecting segments that were analyzed by using the result of segmenting strategy. And, the steps of positioning were identifying differential segments' benefits from the current market, and developing positioning concept of a business in Anchorage market. The steps of the STP analysis showed in Exhibit 1. And, then, the collected data and information through the STP analysis were used for developing marketing mix analysis (4Ps) to specify strategies or concepts for a new business.

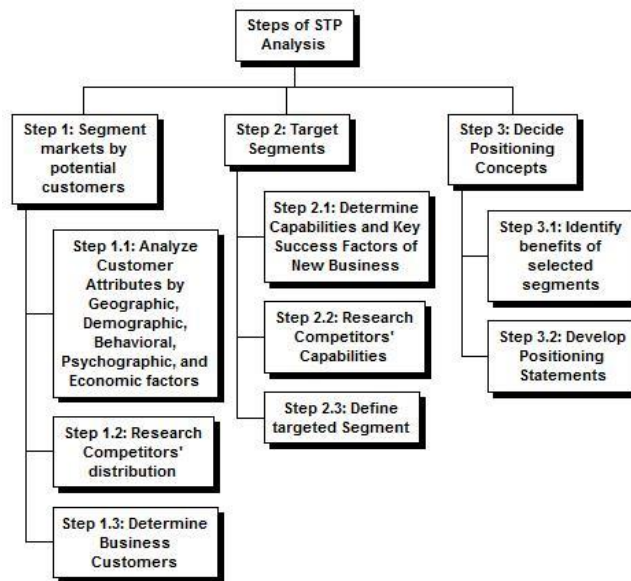


Exhibit 1 – Three Steps of STP Analysis

Segmenting

Part 1: Map, Geographic Factor, and Demographic Factor

The segmenting strategy conducted to identify potential customers and provided supporting data and information for targeting and positioning strategies in the STP analysis. For the purpose of segmenting, the data and information of the population of Anchorage were classified and collected in different factors: geographic, demographic, behavioral, psychographic, and economic factors.

- **Geographic Factor (STP analysis):** it was sorted by zip codes of Anchorage in sectional, which was the east, west, south, north, mid, and other areas (1, 2, and 3).
- **Demographic Factor (STP analysis):** it included age, gender (or sex), marital status, race (origin of nationality), immigration rate (or number), education, occupation, (Per Capita) personal income, and population and population growth rate of Anchorage.
- **Behavioral Factor (STP analysis):** it included consumption occasions (numbers), consumption patterns (sorts), and brand preferences for bread and coffee, commuting rate, travel time, and transportation system of Anchorage.

- **Psychographic Factor (STP and marketing mix analyses):** it included a trend of bakery and coffee shop, Korean franchise bakery, culinary art espresso coffee.
- **Economic Factor (STP analysis):** it showed the extent of Anchorage's consumer price index (CPI) to measure Anchorage's economic condition.

The geographic, demographic, behavioral, and psychographic factors were intended to be used for developing cross-tabulated matrix, or solely used for applying to the STP analysis when applicable, so that those analyzed or raw data and information could be used for segmenting Anchorage market by potential customer with their attributes. The Exhibit 2 showed the geographic factor that was segmented by sectional with Anchorage's zip codes to the east, west, south, north, mid, and other areas (1,2, and 3) sections.

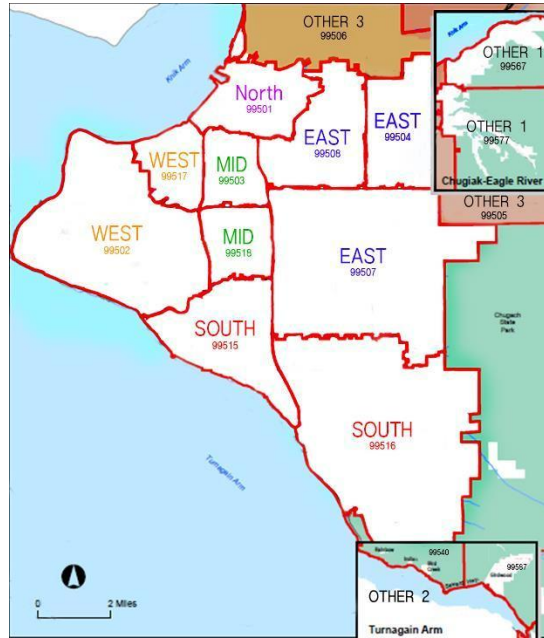


Exhibit 2 – Map (Division of Anchorage by Zip code)

- **East-section:** 99504, 99507, and 99508
- **West-section:** 99502 and 99517
- **South-section:** 99515 and 99516
- **North-section:** 99501
- **Mid-section:** 99503 and 99518
- **Other1-section:** 99567 and 99577
- **Other2-section:** 99540 and 99587
- **Other3-section:** 99505 and 99506

These geographic factors were sorted by zip codes of Anchorage. It was intended to be used for dividing the areas of Anchorage by sectional, so that all sections of Anchorage, as shown in Exhibit 2 – Map (Division of Anchorage by Zip code), were used to create cross-tabulated table between geographic and demographic factors to find customers' attributes by segmenting Anchorage markets by sectional: the east, west, south, north, mid, and other areas, with population, gender, household, and % population by race. Also, median household income, Asian population, Korean population, and per capita personal income were provided with population, gender, household, and % population by race in Exhibit 3.

The information in Exhibit 3 was, initially, intended to show findings in correlation with geographic factor and demographic factor to be used for segmenting markets by customers and their attributes in segmenting process of the

STP analysis. Some information would be used for developing tools required in other tools or matrix used for the STP analysis and the marketing mix analysis (4Ps), and others were only findings to review the distribution of Anchorage residents and their attributes as demographic factors.

As shown in Exhibit 3, the mid and south sections of Anchorage, which were previously targeted areas for a Korean franchise bakery in the SL plan, showed relatively moderate level of population than other sections. The genders of these sections also showed moderate level population that was from 5,170 to 11,145, and the range of population in gender for all areas was 136 to 20,661. The households of the mid and south sections showed moderate level of population, which was from 4,215 to 7,981, and the range of population in households for all sections was from 156 to 14,986. The median household income of Asian showed the moderate level when compared with incomes of all races. The Asian people's income was approximately \$50,000, and the range of income of all household was from \$39,089 to \$81,095, indicated on list no. 10. This amount of income was almost same amount of the per capita personal income of Anchorage, as indicated on list no. 13. In short, the population in the mid and south sections was on the middle level of population in Anchorage, which was indicated on list no. 2 and no. 3. And, the population of Asian, living in the sections of the mid and south sections also was on the middle level of population Anchorage.

List No.	Section	Zip Code	Name	Population		Gender		Households			% Population By Race									
				Total	Rank	Male	Female	Family	Non-Family	Total	White Alone	Black or African Alone	American Indian & Alaska Native Alone	Asian Alone	Rank of Asian (by Section)	Native Hawaiian & Other Pacific Islander Alone	Hispanic or Latino	Some Other Race Alone	Other Race (Two or More Races)	
1	East	99504	Muldoon	40,914	1	20,253	20,661	66.4%	33.6%	14,986	54.6%	9.6%	8.7%	8.0%	8	2.5%	7.7%	0.2%	8.7%	
		99507	Abbott Loop Area	37,850	2	18,965	18,885	67.4%	32.6%	13,960	61.2%	3.8%	7.9%	10.3%	3	1.2%	8.1%	0.2%	7.3%	
		99508	Russian Jack / UAA / Rogers Park	35,857	3	17,830	18,027	60.8%	39.2%	12,804	45.4%	8.5%	11.4%	11.6%	2	4.9%	9.4%	0.3%	8.5%	
2	Mid	99503	Spenard	14,563	10	7,649	6,914	46.6%	53.4%	6,302	47.7%	5.1%	12.2%	12.5%	1	3.3%	11.1%	0.2%	7.9%	
		99518	Midtown South	10,225	11	5,170	5,055	58.5%	41.5%	4,215	61.6%	4.6%	7.6%	8.2%	7	2.3%	8.2%	0.1%	7.4%	
3	West	99502	Sand Lake	24,168	5	12,028	12,140	70.2%	29.8%	8,865	65.0%	2.9%	7.3%	9.1%	6	2.0%	6.4%	0.2%	7.3%	
		99517	Furnagain	16,645	9	8,441	8,204	56.9%	43.1%	6,950	64.0%	2.8%	7.5%	10.0%	4	2.4%	6.5%	0.2%	6.6%	
4	South	99515	Bayshore / Oceanview	22,441	6	11,145	11,296	73.6%	26.4%	7,981	64.8%	3.0%	6.8%	9.8%	5	0.7%	7.8%	0.2%	6.9%	
		99516	Hillside Area	20,095	7	10,238	9,857	83.3%	16.7%	6,879	83.6%	1.5%	3.2%	4.1%	10	0.1%	3.5%	0.2%	3.8%	
5	North	99501	Downtown / Govt. Hill / Fairview	17,603	8	9,510	8,093	39.0%	61.0%	7,854	54.9%	8.2%	11.6%	7.0%	9	3.6%	7.8%	0.2%	6.7%	
6	Other 1	99567	Chugiak	9,211	12	4,737	4,474	75.0%	25.0%	3,293	83.1%	0.8%	5.3%	1.4%	15	0.1%	3.7%	0.1%	5.5%	
		99577	Eagle River	25,771	4	12,895	12,876	79.5%	20.5%	8,844	80.9%	2.2%	3.7%	2.4%	12	0.3%	5.5%	0.2%	4.8%	
7	Other 2	99540	Furnagain Arm	320	16	184	136	50.0%	50.0%	156	92.5%	0.0%	4.1%	0.5%	16	0.0%	1.3%	0.3%	1.3%	
		99587	Girdwood	2,250	15	1,240	1,010	47.5%	52.5%	1,044	88.7%	0.1%	1.7%	3.0%	11	0.0%	3.9%	0.1%	2.5%	
8	Other 3	99505	Ft. Richardson	6,174	14	3,824	2,350	94.4%	5.6%	1,170	65.7%	12.5%	1.4%	1.5%	14	0.8%	13.8%	0.3%	4.0%	
		99506	Elmendorf	7,749	13	4,105	3,644	96.7%	3.3%	2,030	71.9%	8.9%	0.6%	2.2%	13	0.4%	11.3%	0.1%	4.6%	
Total Sum or Average %				291,836	291,836	148,214	143,622	66.6%	33.4%	107,333	67.9%	4.7%	6.3%	6.4%	NA	1.5%	7.3%	0.2%	5.9%	
				Total																
9	Total Population Growth Rate			12.10%		NA				2.6%		2.0%	11.8%	39.4%		23.0%		21.1%		
10	Median Household Income (by Race)	Family Household		NA							97,269	75,711	39,223	48,113	NA		69,025	NA		
		All Household		NA							81,095	55,319	39,089	51,471	NA		63,078			
11	Asian Population	Korean		4,028		NA							16.3%		6.4%		NA			
		Filipino		9,663									39.2%							
		Other Asians		10,984									44.5%							
12	Korean Population	Responded		4,028		NA														
		non-responded		2,472																
13	Per Capita Personal Income (U.S. Census, 2013)			50,150		NA														

Source: U.S. Census (2010 and 2013), Department of Labor and Workforce Development (Research & Analysis Section), and Municipality of Anchorage (Planning Division)

Exhibit 3 – Geographic Factor and Demographic Factor (Population, Gender, Households, % Population by Race) (Part 1)

But, there was an important finding to pay attention to this distribution of the population. It was a population of Asian to the mid and south sections. The population of Asian in the mid and south sections was relatively higher than other races. This was very clearly indicated in the section of % population by race through the rank of population and Asian. The population of these sections showed the ranks to 6, 7, 10, and 11 in a whole population in Anchorage, but the distribution of Asian, by % population of races, showed relatively higher level than other sections in Anchorage, which were ranked to 1, 5, 7, and 10. Another finding was the distribution of Asian in the east-section of Anchorage. It was relatively higher than other sections, including zip code of 99504, 99507, and 99508 that was indicated on list no. 1, 2, and 3 in Exhibit 3. So, the trend of Asian's distribution was anticipated to be same in the nearest future because the population growth rate, which was 39.4% on list no. 9 in Exhibit 3.

But, the total Asian population rate was only 6.4% of total population of Anchorage. Also, the rate of population of Korean in Asian population was only 16.3%. The population of Korean people in Anchorage was researched 4,028 people, the highest population of Asian was Filipino with a population of 9,663 and other races of Asian were roughly 10,984. (U.S Census, 2010) But, through the individual interview to Korean Consular office in Anchorage, the estimated population of Korean in Anchorage was approximately 6,500 people. It meant that Korean, who did not response to the research or survey of U.S census in 2010, was almost 2,472 people. Based on those data, the population ratio of Korean in Anchorage was relatively less than the entire Anchorage population. Herein, the other 1, 2, and 3 areas were excluded.

The Exhibit 4 showed % population and % married population sorted by age group in Anchorage. It was cross-tabulated between geographic and demographic factors to find customers' attributes by segmenting Anchorage markets by sectional: the east, west, south, north, mid, and other areas, with distribution of % population by age group. Also, % marriage rate of Anchorage was provided from the age group: 15-17, to the age group: more than 65.

List No.	Section	Zip Code	Name	Population						% Population By Age Group														
					Under 5	5-9	10-14	15-17	18-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-61	62-64	Over 65				
1	East	99504	Muldoon	40,914	8.3%	7.4%	6.9%	4.3%	2.8%	8.6%	8.9%	7.3%	6.4%	6.0%	7.0%	7.2%	5.9%	2.2%	2.6%	8.2%				
		99507	Abbott Loop Area	37,850	7.0%	7.1%	7.4%	4.6%	2.9%	8.3%	8.7%	6.9%	7.1%	7.0%	8.1%	7.9%	6.2%	2.1%	2.5%	6.2%				
		99508	Russian Jack / UAA / Rogers Park	35,857	8.4%	7.4%	7.0%	4.9%	3.7%	9.1%	8.7%	6.8%	5.9%	5.8%	6.8%	6.8%	5.9%	1.9%	2.4%	8.5%				
2	Mid	99503	Spenard	14,563	6.9%	5.7%	5.2%	3.0%	2.7%	10.3%	10.4%	7.9%	6.1%	6.9%	7.9%	7.6%	6.7%	2.1%	2.5%	8.1%				
		99518	Midtown South	10,225	7.1%	6.0%	5.8%	3.9%	2.6%	8.6%	10.5%	8.0%	6.5%	6.7%	7.7%	7.1%	6.6%	2.4%	2.7%	7.8%				
3	West	99502	Sand Lake	24,168	7.4%	7.1%	7.3%	4.7%	2.7%	7.2%	8.3%	6.7%	7.0%	6.8%	8.0%	7.9%	6.7%	2.2%	2.7%	7.3%				
		99517	Turnagain	16,645	6.0%	5.8%	5.8%	3.8%	2.6%	7.3%	8.4%	7.0%	6.9%	6.6%	8.0%	8.5%	8.2%	2.7%	3.3%	9.1%				
4	South	99515	Bayshore / Oceanview	22,441	7.0%	7.3%	7.9%	5.0%	2.8%	6.2%	7.1%	6.8%	7.2%	7.4%	8.4%	7.9%	7.0%	2.2%	2.7%	7.1%				
		99516	Hillside Area	20,095	5.0%	7.1%	8.5%	5.8%	2.6%	3.8%	3.2%	3.6%	6.0%	8.4%	10.5%	10.9%	10.1%	2.9%	3.9%	7.7%				
5	North	99501	Downtown / Govt. Hill / Fairview	17,603	6.2%	4.8%	4.1%	2.2%	2.3%	9.0%	11.4%	8.2%	6.8%	6.7%	7.4%	7.7%	7.2%	2.4%	3.0%	10.6%				
6	Other 1	99567	Chugiak	9,211	6.6%	6.9%	7.7%	5.0%	2.7%	4.6%	5.2%	5.4%	7.0%	7.7%	10.7%	9.9%	7.7%	2.7%	2.8%	7.4%				
		99577	Eagle River	25,771	7.5%	7.6%	8.1%	5.2%	2.6%	5.8%	6.9%	7.7%	7.6%	7.7%	8.4%	8.2%	6.8%	2.3%	2.6%	5.0%				
7	Other 2	99540	Turnagain Arm	320	3.1%	2.8%	5.3%	2.5%	1.6%	3.4%	5.6%	8.1%	6.3%	4.1%	9.4%	12.8%	14.7%	5.6%	4.4%	10.3%				
		99587	Girdwood	2,250	5.2%	4.8%	5.7%	2.8%	1.2%	5.0%	11.5%	11.8%	10.0%	8.6%	7.8%	8.2%	8.0%	2.4%	2.7%	4.3%				
8	Other 3	99505	Ft. Richardson	6,174	13.3%	9.1%	6.7%	2.4%	5.7%	29.1%	15.2%	7.8%	5.6%	3.5%	1.0%	0.3%	0.2%	0.1%	0.0%	0.0%				
		99506	Elmendorf	7,749	16.0%	12.4%	8.7%	2.4%	3.4%	18.2%	13.8%	11.2%	7.6%	4.1%	1.5%	0.4%	0.1%	0.0%	0.0%	0.2%				
Average				18,240	8.1%	7.3%	7.2%	4.2%	3.0%	9.6%	9.6%	8.1%	7.3%	6.9%	7.9%	8.0%	7.2%	2.4%	2.7%	7.2%				
Total				291,836	NA																			
Total																								
9	% of Married	Male		NA			1.20%		35.50%		68%		63.60%		55.70%		62.20%							
		Female			5.50%		45.70%		67.20%		55.80%		50.70%		28.20%									

Source: U.S Census (2010 and 2013), Department of Labor and Workforce Development (Research & Analysis Section), and Municipality of Anchorage (Planning Division)

Exhibit 4 – Geographic Factor and Demographic Factor (Population and % population by Age Group) (Part 2)

In Exhibit 4, the age groups, which showed higher % of population than average % of population of all Anchorage areas, were mostly distributed the east, south and mid sections of Anchorage. And, the relatively higher age groups were located on the east, and south sections; however, the relatively lower age groups were located on the mid, west, and north sections. Specifically, the age group of 20-24 was highly located on the east, mid, north, and west sections. The age group of 25-29 was highly located on the east, mid, north, and west sections, and the age group of 30-34 was highly located on the east, mid, north, west sections. The age group of 35-39 was almost located on the east, west, and south sections, and the age group of 40-44 was highly located on the east and south sections. The age group of 45-49 was highly located on the south-section, and the age group of 50-54 was relatively highly located on the south section. The age group of 55-59 was relatively highly located on the south section, and the age group of 55-59 was highly located on the south and north sections of Anchorage. Also, the % marriage rate of people, who were more than 20 years but less than 59 years old, were mostly located on the east, west, south, and mid sections. One importance finding from the distribution of people by age groups was that the active and young age groups were mostly located around the east, west, south, and mid sections of Anchorage. Herein, the other 1, 2, and 3 areas were excluded.

Exhibit 5 showed the extent of distribution of occupation and education level of Anchorage as the demographic factor through % occupation rate and the education level in Anchorage. It indicated that the industries such as mining, construction, transportation and warehousing, professional, scientific and technical services; and admin,

support, waste management, remediation services showed higher % rate of employee status. In these occupations, the highest difference of % occupation rate between Anchorage and the continental U.S was on admin, support, waste management, remediation services. Herein, the Administrative and Support and Waste Management and Remediation Services were “performing routine support activities for the day-to-day operations of other organizations... Activities performed included: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.” (U.S Department of Labor, 2011)

Occupation Statistics (2010)	Anchorage, AK		Alaska		United States		Anchorage vs. Alaska	Anchorage vs. U.S
Employees, Total (by Place of Work)	147,458		256,804		119,050,433			
Forestry, Fishing, Hunting, and Agriculture Support	41	0.03%	1,035	0.40%	181,519	0.15%	No	No
Mining	6,282	4.26%	8,275	3.22%	573,030	0.48%	Yes	Yes
Utilities	562	0.38%	1,711	0.67%	631,367	0.53%	No	No
Construction	10,846	7.36%	18,487	7.20%	7,437,491	6.25%	Yes	Yes
Manufacturing	1,885	1.28%	11,470	4.47%	13,382,687	11.24%	No	No
Wholesale Trade	6,312	4.28%	8,990	3.50%	5,979,218	5.02%	Yes	No
Retail Trade	16,437	11.15%	35,311	13.75%	15,694,660	13.19%	No	No
Transportation and Warehousing	13,495	9.15%	21,720	8.46%	4,349,889	3.65%	Yes	Yes
Information	4,075	2.76%	6,486	2.53%	3,413,512	2.87%	Yes	No
Finance and Insurance	4,683	3.18%	7,351	2.86%	6,674,328	5.61%	Yes	No
Real Estate and Rental and Leasing	2,553	1.73%	5,057	1.97%	2,342,657	1.97%	No	No
Professional, Scientific and Technical Services	10,703	7.26%	14,415	5.61%	8,139,023	6.84%	Yes	Yes
Management of Companies and Enterprises	2,566	1.74%	3,368	1.31%	3,108,210	2.61%	Yes	No
Admin, Support, Waste Mgt, Remediation Services	21,625	14.67%	24,809	9.66%	8,142,034	6.84%	Yes	Yes
Educational Services	1,487	1.01%	2,771	1.08%	2,778,060	1.00%	No	Yes
Health Care and Social Assistance	21,782	14.77%	44,124	17.18%	16,832,211	14.14%	No	Yes
Arts, Entertainment and Recreation	2,374	1.61%	4,754	1.85%	2,077,705	1.75%	No	No
Accommodation and Food Services	14,072	9.54%	25,982	10.12%	11,739,498	9.86%	No	No
Other Services (Except Public Administration)	5,678	3.85%	10,688	4.16%	5,551,339	4.66%	No	No
Education Level (more than 25 years old, 2010)	Anchorage, AK		Alaska		United States			
Did Not Complete High School	12,702	7.36%	36,238	8.75%	30,370,155	15.35%	No	No
Completed High School	41,903	24.29%	116,228	28.07%	57,863,097	29.24%	No	No
Some College	47,679	27.64%	112,972	27.28%	40,691,836	20.56%	Yes	Yes
Completed Associate Degree	15,771	9.14%	35,029	8.46%	14,841,627	7.50%	Yes	Yes
Completed Bachelors Degree	35,105	20.35%	73,883	17.84%	34,682,582	17.52%	Yes	Yes
Completed Graduate Degree	19,322	11.20%	39,787	9.61%	19,465,340	9.84%	Yes	Yes

Source: North American Industry Classification System (NAICS)

Exhibit 5 – Occupation and Education level in Anchorage

However, the locations of these occupation groups were located all-around of Anchorage, so that any characteristics of sectional occupation groups could not be identified. And, the extent of education level in Anchorage was higher than the continental U.S. The people, who had higher level education than a college, were more than 75% in total population.

In Exhibit 6, it showed population of the immigration to Alaska in the U.S, as a demographic factor. The gross migration population to Alaska was indicated from 2000 to 2011. The states of California, Texas, and Washington were shown the high level of immigration. But, the population of immigration from foreign countries to Alaska was moderate level, in which other states such as Alabama, Colorado, Florida, Georgia, North Carolina, Oregon, and other rest of states, were showed less population than Alaska. It indicated that the population of immigration from other countries to Alaska was moderately high level in the view point of total population of Alaska that was 291,836 in 2010 because the population of Alaska was ranked the 47th largest population in the United States. (U.S Census, 2013) This trend of the immigration to Alaska was expected to show similarly for the next several years.

Year	Alabama	California	Colorado	Florida	Georgia	North Carolina	Oregon	Texas	Washington	Foreign
2000-2001	275	2,522	940	1,131	826	994	1,334	2,122	2,692	1,250
2001-2002	411	2,663	1,096	1,149	906	1,039	1,392	2,164	3,073	1,456
2002-2003	381	2,557	1,118	1,244	877	800	1,321	2,194	2,942	1,427
2003-2004	419	2,635	1,029	1,209	890	783	1,502	2,189	3,019	1,509
2004-2005	357	2,580	1,103	1,124	849	869	1,241	2,035	2,757	1,323
2005-2006	433	2,507	985	1,344	942	1,344	1,388	2,178	2,949	1,507
2006-2007	396	2,364	845	1,197	824	851	1,247	2,459	2,547	1,507
2007-2008	500	2,743	900	1,334	750	767	1,214	2,370	2,525	1,346
2008-2009	423	3,207	1,087	1,580	942	1,082	1,294	2,443	2,680	1,294
2009-2010	534	2,959	1,153	1,607	1,039	840	1,539	2,506	2,858	1,650
2010-2011	620	2,817	1,033	1,705	1,164	1,016	1,464	2,636	2,817	1,171

Sources: IRS Tax Statistics; Alaska Department of Labor and Workforce Development, Research and Analysis Section

Exhibit 6 – Population of Migration to Alaska

Part 2: Behavioral Factor

The behavioral factor of Anchorage market was analyzed to find customers' attributes with commuting rate, travel time, transportation system, consumption occasions (numbers), consumption patterns (sorts), and brand preferences for bread and coffee. Especially, commuting rate, travel time, and transportation system were analyzed by all age groups of Anchorage to identify potential customers' attributes that what transportation methods were used and how long time people spent to commute with those transportation methods, by each age group of Anchorage. And, the consumption occasions (numbers) and the consumption patterns (sorts), and brand preferences for bread and coffee were used to identify potential customers' attributes about bread and coffee products. It was basically intended to find these attributes from the selected competitors' customers.

The behavioral factor, used for segmenting strategy, was analyzed and used to understand potential customers' attributes in correlation with previously analyzed geographic factor and demographic factor. Especially, it was intended to identify customers' attributes with different age groups to understand by sectional, which was previously provided in Part 1: Map, Geographic Factor, and Demographic Factor.

Commuting Rate, Travel Time, and Transportation

In Exhibits 7, it showed the transportation methods to work, and the time to travel to work place, which were sorted by Age group. The most common method for traveling to work was car, truck, or van. The age groups, 20-54, mostly used their own vehicles, which showed more than 75% commuting rate. The time of travel of commuting to the work site was almost less than 24 minutes. Approximately 50% to 60% of all age group was traveled within 24 minutes in Anchorage. And, the relatively active and young age groups, 20-44, and middle age group, 45-54, showed higher % rate of using public transportation. In short, the most people used their own vehicles for commuting with car, truck, or van, rather than public transportation. The travel time to their work site was mostly less than 25 minutes in Anchorage. In conclusion, the people in sections of Anchorage, including the mid, and south, and east sections in Anchorage, could assess almost all the areas of Anchorage within 25 minutes through their own vehicles or within almost 40 minutes through public transportation system.

		Car, Truck, or Van (alone)	Car, Truck, or Van (carpooled)	Public Transportation (excluding taxicab)	Total
Total Worker (over 16)		113,360	21,155	2,004	136,519
Age Group	16-19	3.20%	7.30%	8.30%	3.80%
	20-24	10.30%	16.50%	29.30%	12.30%
	25-44	42.30%	41.60%	21.10%	41.60%
	45-54	24.90%	20.10%	28.90%	23.50%
	55-59	10.00%	7.00%	4.10%	9.40%
	Over 60	9.30%	7.50%	8.20%	9.40%
Median Age		42	39.4	29.8	41.2
Travel Time to Work (minute)		Car, Truck, or Van (alone)	Car, Truck, or Van (carpooled)	Public Transportation (excluding taxicab)	Total
Less than 10		13.90%	17.30%	0.00%	15.10%
10-14		22.40%	13.90%	6.80%	20.70%
15-19		22.90%	26.40%	3.10%	22.40%
20-24		18.30%	18.50%	7.60%	17.40%
25-29		6.80%	4.00%	2.90%	6.10%
30-34		9.30%	8.00%	14.30%	9.50%
35-44		3.00%	5.40%	3.60%	3.30%
45-59		2.30%	3.50%	36.80%	3.00%
More than 60		1.10%	2.80%	24.80%	2.40%
Mean of Travel Time (minute)		17.8	20	40.4	19.3

Source: U.S. Census & Department of Transportation and Public Facility (Alaska)

Exhibit 7 – Transportation to Work and Travel Time to Work in Anchorage

Occasions and Patterns of Consumption

The behavioral factors such as consumption occasions (numbers) and consumption patterns (sorts) were investigated through the individual interview from competitors and their customers, and the brand preferences of bread and coffee collected through World Wide Web research. The data and information of these factors were mostly related with competitors' information such as the amount of sales or consumptions, and consumption patterns of bakery and coffee shops.

The selected sites of the individual interview were Yummy bakery, located on 1300 W 36th Ave, Anchorage, AK; Charlie's Bakery, located on 2729 C St, Anchorage, AK; Kaladi Brothers, located on 3211 Providence Drive, Anchorage, AK, in a library building of University of Alaska Anchorage (UAA); and Starbucks, located on 1005 E Dimond Blvd., Anchorage, AK. Other vendors for coffee and bakery businesses were assumed to have a similar consumption (sales) and patterns of these investigated competitors.

- **Bread Consumption or sales (Yummy bakery and Charlie's bakery):** approximately 150 to 200 units of bread with a price range from \$1.5 to \$20 (Yummy bakery), approximately 50 to 100 units of bread with a price range from \$3 to \$35 (Charlie's bakery)
- **Coffee Consumption or sales (Kaladi Brothers and Starbucks):** approximately 200 to 300 units of coffee with a price range from \$2.00 to \$5.50 (Kaladi Brother), approximately 250 to 350 units of coffee with a price range from \$2.5 to \$5.75 (Starbucks)
- **Consumption Patterns (bakery business):** mostly in mealtime such as morning, launch, and dinner
- **Consumption Patterns (coffee shop business):** all day

Preference of Bread and Coffee

There was a consumption pattern to choose bread and coffee products. When consumers choose and purchased products of bread and coffee, almost 90% of consumers were preferred well-known or famous high quality products. In specific, approximately 44% customers chose store-brand and 46% customers chose name-brand products (Harris Interactive, 2014). For products of bread, consumers were mostly preferred name-brand breads or store-brand breads that were most frequently advertised through public media, local banners, or local flyers; however, the preferences of consumers for coffee products was identified in two different categories: brand of coffee, and distance and location of coffee products from consumers. Almost 50% of consumers wanted to purchase a brand-name coffee with no concerning of distance to the coffee products, and another 50% of consumers considered the distance to

coffee shops. It meant that the potential customers of bakery set a high value on the quality of bread, but the potential customers of coffee shop set a high value on both quality and distance to purchase it. This result came from the individual interview to potential competitors' customers.

Additionally, the preference of consumption for breads was also investigated. The average consumption or serving of bread was 1.78 servings a day in 2009, but it declined from 3.72 servings per day in 1999. And the consumption had been decreased for artisan bread from in-store bakeries decreased 8%. But 25% consumers wanted to purchase multiple products like Italian or French bread from in-store bakery. Or 73% consumers wanted to purchase bread from the supermarket aisle; however, the bread sales in-store bakeries were down from 2009, except for the artisan breads. (International Deli-Dairy-Association: IDDBA, 2010) This meant that customers set higher value on the quality of bread, but not on the prices of the bread when they purchased breads.

Part 3: Psychographic Factor

The psychographic factor in segmenting strategy was analyzed to find customers' attributes with a trend of bakery and coffee shop, Korean franchise bakery, culinary art espresso coffee. This was intended to identify the main stream of consumption for the products of bread and coffee, awareness and favor to Korean bread and Korean franchise bakery, and the preferences of new style coffee products like art crafted coffee.

Trend of Consumption for Bread and Coffee

The trend of consumption for bread was changed on the quality of products such as organic products, multi-grained products. "Bakeries of all sizes can increase their margins and stay in business. Small companies can cater to people's desire for handcrafted artisanal products and thus build a recognizable niche that larger operation would have a hard time replicating... Bakeries can make use of par-baked products to cut down on baking time, or appeal to growing demand for organic products..." (IDDBA, 2010) As indicated by IDDBA, the triggers of consuming breads were the quality of products. People's wants and desires on healthy products were focused on maintaining their health, but not on the price of products. The consumption of healthy bread was gradually increased for a decade already. Also, the coffee consumption in the world was increased. "The coffee consumption was in coffee producing countries in on the rise, increasing by 3.9% from 2004 to 2008. Many experts predict that Brazil will displace the United States as the single largest coffee consuming market in the world within the next few years, somewhere from 2014 to 2016. Emerging markets (considered those outside of the EU, US, and Japan) are another source of growth, with consumption increasing 4.7% from 2004 to 2008." (Specialty Coffee Association of America, 2012)

Korean Franchise Bakery

The consumption pattern of breads in the South Korea could be investigated. By implementing the individual interview with the Sung Sim Dang bakery, who was a potential primary contractor in the SL plan, the market condition of Korean bakery in South Korea was already filled so the current market in South Korea could not be expanded any more. This situation induced the major Korean franchise bakeries to focus on overseas business. Like the case of Paris Baguette that was the biggest bakery in South Korea and had a mother company: Paris-Croissant Food Company, the major Korean franchise bakeries had started to provide franchise businesses in several countries such as China, France, Vietnam, U.S, and other European countries. Especially, in the U.S, the location of their Korean franchise company launched to the states of New York, California, and other cities. The customers were satisfied the quality of bread, even though their prices were relatively higher than other Korean franchise bakery companies' in South Korea. The customers who purchased breads from a Korean franchise bakery in other countries were fully satisfied the quality of their products, and the returning rate of customers to purchase their products was more than 85%. Also, by the individual interviews to competitors' business sites, the competitors' customers wanted to re-purchase the breads more than 90%.

Culinary Art Coffee

The coffee shop with a concept of a culinary art coffee was increased in the view point of world market because a new life style or pattern led changes of values with coffee. "Things like single-origin beans, exacting brews that

highlight subtle nuance, and a greater overall appreciation of coffee could change our relationship from the commodity model.” (MarketWatch, 2012) But, in Anchorage market, there were still no coffee shops to focus on the culinary art coffee, but a lot of coffee vendors provided high quality coffees in several different types. Only some coffee vendors provided culinary art coffee by the customers of requests, but provided art crafted coffee products were not guaranteed the same flavor and fun to customers. It would not be intended to disparage the barista’s skills to make coffee, but there was no certified barista from qualified institutions such as Speciality Coffee Association of Europe (SCAE) in Anchorage market.

Part 4: Economic Factor

The economic factor in segmenting strategy was analyzed to find and understand Anchorage market condition with a consumer price index (CPI) whether the economy of Anchorage could make an effect to potential consumers’ purchasing power toward goods and services, in specific for bread and coffee products.

CPI

The CPI is a measurement tool for the yearly cost of market’s and customer’s purchases that would be compared with the cost in a base year. (Eschenbach, 2011) So, the CPI is a measurement index of price changes of goods and services, and is measured by the extent of price change level of market goods and services, and it is a most common method to measure the economic condition of any selected areas. Any trends of inflation and deflation of selected market could be found out. The CPI was set a value of 100 to a base year. If the number of CPI was more than 100, it meant that the market cost of purchasing goods and services was increased and experienced inflation. On the contrary, if the CPI was less than 100, the market cost of purchasing goods and services was decreased and experienced deflation.

In Exhibit 8, it showed the percent average CPI and % change from 2010 to 2014. The base year of CPI was 1980 to 1984. Exhibit 8 showed % changes of CPI that fluctuated from 2010 to 2014. The % changes of CPI were increased from 1.8 to 3.2 between 2010 and 2011, decreased from 3.2 to 2.2 between 2011 and 2012, increased from 2.2 to 3.1 between 2012 and 2013, and decreased from 3.1 to 1.6 between 2013 to 2014; however, even though the CPI fluctuated for five years, from 2010 to 2014, the value of CPI were all higher than 100. So, there was no dramatic economic crisis or economic changes happened in Anchorage, AK. This meant that the price of goods and services, including bread and coffee products, was increased because % change of CPI showed more than 1.0 for all years. Also, the consumption of goods and services was increased consistently because CPI from 2010 to 2014 showed more than 100.

	Anchorage		U.S.	
	Annual Anchorage	Annual Anchorage	Annual U.S.	Annual U.S.
	Average	Percent Change From Previous Year	Average	Percent Change From Previous Year
2014	215.805	1.6	236.736	1.6
2013	212.381	3.1	232.957	1.5
2012	205.916	2.2	229.594	2.1
2011	201.427	3.2	224.939	3.2
2010	195.144	1.8	218.056	1.6

Source: U.S. Dept. of Labor, Bureau of Labor Statistics (BLS).

Exhibit 8 – Consumer Price Index (CPI) in Anchorage

In conclusion, the cost of goods and services in Anchorage was increased and expected to show the similar trend in the nearest future. And, the consumption of goods and services of Anchorage residents would be expected to be increased.

Part 5: Research of Competitor

The research of competitors was intended to provide specific data and information of selected competitors: Yummy Bakery, Charlie's Bakery, Starbucks, and Kaladi Brothers in Anchorage. Also, the market size of bakery and coffee shop businesses were provided to understand Anchorage market condition in comparison with other continental states in the U.S.

Market Size of Bakery and Coffee Shop Businesses

A lot of big companies and local retail stores already had provides enough amounts of breads to consumers in the U.S. But, the local retail stores had the strength of sales to offer specialty goods. The Korean franchise bakery would be the new supplier to provide specialty goods to Alaska residents. The bakery industry in the U.S. had 2,800 commercial bakeries with annual revenue of \$30 billion dollars, and 6,000 retail bakeries with total annual revenue of \$3 billion dollars. The commercial bakery market was highly concentrated with the 50 largest companies, which generated 75% of the industry's revenue. And, the retail bakery market was highly fragmented with the 50 largest companies, which generated only 15% of the industry's revenue. The profitability of bakery market was strongly tied to the efficiency of their operations. Large bakeries had advantage of economies of scale, while small bakeries had advantage for offering specialty goods and offering superior local services. (American Bakers Association, 2011)

In Exhibit 9, the Alaska's bakery market's detailed information was described about jobs and wages. The Alaska's bakery market size was the smallest in the U.S. Thus, the Anchorage's bakery market size was highly smaller than other cities.

State	Direct Jobs	Direct Wages (in thousands)	Total Jobs	Total Wages (in thousands)	Total Output (in thousands)
U.S. Continental	\$633,020	\$31,495,974	\$1,760,363	\$90,214,425	\$310,971,294
Alabama	\$7,399	\$374,152	\$17,071	\$782,976	\$2,518,132
Alaska	\$875	\$43,900	\$1,564	\$97,723	\$234,147
Arizona	\$8,458	\$402,726	\$20,306	\$1,045,301	\$2,810,742
Arkansas	\$6,648	\$306,660	\$18,349	\$734,460	\$3,193,332
California	\$89,016	\$4,609,225	\$262,147	\$14,692,514	\$49,102,268

Source: America Bakers Association

Exhibit 9 – Bakery Industry in Alaska

The sector report of Specialty Coffee Association of America (SCAA) contained that the U.S. coffee market size was estimated at \$30-32 billion dollars. And, 40% of 18-24 age groups drank coffee daily; up from 31% in 2010, while 54% of 25-39 age groups drank coffee daily; up from 44%. The drip coffee sales showed from 3.5%, in the 3rd quarter; to 4.7%, in the 4th quarter of 2010. And, the coffee preparation at home was up 4 % points with 86% of past-day coffee drinkers. In short, the coffee consumption had been gradually increased. (SCAA, 2011)

Rank	Name of City	Coffee Shop (per 10,000 people)
1	Anchorage, AK	2.8
2	Seattle, WA	2.5
3	San Francisco	2.2
4	Bellingham, WA	2.1
5	Portland, OR	2.0
6	Bremerton, WA	1.9
7	Boulder-Longmont, CO	1.8
8	Olympia, WA	1.8
9	San Luis, CA	1.6
10	Santa Rosa, CA	1.5

Source: MarketWatch and NPD Group

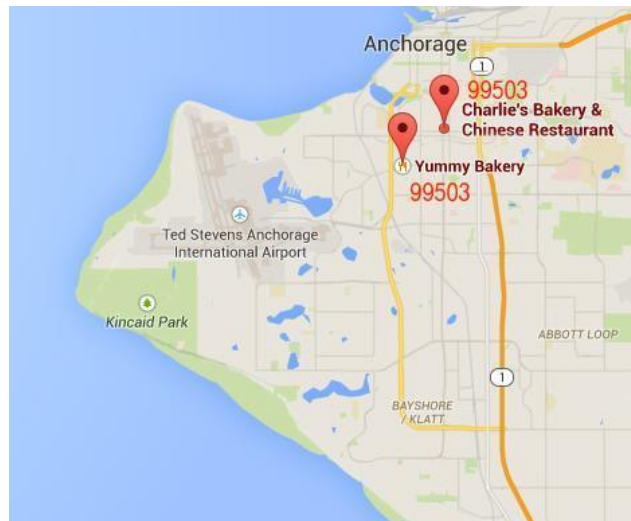
Exhibit 10 – Rank of Coffee Shop (Per 10,000 people)

In Exhibit 10, the number of coffee shop in Anchorage was ranked on 1st, by per population. The coffee shop, per 10,000 people, was 2.8 stores in Anchorage. (MarketWatch, 2005) It showed the information that was numbers of coffee shop, per 10,000 people in Anchorage and Anchorage was ranked on 1st among top 10 cities in the U.S. It

indicated that there were already high numbers of coffee shops had served Anchorage residents from 2005. The competitors of a coffee shop business were full and the level competitions between local venders were expected relatively high.

Location of Potential Competitor

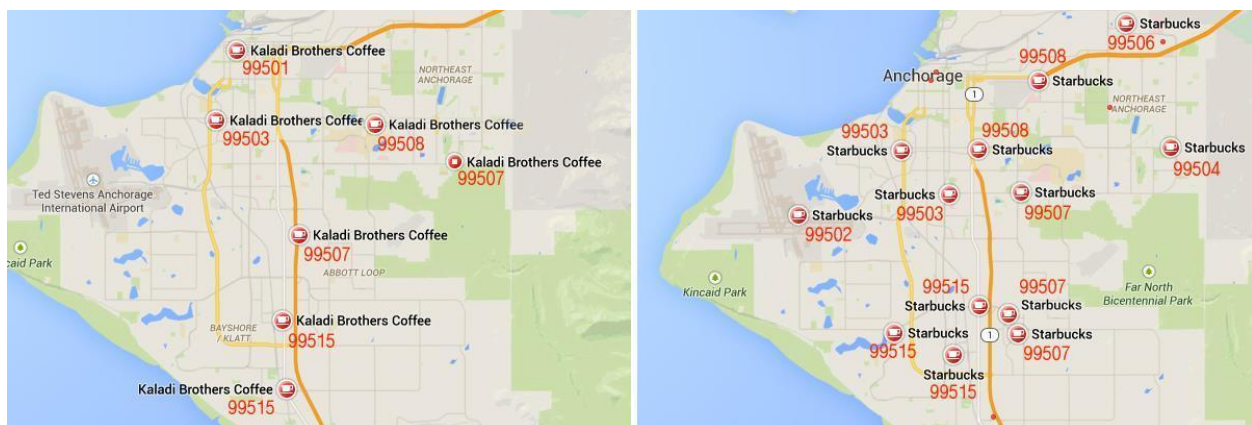
This section, Location of Potential Competitor, was intended to show the distribution of selected competitors for bakery business and coffee shop businesses in Anchorage. The locations of competitors of bakery business were indicated in Exhibit 11 and the locations of competitors of coffee shop business were indicated in Exhibit 12.



Source: Google

Exhibit 11 – Location of Yummy bakery and Charlie's Bakery in Anchorage

In Exhibit 11, the locations of competitors of a bakery business were on the mid-section in Anchorage. And there were no similar conceptual bakeries of Asian bakery or Asian franchised bakery in all areas of Anchorage. Herein, other local bakeries were excluded since they didn't sell their product with concepts of Asian bakery and Korean bakery.



Source: Google

Exhibit 12 – Location of Kaladi Brothers and Starbucks in Anchorage

In Exhibit 12, it showed the sites of coffee shops of Kaladi brothers and Starbucks in Anchorage. The main contractors or direct management stores of Kaladi brothers were seven stores: one store to the north-section, three stores to the east-section, two stores to the south-section, one store to the mid-section, and no store to the west section in Anchorage. Herein, any kiosk type coffee shops were excluded. On the contrary, the main franchised contractors of Starbucks were eleven stores: no store to the north-section, five stores to the east section, three stores to the south section, one store to the west section, and two stores to the mid-section in Anchorage. Also, any kiosk type coffee shops were excluded. One finding from competitors' locations was that both coffee shops were located to easy assessable sites to the New Seward Highway and the Minnesota Drive Expressway.

In Exhibit 13, the total units of each coffee store were numbered by sectional. The north, west, and mid sections had relatively low stores, but the east and south sections had relatively higher number of stores. It indicated that the competitors' coffee shops were mostly located on the east and south sections of Anchorage.

North		
		store
Kaladi Brothers		1
Starbucks		0
West	Mid	East
		store
Kaladi Brothers		1
Starbucks		2
		store
Kaladi Brothers		3
Starbucks		5
South		
		store
Kaladi Brothers		2
Starbucks		3

Exhibit 13 – Units of Kaladi Brothers and Starbucks by Sectional Areas

The sales or consumption of bread and coffees are indicated in “Occasions and Patterns of Consumption” in “Segmenting (Part 2) – Geographic Factor and Behavioral Factor.” The numbers of sales or consumption of both bakery and coffee markets were as follows:

- **Bread Consumption or sales (Yummy bakery and Charlie’s bakery):** approximately 150 to 200 units of bread with a price range from \$1.5 to \$20 (Yummy bakery), approximately 50 to 100 units of bread with a price range from \$3 to \$35 (Charlie’s bakery)
- **Coffee Consumption or sales (Kaladi Brothers and Starbucks):** approximately 200 to 300 units of coffee with a price range from \$2.00 to \$5.50 (Kaladi Brother), approximately 250 to 350 units of coffee with a price range from \$2.5 to \$5.75 (Starbucks)
- **Consumption Patterns (bakery business):** mostly in mealtime such as morning, launch, and dinner
- **Consumption Patterns (coffee shop business):** all day

Part 6: Result of segmenting

As a result of segmenting, Exhibit 14 showed the ranks of all sectional segments of Anchorage market. The ranks were sorted by population and age groups. The east section was ranked 1st with the total population and Asian’s populations, household, and all age group, so that the east section could be a best choice for a new business site when only considered with by population and household, and the second choice could be west section under the same condition since the total scores of the east section and west section were 14 and 39, in which lower score meant higher rank.

By the age groups, the east section could be also the best choice and the second choice could be the west section or south section in consideration with the distribution of all age group because the total scores of the west and south

sections were 39 and 42; however, in consideration with the relatively active age groups, which were 25-54, the total scores of the west and south sections were 18 and 18. In consideration with the age groups, more than 40, relatively higher age groups, the total scores of the west and south sections were 21 and 16. It meant that the best site of a new business would be differently decided among the east, west, and south sections.

However, selecting segments of location and customer to be targeted were indicated to the Segment Selection Matrix in Exhibit 15, which was considered in correlation with data and information of population, income, transportation, and competitors with the factors: distributions of population and age groups.

STP Factor	Rank of Segment (by Sectional)					Description
	East	Mid	West	South	North	
Population (Total)	1	4	2	3	5	
Population (Asian)	1	2	3	4	5	
Household	1	4	2	3	5	
Total	3	10	7	10	15	All factors included, low score indicated higher rank
Age Group	Rank of Segment (by Sectional)					Description
	East	Mid	West	South	North	
20-24	1	2	3	4	5	
25-29	1	2	3	5	4	
30-34	1	2	3	4	5	Gap of % population: 0.6% (rank 3 and 4)
35-39	1	4	2	3	5	Gap of % population: 0.7% (rank 2 and 3)
40-44	1	3	4	2	5	Gap of % population: 0.2% (rank 3 and 4)
45-49	1	4	3	2	5	Gap of % population: 0.4% (rank 3 and 4)
50-54	1	4	3	2	5	
55-59	1	4	3	2	5	
60-61	1	4	3	2	5	
62-64	1	4	3	2	5	
Over 65	1	3	2	4	5	
Total	14	46	39	42	69	All factors included
Total (25-54)	6	19	18	18	29	Lower score indicated higher rank
Total (more than 40)	7	26	21	16	35	Lower score indicated higher rank

Exhibit 14 – Rank of Population and Age Group (by Sectional)

The specific results of segmenting processes were summarized with segmenting strategy's all factors: Demographic, Behavioral, Psychographic, and Economic Factors. This information was intended to provide short summaries to be used for targeting strategy.

- **Population growth rate:** it showed that Asian was ranked first, Hispanic or Latino was ranked second, and other race (two or more races) was ranked third, so that the best choice could be Asian.
- **Median Income and per capita personal income:** it showed that the median income was ranked first on white race, second on Hispanic or Latino, third on black or African. In fact, the second and third ranks did not show big gap of the median income; however, all those races, as a sum, showed slightly higher per capita personal income, which was \$50,150, when compared with the average of per capita personal income in the U.S. One finding of these criteria was Asian's average income showed approximately \$50,000. That was almost middle level income in the U.S. So, Asian could be also targeted as potential customers, by assumption that the consumption tendency was proportional to income level.
- **Asian and Korean population:** The first rank of population in Asian was Filipino. The population of Korean-American in Anchorage was approximately 6,500 people. So, if the bakery business section targeted on Filipino like Korean-American, there was high probability to increase sales of breads because Filipino were mostly familiar with Korean culture and foods for a decade, so that they showed favors to Korean products.
- **Immigration:** 1,171 people immigrated to Alaska between 2010 and 2011, and similar population had immigrated to Alaska from 2000 to 2009. This trend of the immigration to Alaska was expected to show similarly for the next several years. In consideration with both the population of immigration from foreign countries to Alaska, and other states to Alaska, these new comers could be new potential customers.
- **% of married:** it showed that the age group, 35-44, was ranked first; the age group, 55-64, was ranked second, and the age group, 45-54, was ranked third. So, the targeted customers could be divided in two

separate groups. First group to be targeted could be more active ages between 35 and 44 olds, and another targeted group could be elders, between 55 and 64 olds.

- **Occupation:** Between several occupation groups in Anchorage, the health care and social service was ranked first. Admin, Support, Waste Mgmt., Remediation Services was ranked second. The retail trade was ranked third. All % rates of occupations in Anchorage showed higher level of % rate of occupation than the average of it in the U.S. However, the health care and social service were relatively and highly located on the mid and east sections in Anchorage.
- **Education level, total worker (by car, truck, or van), and Car, truck, or van (alone and carpool, by age group):** In education, people who obtained college degree were ranked first. People who obtained high school diploma were ranked second. People who obtained bachelor degree were ranked third. And, people who obtained graduate (master) degree were ranked fourth. And, all four education levels were higher than the average of the U.S. However, using car, truck, or van (alone and carpool) showed almost 90% of total transportation method. The age group, 25-44, was ranked first for using car, truck, or van for traveling in Anchorage, so that the probability of young and active age group to commute to their school was expected to be higher than other age groups. If a new business targeted those groups, the condensed location of school could be the best choice such as University of Anchorage (UAA) and Alaska Pacific University (APU), in which those colleges were located between the mid and east sections.
- **Transportation time and travel time to work:** the ranks of using public transportation; car, truck, or van (carpool); and car, truck, or van (alone) were showed first, second, and third in an order. And, the travel time to work was mostly in the categories between 15-19 minutes, 10-14 minutes, and 20-24 minutes. In an order of time groups, they were ranked first, second, and third. So, if possible, the business site of a new business could be better nearby the targeted customers' residential areas with 10 to 15 min, under assumption that the transaction or consumption of business products could be sold within 5 minutes per transaction.
- **Bread consumption (Yummy bakery and Charlie's Bakery):** the sales of breads were approximately 150 to 200 units with a price range from \$1.50 to \$20 for Yummy bakery, and the sales of breads were approximately 50 to 100 units with a price range from \$3 to \$35 for Charlie's bakery. So, the targeted sales units and prices would be better within 50 to 200 units and \$1.50.
- **Coffee consumption or sales (Kaladi Brothers and Starbucks) and Consumption Patterns:** the sales of coffee were approximately 200 to 300 units of coffee for Kaladi Brother, and approximately 250 to 350 units of coffee for Starbucks. So, the targeted units of sales would be better within the range of 200 to 300 units. And, breads were highly sold on mealtime such as breakfast, launch, and dinner, but coffee products were sold all day long. So, the sales strategies for coffee and bread needed to be developed separately.
- **Preference and trend of consumption of bread and coffee:** the consumers of bread were expected to prefer a name-brand, shown almost 90%, and the consumption tendency was focused on the quality of bread, rather than price. The consumers of coffee did not show any preferences for coffee products if they could purchase them with similar quality. The consumers showed that the distance of coffee shop was one of the most sensitive factors of coffee consumption. The trend of consumption for a decade also showed the importance of quality of bread in consideration with an issue of nutrition, even though the price rose gradually for a decade. Also, the coffee consumption increased slightly every year for a decade.
- **Korean franchise bakery:** the new consumers in the U.S were mostly satisfied with Korean style bread in New York, and California, as well as other countries like China, France, and other European countries. But, the extent of awareness to Korean franchise bread was very low level to Anchorage residents when compared with other local retail vendors (bakery).
- **Culinary Art Coffee:** The tendency of culinary art for coffee grew gradually. And, there was no certified and specialized culinary art coffee shop in Anchorage. Mostly, the coffee shops sold coffee a quick and dirty type with a snack bar.
- **CPI:** CPI in Anchorage was increased continuously; even though the growth rate of CPI in 2015 was lower than 2014. And, the consumption of goods and services including bread and coffee was expected to grow up gradually. And, there were no significant changes of Alaska economy.
- **The number of competitors and the site:** there were only two stores of Asian style bakery, and Starbucks and Kaladi brothers had stores 13 and 7 stores, except for kiosk type business sites. The bakeries of competitors were located on the mid-section; Starbucks were located on the south section, east, mid, west, and north, in which each section had five, four, one, one, and zero stores. And, Kaladi brothers located on

the east, south, north, west, and mid sections, in which each section had three, two, one, zero, and zero stores. Especially, the east and south sections had a lot of competitors relatively.

Part 7: Determination of Business Customers

When selecting the business customers, there were several options to determine the best segments based on the data and information collected through segmenting process, based on geographical, demographic, behavioral, psychographic, and Economic Factors. In fact, the part of selecting and targeting segments would be intended to be dealt in targeting strategy. But, the following information was the summary of potential business customers in correlation with those segmenting factors to be used for the targeting strategy.

By the geographic and demographic factors, the east section of Anchorage was the best place for the business. But, when a new business targeted at Asian-American, including Korean-American, the mid-section of Anchorage would be the better selection. The elders were generally preferred the south-section of Anchorage, and the young and active age groups were distributed on the east and mid sections of Anchorage. These sections' distribution of population and population growth rate also equaled to or higher level than other sections'. Per capital person income and % growth rate in Anchorage were more than average of them in the U.S. These young and active age groups had a high probability to commute around mid and east sections.

So, the business customers could be sorted and suggested in two groups: relatively young and active age group or relatively higher age group. Specifically, if targeted young and active age group, 25-54, the best section would be east-section and second section would be west or south-section. If targeted relatively higher age group, more than 40, the south-section would be the best selection, and the west-section would be the second selection. In fact, the south-section had relatively higher age groups and elders in Anchorage. In another view point with % of married status of population, the suggestion of the new business customers was the age group of 35-44 that showed relatively higher % of married status. This age group showed higher distribution in the west and south sections of Anchorage.

However, in the view point of competitors' locations of coffee shop business, the best market and customers would be the mid, west, or north section because most competitors were relatively highly located to the east and south sections. And, in the view point of competitors' locations of bakery business, the market and customers in the mid-section would be the worst choice because they were located to the mid-section, and other sections of Anchorage could be options for determining business customers.

Last, in consideration with transportation system, the business customers needed to be assessed with accessibility of public transportation system like bus terminals. In the Dimond Center area, located in the south-section of Anchorage, the public transportation system that was a bus terminal was located. The commuting rate of age groups of 20-54 through the public transportation was identified almost 30% in the south-section. Also, the north-section had one bus terminal and the east-section had two bus terminals, but in consideration of population and commuting rate, the north-section would not be better selection than other sections of Anchorage. So, the east-section could be the one option for selecting market and business customers.

In conclusion, the determination of business customers would have different best option by each factor in the segmenting strategy. But, in a view point of site or location of a new business, the best site of a new business would be the south, east, or mid-section in Anchorage.

Targeting

To decide segments to be targeted, it was initially necessary to assess and define a new business' key success factors. The key success factors were used for providing the new business' capability and considered with benefits of a Korean franchise bakery and a culinary art for a coffee shop. And, by comparison its capability with competitors capabilities and intense, a differentiated concept could be decided in order to determine the targeted segment.

Business Capabilities and Success Factors

A newly proposed business had concepts of Korean franchise bakery and culinary art coffee shop. The business capabilities and success factors could be identified in the view points of bakery business and coffee shop business for a new business.

Frist, the bakery business, as a branch of Korean franchise bakery, could guarantee the quality and freshness of bread with a low price. The Korean franchise bakery had highly qualified baking skills with keeping freshness of their bread. The primarily selected Korean franchised bakery, Sung Sim Dang bakery, had operated from 1956 to current for 57 years in South Korea. Their knowledge, ability, and skills for baking breads and their know-how about promotion were accumulated for several decades. And, the price of their products, especially breads, could be provided in a relatively lower price range.

Second, they also had know-how for operating franchise bakeries. They had a branch in the capital, Seoul, South Korea, even though they started in mid-locational city, Dae Jeon, in South Korea. They now had several branches at Seoul, South Korea. It meant that they overcame the challenge coming from disadvantage of the brand awareness, and their experience could be also applicable to the Korean franchise bakery in Anchorage. And, this Korean franchise bakery had a lot of strength of supporting system for branches, which were located in a long distance from their head-quarter in South Korea. They also had highly qualified employee education system and delivery system.

Third, a Korean franchise bakery provided a different menu of breads seasonally with a standardized recipe as well as a different layout design of the store. The Korean franchise bakery could guarantee the easy access to the all sections of all breads in a store and keep clean the store relatively easily. By the concept of a new business, the store would be followed up the layout design for a Korean franchise bakery.

In coffee shop business part, the hand-made, art crafted coffee products would be main products, along with other types of coffee products such as drip coffee and espresso. In fact, any coffee shops, providing culinary art or art crafted coffee in Anchorage, were rarely found out. A hand-made high quality art crafted coffee products could deliver and guarantee the unique flavors and different fun for customers.

Competitors Capabilities and Intense

The potential competitors in a bakery business were limited to two Asian bakery businesses, including one Korean bakery and one Chinese bakery, and two different competitors in a coffee shop business that were Starbucks and Kaladi Brothers. There was official information of Starbucks in their 2014 fiscal report. The Americas segment continued its strong performance in 2014, with revenues growing 9% to \$12.0 billion, primarily driven by comparable store sales growth of 6%. Total net revenues increased 11% to \$16.4 billion in fiscal 2014 compared to \$14.9 billion in fiscal 2013. (Starbucks, 2014) In short, Starbucks's brand power and the supporting system were the highest level of all coffee shop businesses in Anchorage. On the contrary, Kaladi Brothers was the most beloved coffee shop to local residents because they provided high quality coffees with relatively lower price when compared with Starbucks.

Both coffee shop competitors were located to almost all main streets in Anchorage area, so that their locations were guaranteed easy access to their business sites. Relatively, they were highly located on the east and south sections of Anchorage.

The local Korean bakery, Yummy bakery, was located on the midtown and provided Korean style breads for more than two decades. The price range of their products was not only relatively higher than other local bakeries, but also lower than another competitor: Charlie's bakery. The main customers were mainly Korean people with a few local residents. The strength of the Korean bakery was on the fixed customers, who were mostly Korean customers. But, customers' royalty was estimated really low. The reason to consume the bread to this Korean bakery was that this store was the only one to provide Korean breads. And, the Charlie's bakery was also located on the midtown. They provided Asian style bread, which was Chinese style bread, but not Korean style. One finding from this bakery was that they focused on cakes or highly profitable bread types rather than cheap breads. However, they mainly focused on selling Chinese food rather than breads. So, the price range of their breads was relatively higher than the local Korean bakery: Yummy bakery.

Determination of Targeted Segment

As researched and analyzed from the previous segmenting process, the best segments for a business customers and a business site could be the south, mid, or east-section of Anchorage. In specific, it would be in the zip codes of 99515 and 9907 for the south section, and 99503 for the mid-section of Anchorage. The targeted customers could be relatively active and young age group, from 25 to 45 or relatively old age group, having higher income level. In consideration with transportation method and travel time, location, income, and accessibility, the distribution of Asian, especially Korean, and competitors' location of the bakery business, the preliminary best segment was the south or east section of Anchorage.

Section	Zip Code	Area Name	Population															
			Sum of % rate (age group: 35-59)	Score	Weight	Sum of % rate (age group: 20-34)	Score	Weight	population (by % , age group: 35-59)	Score	Weight	population (by % , age group: 20-34)	Score	Weight	Asian population	Score	Weight	
East	99507	Abbott Loop Area	36.3%	2	0.05	23.9%	2	0.025	13,740	3	0.05	9,046	3	0.025	10.3%	2	0.1	
Mid	99503	Spenard	35.2%	1	0.05	28.6%	3	0.025	5,126	1	0.05	4,165	1	0.025	12.5%	3	0.1	
South	99515	Bayshore / Oceanview	37.9%	3	0.05	20.1%	1	0.025	8,505	2	0.05	4,511	2	0.025	9.8%	1	0.1	
Section	Zip Code	Area Name	Median Household Income			Transportation			No. of Competitor						Total (weighted)			
			Total Median Income (by area)	Score	Weight	Distance from Bus Terminal (zip code, # of bus)	Score	Weight	No. of Bakery	Score	Weight	Coffee shop	Score	Weight				
East	99507	Abbott Loop Area	733,896	3	0.15	Alaska Native Medical Center (99508, 4)	1	0.2	Local Vendor (2)	3	0.225	Starbucks (3), Kaladi Brothers (2)	2	0.175	2.25			
Mid	99503	Spenard	124,516	1	0.15	Alaska Native Medical Center (99508, 4), Dimond Transit Center (99515, 5)	2	0.2	Yummy Bakery, Charlie's Bakery, Local Vendor (2)	1	0.225	Starbucks (2), Kaladi Brothers (1)	3	0.175	1.80			
South	99515	Bayshore / Oceanview	245,214	2	0.15	Dimond Transit Center (99515, 5)	3	0.2	Local Vendor (2)	3	0.225	Starbucks (3), Kaladi Brothers (2)	2	0.175	2.35			

Source: U.S Census (2010 and 2013), Department of Labor and Workforce Development (Research & Analysis), Municipality of Anchorage (Department of Public Station)

Comment
Score Criteria: 3 - High, 2 - Moderate, 1 - low
The higher value of score means the best site of a new business
Distance of bus terminal is the distance of the closest bus terminal in Anchorage: Higher bus number to each bus terminal has higher score
If competitors of bakery and coffee shop are the same number, the location would have the same points

Exhibit 15 – Segment Selection Matrix

So, for selecting the best targeted segment, a site/location selection matrix would be used for identifying the best segments. Exhibit 15 showed the specified segment selection matrix by zip codes in the east, mid, and south sections of Anchorage. The selected segments of potential business sites were located on the east section (zip code: 99507), the mid-section (zip code: 99508), and the south section (zip code: 99515). The specified zip code had analyzed from Exhibit 14 – Rank of Population and Age Group (by Sectional). This matrix was developed in consideration with the weighted scoring method, in which factors included population (% of age group, total number of sectional population, total number of Asian), median household income, transportation system, and number of competitors in selected areas, in which selected competitors and any other local vendors in those areas was included. The best segment through this matrix was the south section (zip code: 99515), but the east section (zip code: 99507) showed slightly lower scored. Herein, this matrix gave higher weights to population having higher median income, and those sites, Asian people, accessibility of public transportation system, and competitors.

As a result, the best targeted segment was the south section (zip code: 99515) of Anchorage because there were no Asian or Korean bakery competitors, and the residents in this segment had relatively higher income level in the age group of 35-59. Also, the active and young age group, 20-34, could easily assess the south section through the public transportation system.

Positioning

The positioning strategy included benefits of south segment and positioning concept with six factors: quality, freshness, taste, price, awareness, and fun. These six factors would be scored from 1 to 5 points. The higher points scored, the higher competitiveness showed. But the price would indicate inversely, so that the higher points scored, the lower competitiveness showed. And, the information of positioning concept was analyzed with selected competitors with both bakery business and coffee shop business. The competitors of bakery business were Yummy bakery and Charlie's bakery, and the competitors of coffee shop business were Starbucks and Kaladi brother herein.

Benefits of South Segment

The south section, as selected segmented market and potential customers, especially in the zip code of 99515, was the best segment. The per capita personal income of residents was relatively moderate or higher than other sections. And the commuting rate of young and active age groups was relatively higher than other segments. The probability of high consumption of bread and coffee were relatively higher than other sections of Anchorage. And, there were already identified a lot of consumers of selected competitors: Starbucks and Kaladi Brothers. The major benefit of selecting the south section was on the location of Asian bakery. The two Asian bakeries were located on the mid-section of Anchorage, and other competitors of bakery business were not closely located on this site.

Positioning Concept

For considering positioning concept of a new business, both a bakery business and a coffee shop needed to be compared with competitors with differentiated products for a success of operation. In positioning strategy, there were six major concepts selected for bakery and coffee shop businesses that were quality, freshness, taste, price, awareness, and fun.

In Exhibit 16, it showed the estimated levels of quality, freshness, taste, rice, awareness, accessibility, and fun of competitors and a Korean franchise bakery to be targeted. The information of potential competitors and a new business in bakery business were used 5 points scoring system, in which the higher number showed higher level of quality, freshness, taste, price, awareness, accessibility, and fun. As pre-conclusion of positioning concept in bakery business, three positioning concepts needed to be focused or targeted for operating a bakery business. The three factors of positioning concepts were quality, freshness, and taste.

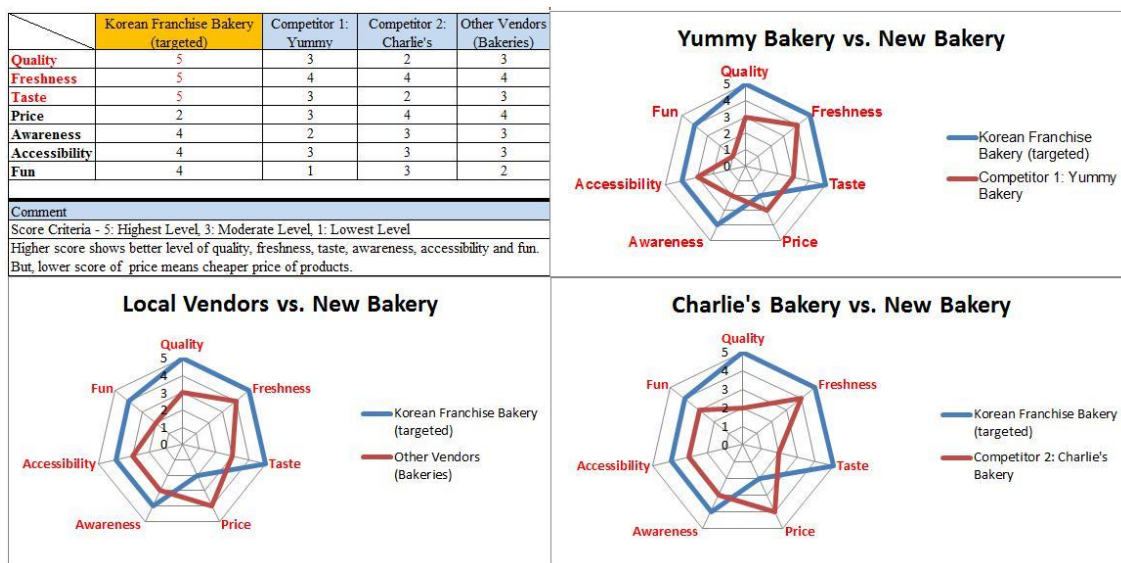


Exhibit 16 – Positioning Concept of Bakery (5 Points Scoring System)

- **Quality:** the competitors showed the range from 2 to 3 by 5 points scoring system. Yummy bakery and other local vendors (bakeries) had relatively moderate level of score: 2 points. Especially, the quality of Yummy bakery's products, scored 3 points, did not show high level, because the owner was the only one baker who had learned and kept baking skill. Charlie's bakery scored 2 points because they were focusing on sales of Chinese food and cakes rather than sales of breads.
- **Freshness:** the competitors scored 4 points which were relatively higher level. By the competitors' site visiting, the selected competitors and other vendors (bakeries) was on sales of leftovers that were not sold from the previous days. But, for a new bakery business, the baking system from a Korean Franchise bakery offered producing breads twice in a day. And, the leftover of daily sales of breads would be donated to the public for a promotional concept. So, all breads would be fresh every day.
- **Taste:** the taste of local bakeries, including selected competitors, did not show highly preferred tastes as a result of individual interviews from competitors' customers. The tastes of breads of a Korean franchise bakery were expected to be identical with the tastes of breads in South Korea. So, the probability to capture Korean-American's taste was estimated to be higher than other competitors. Yummy bakery scored 3 points and Charlie's bakery scored 2 points.
- **Price:** the price range of competitors' products was scored from 3 to 4 points. The price of all competitors was not listed as a cheap price. But, the Korean franchise bakery could suggest relatively lower price for selected breads that would be major products for popularity; however, the price range would be differentiated for highly marginal products like cakes after entering into Anchorage bakery market successfully.
- **Awareness:** the competitors scored 2 to 3 points that were relatively lower scored, because only the customers, who purchased their products, wanted to re-purchase their products. Advertisement of their business and their breads were rarely conducted, and they had no special and specific future plan of promotion. The targeted awareness of a Korean franchise bakery scored 4 points because a big and continuous advertisement from the head-quarter of a Korean franchise bakery was expected.
- **Accessibility:** the levels of accessibility were all moderate level, which scored 3 points for both competitors. Their business sites were on the midtown area, and customers mostly used their vehicles. Commuting time or traveling time to work in Anchorage was almost less than 30 minutes. And, the location of a new business site would be closer to public transportation system that was the south bus terminal around Dimond Center. Also, visiting of commuters using public transportation system was highly expected.
- **Fun:** the competitors scored relatively lower points. It was derived from the varieties of products. Yummy bakery only scored 1 point, because they did not sell various breads to satisfied customers. Charlie's bakery scored 3 points because they showed varieties in their products from breads, cakes, and Chinese foods in their business site. But, the score of Korean franchise bakery was targeted to 4 points. One reason was on the product diversification. The Korea franchise bakery business would be, initially, focused on relatively cheaper price with higher quality breads. Also, a Korean franchise bakery offered newly developed menus to local residents in seasonal, so that a new menu of breads was expected to be provided continuously. Another reason was derived from the expectation of synergy effect with latte art coffee shop. Customers could enjoy with art crafted coffee when they wanted in the same store because both business would be located in one business site.

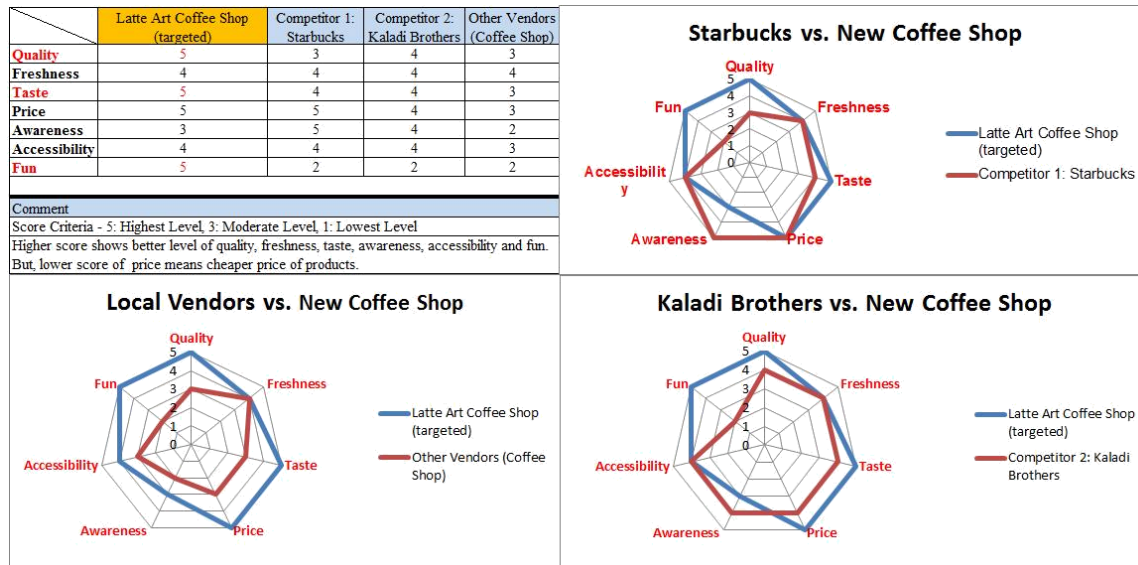


Exhibit 17 – Positioning Concept of Coffee Shop (5 Points Scoring System)

In Exhibit 17, it showed the estimated level of quality, freshness, taste, price, awareness, accessibility, and fun of competitors and a targeted culinary art coffee shop business. The information of potential competitors and a new business in coffee shop business were also scored by 5 points scoring system as Exhibit 16. The higher score of all factors showed higher level of quality, freshness, taste, price, awareness, accessibility, and fun. As pre-conclusion of positioning concept in bakery business, three positioning concepts needed to be focused or targeted for operating a bakery business. The three factors of positioning concepts were quality, taste, and fun.

- Quality:** the competitors scored 3 to 4 points, which scores were relatively moderate level. By implementing individual interviews to competitors' customers, the quality of Starbucks and Kaladi Brothers scored 3 and 4 points. The consumers normally gave more value to Kaladi Brothers' products than Starbucks' products. For a quality of a coffee business, the targeted score was 5 points since a barista, having a certificate of Speciality Coffee Association of Europe (SCAE), would provide a unique hand-made coffee with a culinary art on it.
- Freshness:** freshness of coffee from all competitors was relatively moderate level, and they scored both 4 points. Any specialty and comparative advantage from freshness would not be expected for a coffee shop business. So, the targeted score of freshness, like all competitors, was 4 points.
- Taste:** the taste also showed relatively similar level to all competitors that scored from 3 to 4 points. But, coffee taste, hand-made by a certified barista, was expected to be better than other competitors and scored 5 points. It is expected to be provided unique flavor coffee.
- Price:** the price of coffee products of Starbucks and Kaladi brothers scored 5 and 4 points. Those were relatively higher than other local vendors, scored 3 points. As planned, the products would be expected diversified in two categories: art crafted coffee products with higher price range, and regular coffee products with similar price ranges like other competitors. But, the price would not be cheap for coffee products, so that the score of the price was 5 points.
- Awareness:** the awareness of both competitors relatively highly scored 4 and 5 points, but the other vendors' coffee shops only scored 2 points. The targeted awareness of a new coffee shop business was moderate level and scored 3 points, because the coffee shop business would be just started with full support of a Korean franchise company. If the coffee products would show higher quality and taste, awareness of a business was expected to be increased gradually by customers from mouth to mouth.
- Accessibility:** the location would be the same site of a bakery business, and the levels of accessibility were all moderate level and scored 4 points like all competitors.
- Fun:** the most important concept for a coffee shop business was fun. Other competitors scored 2 points, because the coffee shop did not provide any specialty of their coffee products. But, the targeted score of a

coffee shop business was 5 points, because the art crafted coffee could bring more fun to store customers as much as they wanted with providing unique designs for coffee products.

In short, the selected three concepts of both bakery and coffee shop businesses needed to be considered initially. For successful positioning of a new business, the concepts of quality, freshness, and taste were recommended in a bakery business, and the concepts of quality, taste, and fun were recommended in a coffee shop business, to be achieved for successful market entrance in Anchorage market.

Marketing Mix Analysis (4Ps)

By implementing market researches, the necessary data and information were collected and used for the STP analysis. And, as a result of the STP analysis, the targeted segment and positioning strategy were decided: south markets and customers. The south market was located in the zip code of 99515, and the targeted customers were two groups: 35-59, showing relatively higher income level, and 20-34, showing high commuting rate. The age group, 35-59, was the residents of this area, and the age group, 20-34, was mostly commuters who frequently used the public transportation system to the bus terminal around Dimond Center. The 4ps in the marketing mix analysis would be focused on this segmented market and customers through three steps for all 4Ps: product, price, place (distribution), and promotion, to develop specific strategies for 4Ps.

In the marketing mix analysis, firstly, the product, the price, the place (distribution), and the promotion were reviewed to examine and re-assess the 4Ps in the SL plan, and re-proposed the 4Ps appropriately for the selected market and the customers. Exhibit 18 showed the steps of the marketing mix analysis (4Ps) to be implemented and completed.

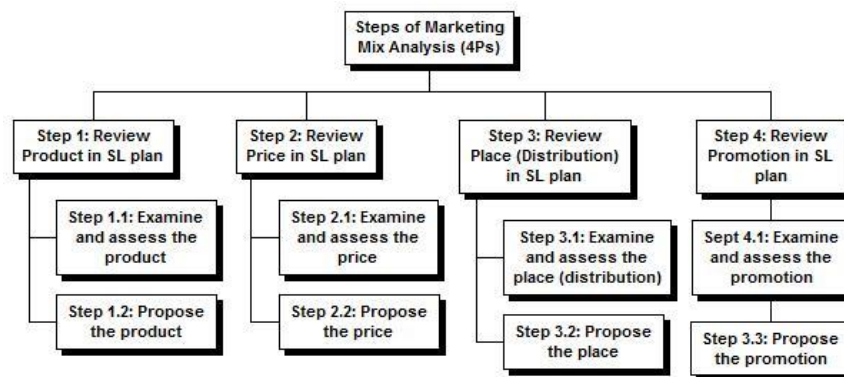


Exhibit 18 – Steps of Marketing Mix Analysis (4Ps)

Product

Examination for Assessment of Product

In the SL plan, the products of a new business were decided in two major categories: breads and coffee products. It was identified that, for a bakery business, the major products were breads and beverage and, for a coffee shop business, the major products were two different types of coffee: espresso coffee and art crafted coffee. In fact, the products of bread of a Korean franchise bakery were more than 100 different products. But, in the SL plan, the products were simplified to analyze the prices of products in a bakery business and a coffee shop business.

However, the items of bread in the SL plan were two types of bread: the fried streusel with mashed red bean, called “Fried Soboro” and the oven-baked bread with a leek with chicken or pork, called “Buchu bread.” These products were the best sellers in the South Korea, and expected to be one of best selling items in Anchorage market, too. And,

the items of coffee products were two types of coffee product: espresso coffee and art crafted coffee. These products were aimed at the customers, who wanted to stay and enjoy their time in the business store.

These products could be acceptable initially when targeted Korean-American in Anchorage market, but the menus of both breads and coffee products were needed to be more diversified with different concepts.

Proposal

As indicated the major issues of products above, the menus of breads and coffee products needed to be diversified more than two types of products. This diversification of product should be focused on building up image-making for a new business that would fit to the selected positioning concept for breads and coffee products. The business was targeted to the local residents, but not only Korean-American or Asian-American in Anchorage. The selected positioning concepts were quality, freshness, and taste for a bakery business, and quality, taste, and fun for a coffee shop business.

In a bakery business, the menu needed to include more specified items that could be diversified in three categories:

- **Best-Selling Breads:** it would be the loss leader of a bakery business items to obtain popularity of potential customers, even though it could not be expected to gain high profit margin by sales. The targeted customers would be both the selected local residents and commuters. These sales items needed to be wrapped up separately to provide convenience of sales transactions, so that it could derive transactions in a short time, from 5 minutes to 10 minutes. These products were recommended to focus on quality and taste positioning concepts.
- **Cakes:** it would be prepared for the high profit margin. These items would be targeted to the local residents who showed relatively higher income. They were mostly in the age group of 35-59. These products were recommended to focus on quality, freshness, and taste positioning concepts.
- **Other Type Breads:** It would be diversified with several types of bread and targeted to the local residents' tastes, but not even Korean or Asian Consumers'. It could be seasonal, promotional, or eventual items. It was intended to show new menus, developed from a Korean franchise bakery, to local residents. These products were recommended to focus on quality and freshness positioning concepts.

After entering into Anchorage bakery market with successful image-making, these products needed to be enhanced to reflect customer's feedback for operating successfully. Also, all types of breads should be re-assessed whether these breads would make customers satisfied and provide high quality, freshness, and tastes continuously.

In the coffee shop business, the two types of coffee products could be acceptable, but it was recommended to diversify the menus in three categories:

- **Espresso Coffee Products:** it would be an inevitable menu to compete with other local competitors. Almost all the competitors had provided espresso coffee products, and it was the most popular item in a coffee shop business. These products would be made through espresso machine for high productivity and focus on quality and taste positioning concepts.
- **Art Crafted Coffee Products:** it would be the major sales items to be differentiated in a coffee business. A certified barista, from SCAE, could provide special coffee products to customers as planned in the SL plan. These coffee products would be hand-made and art crafted for customers' specific and unique tastes with unique flavor. The productivity of these products was expected to be relatively lower than other types of coffee products, so that this product would be highly priced. These products would be focused on quality, taste, and fun positioning concepts.
- **Drip Coffee Products:** it would be the cheapest product-lines and be a quick and dirty type of coffee products in a coffee shop business. These products would be intended to provide popularity to all customers. These products were recommended to focus on taste positioning concepts.

Price

Examination for Assessment of Price

The price of breads and coffee products in the SL plan was from \$2.00 to \$6.00, as described in Exhibit 19. Even though the products of a new business in the SL plan were simplified with a few products for a new business, including a bakery business and a coffee shop business, the prices of breads and coffee products were set appropriately through the break-even point (BEP) analysis to decide prices of all products.

Bread (Bakery)			Coffee (Coffee shop)		
Selling price (Bread)	\$2.00	Average sales price: lump sum of sales of each bread	Selling price: type A	\$3.00	Type A: ONLY espresso coffee
			Selling price: type B	\$6.00	Type B: espresso coffee /w Latte A
Variable cost (material for baking)	\$0.80	40% of sales price	Variable cost: type A	\$1.50	50% of sales price (coffee)
			Variable cost: type B	\$1.80	30% of sales price (latte art coffee)
Contribution margin	\$1.20	50% of sales price	Contribution margin: type A	\$1.50	50% of sales price
			Contribution margin: type B	\$4.20	70% of sales price
Fixed cost	\$19,440	Total monthly expense	Fixed cost	\$7,350	Total monthly expense
Comments					
* Chances to sell type A and type B of coffees are the same (50% for type A & type B)					
* If sales revenue, variable expense, and contribution margin are provided, the ratio will be adjusted					

Exhibit 19 – Price of Bread and Coffee in SL Plan

In Exhibit 19, the determined prices of breads and coffee products were \$2 for breads, and \$4.50 for coffee products, which were averaged between \$3.00 and \$6.00. Herein, the price of beverage was excluded because the estimated profit margin was only \$90 for a month, in which the total average of sales amount in a month was \$300 and the costs of beverage was \$210 in a lump sum. In fact, the beverage was planned in a concept to provide convenience to customers of a bakery business, rather than earning high level of profit margin; however, the prices of these products analyzed and determined from the amount of the break-even point and targeted profits for the years of 1, 2, and 3.

- **Break Even Point (Sales Unit):** 540 units/per day (Bakery), 86 units/per day (coffee shop)
- **Targeted Profit for Year 1 (Sales Unit):** 700 units/per day (bakery), 120 units/per day (coffee shop)
- **Targeted Profit for Year 2 (Sales Unit):** 800 units/per day (bakery), 160 units/per day (coffee shop)
- **Targeted Profit for Year 3 (Sales Unit):** 800 units/per day (bakery), 200 units/per day (coffee shop)

When compared available unit sales of bakeries and coffee shops, which were Yummy bakery, Charlie's bakery, Kaladi Brothers, and Starbucks, with planned unit sales of a new business, the targeted units were available to be sold on a day. And the sum of unit sales in a month and a year was also available to be sold. Through re-assessment of the level of unit sales, the total unit sales planned in the SL plan were relatively moderate or less amounts of possible unit sales in a day, a month, and a year.

- **Bread Consumption or sales (Yummy bakery and Charlie's bakery):** approximately 150 to 200 units of bread with a price range from \$1.5 to \$20 (Yummy bakery), approximately 50 to 100 units of bread with a price range from \$3 to \$35 (Charlie's bakery)
- **Coffee Consumption or sales (Kaladi Brothers and Starbucks):** approximately 200 to 300 units of coffee with a price range from \$2.00 to \$5.50 (Kaladi Brother), approximately 250 to 350 units of coffee with a price range from \$2.50 to \$5.75 (Starbucks)

By the average prices of products for bakery and coffee shop businesses, approximately the average of unit sales of Yummy bakery was 175 units with \$10 per unit, and that of Charlie's bakery was 75 units with \$16 per unit. So, the total sales of both competitors were estimated from \$1,200 to \$1,750. And, the average of unit sales of Kaladi brothers was 250 units with \$3.75 per unit, and that of Starbucks was 300 units with \$4.125 per unit, so that the total sales of both competitors were estimated from \$937.50 to \$1,237.50.

So, the estimated unit sales of breads and coffee products in the SL plan were \$1,400 to \$1600 for breads and \$387 to \$900. It meant that the sales of breads were estimated to similar amount of sales with two selected competitors: Yummy bakery and Charlie's bakery. The sales of coffee products were estimated to fewer amounts of sales when compared with two another selected competitors: Starbucks and Kaladi Brothers.

In short, pricing of breads was set similarly to other competitors' pricing of their products, and pricing of coffee products was set relatively less than other competitors' pricing of their products. So, the available unit sales of coffee products were expected to be greater than the planned unit sales of coffee products in the SL plan. The pricing of products for a bakery business and a coffee shop business was identified that the prices were competitive prices and would be acceptable.

Proposal

The pricing of products of both bakery and coffee shop businesses was appropriate and could be applicable to all suggested goods or products for sales in a new business. By re-proposal of new products for a new business, a suggestion of new price would be planned in a concept of a price of a dualistic structure with low profit margin products that were the loss leaders, and high profit margin products.

The pricing of each product should be specified, at least, for the newly suggested products.

- **Best-Selling Breads:** \$2.00 per unit. The price would be acceptable in the SL plan, so it was adjustable to these products. So, the best-selling breads needed to be sold at the same price per unit or the similar price if the average price of these products could be \$2.00 per unit.
- **Cakes:** \$30 to \$50 per unit. The price was initially suggested from a Korean franchise bakery for non-customized cakes, but the price of customized cakes would be differentiated. The price would reflect the customer's requests specifically.
- **Other Type Breads:** \$2.00 per unit. The recommended price was the same or similar prices of best-selling breads for popularity.
- **Espresso Coffee Products:** \$2.50 to \$3.50 per unit. The average price of these products would be \$3.00 as planned in the SL plan. But, additional charge could be available by customer's choice. So, the price range was estimated approximately from \$2.50 to \$5.50.
- **Art Crafted Coffee Products:** \$6.00 per unit. The suggested price was for the basic hand-made or selected art crafted coffee product. But, additional charge could be available by customer's choice. The price would be various and depend on coffee beans for coffee products and crafting time of coffee products.
- **Drip Coffee Products:** \$1.00 to \$1.50. The price of drip coffee products needed to have a competitive price with any local coffee vendors in Anchorage.

Place (Distribution)

Examination for Assessment of Place (Distribution)

The specific or detailed strategy of distribution for the products was not provided in the SL plan. Only one method identified in the SL plan was localizing distribution of products for a bakery business and a coffee shop business. For a bakery business, a primary Korean franchise bakery provided recipes for the product and dispatched a skillful baker who trained from their company. And, a coffee business had similar concept for distribution that was localization. A certified barista, trained from the primary contractor for Coffee Academy in the South Korea, would be dispatched, make coffee products, and provide training to selected employees and a business owner. The distribution needed to be specified and detailed for both bakery and coffee shop businesses.

Proposal

Basically, the concept of localizing bakery was appropriate for this project because the SL plan and the DS plan were only intermediate projects to plan, open, and operate a new business for 3 years. The next project would be related with localization concept for a Korean franchise bakery.

However, in a bakery business, a head-quarter of the Korean franchise baker already used a delivery system, called "Frozen Dough" system. The miscellaneous process before baking was already done by the head-quarter, and those products were delivered to the location directly. But, this concept would not be applicable until they set logistics

hubs in the U.S. In fact, they did not have any logistics hubs in the U.S. Here was an opportunity of adopting this system to Anchorage. By a preliminary suggestion of a Korean franchise bakery, Anchorage could be one of their logistics hubs in the U.S, when they selected and confirmed Anchorage as a logistics hub. In their system, their branches of bakery already used the point of sale (POS) system that a Korean franchise bakery support distribution, sales, management, and operation of their branches. Their distribution system was based on a different delivery system that they offered and delivered products twice a day, from their logistics hub.

Another concept was on the self-sufficiency system. The skillful employees would come to the business sites and selected all gradients and materials for a bakery, and prepared sales of breads independently from the each business site. The quality, freshness, and taste could be guaranteed from their trained employees.

The last method of distribution in a bakery business was donation program to public institutions or organizations. The leftover of daily sales from the bakery would be donated to local institutes for Anchorage residents. In fact, this method was one of the strong methods to build up a business image and show contribution of public interest in Anchorage.

For a coffee business, a coffee business was already planned in the concept of localization with certified barista, trained from the primary contractor for Coffee Academy in the South Korea. The distribution of coffee products could be implemented through a business site. Also, coffee products for a bakery business would be available a quick and dirty type sales.

Promotion

Examination for Assessment of Promotion

In the SL plan, the promotion of a new business focused on advertisement through public media such as local TV, newspapers, and local flyers in the SL plan. And, the promotion events on the opening date would be executed through the business sites and on-lines. This promotional concept was acceptable and applicable, but another suggestion from a Korean franchise bakery could make it diversified with several options.

Proposal

The promotion concept from a Korean franchise bakery was applying an alliance system with several additional contractors: credit card companies, which were Master Card and/or American Express card; telecommunication companies: AT&T and/or GCI; local airline company: Alaska Airline; and online company: Groupon. But, those suggestions could not be confirmed yet, because a bakery business was not contracted. So, this was only intended to show other proposals.

Additionally, in a bakery business, a concept of fresh bell could be applicable. A fresh bell system was that if any newly baked breads at that point of time, a fresh bell in the store would be ringing and concentrates all customers' attentions to selected sites, then the store gave customers a taste of new fresh breads. Additionally, the customer would be provided chances to see other products around the site of fresh bell. It was because the strategically developed new seasonal, promotional or eventual breads would be displayed for customers to entice them to purchase.

Result

A marketing strategy for a new business was developed through the STP analysis and the marketing mix analysis. The necessary data and information were collected to implement these analyses through selected research methods/approaches: World Wide Web research, individual interview, and literature review. In the STP analysis, the proposed steps, which were segmenting markets by potential customers; defining targeted segment; and deciding positioning concept, were successfully completed, so that the STP analysis could reach to develop specific strategies for the 4Ps: product, price, place (location), and promotion.

The south section of Anchorage, especially located on a zip code of 99515, was the recommended and targeted segment that showed two major age groups: 35-59 that was the residents of this area and showed relatively higher income level, and 20-34 that was commuters who frequently used the public transportation system.

In consideration of competitors' capabilities and intense, positioning of a new business in the south segment needed to be considered with six positioning concepts: quality, freshness, taste, price, awareness, and fun. Especially, for a bakery business, the positioning concepts of quality, freshness, and taste were recommended, and for a coffee shop business, the positioning concepts of quality, taste, and fun were recommended.

Through this decision making of the STP analysis, implanting the marketing mix analysis (4Ps) were conducted and completed through three subsidiary steps: reviewing the 4Ps in the SL plan, re-examining the 4Ps, and re-proposing the 4Ps. The products of both a bakery business and a coffee business were diversified in three categories:

- Best-Selling Breads
- Cakes
- Other Type Breads
- Espresso Coffee Products
- Art Crafted Coffee Products
- Drip Coffee Products

These products were proposed in a concept of the loss leader and the high profit marginal product. The loss leaders, such as best-selling breads and espresso coffee products or drip coffee products, were targeted for obtaining popularity to all local residents, and attracting new customers to a new business site. The high profit marginal products, such as cakes and art crafted coffee products were targeted for pursuing high profit margin through operating a new business.

The prices of products were appropriately re-proposed for breads and coffee products. As suggested on products that were sorted in a dualistic structure as a loss leader and a high profit marginal product, the price of these products was also re-proposed.

- **Best-Selling Breads:** \$2.00 per unit
- **Cakes:** \$30 to \$50 per unit
- **Other Type Breads:** \$2.00 per unit
- **Espresso Coffee Products:** \$2.50 to \$3.50 per unit
- **Art Crafted Coffee Products:** \$6.00 per unit
- **Drip Coffee Products:** \$1.00 to \$1.50 per unit

The place of distributing products was re-proposed separately for a bakery business and a coffee shop business. A bakery business had two concepts: the localization as a logistics hub of a Korean franchise bakery, and the self-sufficiency system; and donation program to public institution or organization. A coffee shop business was proposed with localization as planned in the SL plan.

Also, the promotion of a new business was re-proposed. Based on the planned local advertisements through public media, additional alliance system was proposed with credit card companies that were Master Card and/or American Express card, telecommunication companies that were AT&T and/or GCI, local airline company that was Alaska Airline, and another online company that was Groupon after completing the contract, under the agreement with a primary Korean franchise company.

Conclusion

The purpose of this project was to propose a differentiation strategy in marketing by analyzing Anchorage market condition to verify the feasibility of success for the SL plan that was a new business execution plan. Implementing the SL plan had a high potential risk that led the SL plan to fail because of insufficient Anchorage market research

and analysis. In the DS plan, in order to remove or reduce a risk caused by insufficient Anchorage market research and analysis, Anchorage market was investigated. So, Anchorage market and the potential customer were segmented and targeted, and applicable positioning concepts were suggested to overcome potential competitors through the STP analysis. Also, the specific products of a bakery business and a coffee shop business were proposed with strategies of the price, the place (distribution), and the promotion through the marketing mix analysis for a successful business execution. As proposed through the result of this DS plan, the SL needed to reflect the proposals and update the information for leading a successful business execution.

So, the concept of SL plan needed to change from *Enjoy More and Pay A Little* to another concept that builds up the brand identity by successful brand image-making. The concepts for bakery and coffee shop businesses would be focused on high quality, freshness, and taste; and high quality, taste, and fun as a differentiation strategy of marketing. This change could lead the satisfaction of a business operation from Alaska residents, including Korean-American, and executing the SL plan would be more feasible.

However, this DS plan could not guarantee the successful operation of a new business consistently after three years, which was set up in the SL plan. Rather, this DS plan expected that the SL plan was feasible to operate a new business at least for three years as planned in the SL plan.

Limit and Exclusion

Disclaimer

In this report, the usage of the result of research method/approach, and the selected analyses: the STP analysis and the Marketing Mix Analysis (4Ps) was limited to authorized users who were a project manager and a project sponsor or approved by a project manager and a project sponsor. Also, the contents of this report only reflected the author's view point to analyze Anchorage market condition to develop a marketing strategy for the SL plan.

Limit

The researches and used analyses only reflected the analytic view point of the project manager. The result of researches was based on the project manager's performance through World Wide Web research, individual interview, and literature review. So, the result of this report could be different with further additional researches and/or surveys and different assumption in the project. The result of the STP analysis was based on the assumption that a high income people had higher propensity to consume products and services, and Korean-American or Asian-American had preference of Korean culture, goods and services as shown and indicated through public media for a decade.

Exclusion

The time value of money concept in selected analyses was excluded in this report for pricing of products because pricing of products in the SL plan was assumed that would not be used for this project.

However, to verify the appropriate pricing of products and profitability of a new business, the net present value (NPV) concept was re-examined that was estimated in the SL plan. By the assumption of borrowing a business loan, \$291,920, from a bank: Wells Fargo Bank, with current interest rate, 3.80%, for 3 years, the initial prices of products were set up \$2.00 for breads, and \$3.00 and \$6.00 for coffee products. The price was set appropriate after analyze the price of products in the marketing mix strategy. But, in the view point of economic benefit of a new business, by using net present value (NPV) that were based on data: cash flow, initial investment, operating cost, and all expected incomes, the price of product was re-examined and concluded that the price of products would be applicable and appropriate. "The PW measure is easy to understand... the value of at time 0 that is equivalent to the cash flow series of a proposed project... Engineering economists... use present worth (PW), present value (PV), net present worth (NPW), and net present value (NPV) as synonyms... the standard for a desirable PW is $PW > 0$." (Eschenbach, 2011, pp. 119-120)

Year	Initial Investment	Annual Operating Cost	Sales				Cost			Cash Flow	P/F, 3.8%, N	PW (Present Worth)
			Total Sales (bread)	Total Sales (beverage)	Total Sales (coffee)	Total	cost (bread)	cost (coffee)	Total			
0	(291,920)									(291,920)	1.0000	(291,920)
1		(321,480)	504,000	1,080	194,400	699,480	(201,600)	(71,280)	(272,880)	105,120	0.9634	101,273
2		(321,480)	576,000	1,080	259,200	836,280	(230,400)	(95,040)	(325,440)	189,360	0.9281	175,745
3		(321,480)	576,000	1,080	324,000	901,080	(230,400)	(118,800)	(349,200)	230,400	0.8941	206,001
Total												191,098

Unit: U.S \$

Exhibit 20 – Estimation of Net Present Value of a New Business

Exhibit 20 showed that the profitability of a new business through a present value concept. The NPV, also named as PW in Exhibit 20, showed \$191,098 that was a total amount of present value after operating the business for three years. As a result of this time value of money concept, when operating a business with the selected and used prices for products, a new business could earn an economical benefit, up to \$191,098 for three years to current value of money.

Recommendations (for Further Research)

The project was developed through the World Wide Web research, individual interview, and literature review. Through the individual interview, the competitors' sales and their consumptions in pattern and amounts for a bakery business and a coffee business were investigated and used for this project. But, to obtain more exact data and information for selected analyses: STP analysis and marketing mix analysis (4Ps), implementing direct and thorough surveys to potential customers would be recommended to reach to the exact result.

The individual interview needed to be conducted to all competitors' locations in Anchorage for drawing the more exact conclusion from the data and information of it. Because the individual interviews were not conducted in all locations in Anchorage, the result of individual interviews would expect to be highly different than the result on this project.

As indicated in the section of Exclusion, the time value of money would be better for pricing process of all products in a new business. Even though the provided information of the unit sales and the price of sales items for break-even point (BEP), return on investment (ROI), and accounting or simple interest rate (ARR) were appropriately evaluated, this could not be a highly used method in business. Providing the result of analysis which was considering the time value of money would be a better choice to draw a conclusion.

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