

## **CHAPTER II**

### **DETAILED PLAN**

#### **Business Structure**

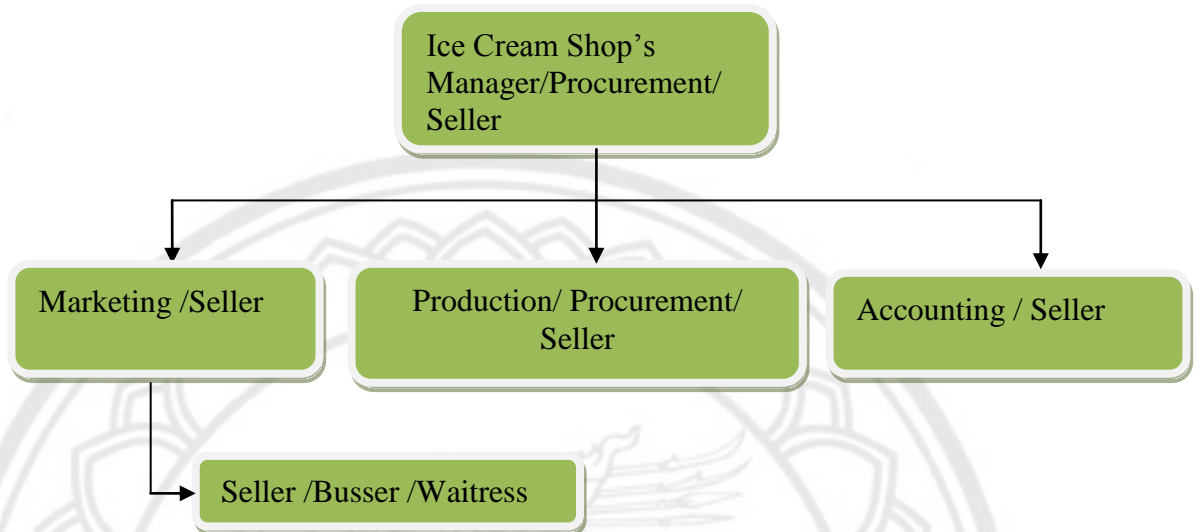
The Nature of the business is a sole proprietorship with an initial investment budget of 600,000 Baht. The Ice Cream Shop is further categorized as Selling Service Business. Selecting the kind of business can be reasoned as follows;

1. low cost but High Profit
2. does not need expertise or specialized training for staff, only simple training will be offered
3. can be sold as Franchise when the business becomes more successful

#### **Management & Ownership**

Ownership - As a sole proprietor, the business possesses only one owner's name Ms. Chompoonek Teecharoen, with her several year experiences in Sales and Marketing and Retail Business in a public company. She brings her knowledge of the industry to build the shop up.

## Organization Structure



**Figure 4 Organization Chart**

The shop has 5 staff members on hand and the estimated cost for hiring them is 43,000 Baht per month.

### **Management Team's Job Description**

#### **1. Ice Cream Shop's Manager/Procurement/ Seller-(1 Person)**

This person will be responsible for staff supervision, staff training, supply & coordination of all activities. She will manage the raw materials and help with selling when needed.

#### **2. Marketing& Seller -(1 Person)**

The Marketing & Sales Staff will be in charge of creating the marketing activities, PR and Sales Promotion. She also help with selling when it is needed.

#### **3. Production/Procurement/ Seller-(1 Person)**

This person will be responsible for raw material supply, help in making Ice Cream and selling.

#### **4. Accounting/Seller-(1 Person)**

The Accounting/ Seller will be responsible for allocating budget according to the shop's operation plan, doing budget and accounting report.

#### **5. Seller/Busser/Waitress or Waiter-(1 Person)**

This seller/busser/waitress will be outsourced. He or she must be a Kasetsart University's student, who will be in charge mainly of taking orders, preparing and delivering the product, and cleaning the area around the shop.

### Management and Operation Team's Salary Scale

The total budget of The Ice Cream Shop's staff is 43,000 THB per month. The breakdown of the salary for each position is as follow:

**Table 1 Salary Chart**

<b>Position</b>	<b>Monthly Salary(THB)</b>
1)Ice Cream Shop's Manager/Procurement/ Seller	15,000
2)Marketing /Seller	8,000
3)Production/ Procurement/ Seller	8,000
4) Accounting / Seller	8,000
5) Seller /Busser /Waitress	20 per hour ( Reserved for initial 4,000 or 200 hrs)
<b>Grand Total</b>	<b>43,000</b>

From the table, the staff's yearly salary is around 516,000 THB.

### Key Objectives

The key objective for "Aroy Dee" is to be the most famous ice cream and snack shop, and the most popular and healthy dessert at the university. In order to accomplish this goal, the shop must provide quality product at an affordable price point. Walls' ice cream was chosen as the supplier of all the flavors of ice cream because they were made of fresh and quality ingredients. Other manufacturers provide more economical ice cream, but the quality and freshness are not consistent as Walls'.

The second important component to be the most famous shop is brand recognition. The shop must find ways to promote its brand amongst the students and faculty members in the area that the shop is located and beyond. The way to achieve this is through both traditional and modern marketing strategies. The traditional methods include designing brightly colored and lit store sign, distributing pamphlets providing tidbits of information to potential customers, providing samples to passersby

to draw them into the shop area, and posting the pamphlets on bulletin boards in areas where the target customers pass by.

Modern marketing strategies include using internet to provide a portal for people to sign up for “permission-based” marketing where they can receive promotional coupons at some interval. At the website, the customers can sign up to be promoters. The promoters can send coupons to other peoples’ email addresses any time they wanted to. When the coupons they sent out were used, the promoters get rewards in form of discount coupons themselves. The customers can also sign up to be promoters themselves and get rewards from the customers that the second level promoters signed up. “Aroy Dee” believes that making the customer a partner in business will create tremendous store awareness in very short period of time.

The next component to make the store most famous is to create a business that is profitable so it will continue to run for many years to come. To make the business profitable, it must have great margin. It must also consistently generate sales volume that far exceeds the breakeven point.

According to the market size and market share consideration, “Aroy Dee” is projected to have the average clients of 10 - 15 % of the 2,000 persons target group that would enter to the canteen per day during the summer months. The shop should have between 200 - 300 clients per day. Even if all the customer buys a small cup of “Aroy Dee” ice cream, that means 25 Baht per person. The business will have 7,500 Baht of total sales per day. At the end of the month, the business will have 225,000 Baht in sales.

### **Market Analysis**

Market analysis is favorable for ice cream business in Thailand. According to The Nation Encyclopedia website, the overall sales of ice cream in Thailand were expected to grow by 10% in 1999-a huge growth rate. Larger ice cream consumption was also expected in the years after (The Nation -Thailand July 29, 1999). The trend of increasing concern for eating healthy products makes “Aroy Dee” Ice Cream believes that adding different kinds of real fruits in its low-fat fruit based ice cream will definitely ride on this healthy trend. “Aroy Dee’s” main target groups are the students from the facilities close to the shop area. A small number of ice cream’s

consumers are projected to be from faculties and other students from other areas that visit the nearby library.

### **Demographic factor**

**Table 2 Target Group Population Size Per 2009**

<b>Population size and Growth estimation for the year 2009</b>	<b>Science Faculty (Est. 2009)</b>
Population Size	1,000
From Total Students population over 45,000	

According to the table, “Aroy Dee’s” target group combined Science Faculty nearby where the shop will be located. Library visitors are students and people from outside of Engineering Faculty and Humanities Departments. All are in areas close to the ice cream shop.

### **Psychographic factor**

The largest number of customers will be female students rather than male, because the females are more likely to prefer sweet taste and usually come in larger groups.

This factor is an important part of the purchasing power and their decision making process for purchases. However, according to the research of whether sweet taste preference is equal between male and female, the research found there were no significant gender differences in sweet preference. “Aroy Dee” Ice Cream therefore could be sold to both male and female students (Food Navigator June 15<sup>th</sup>, 09).

In general, teenagers are more likely to follow their friends’ decision. If one or two members of the group likes “Aroy Dee’s” ice cream tastes, others in the group would likely follow them. This key factor is important to selling more products and to become the meeting point for the university students.

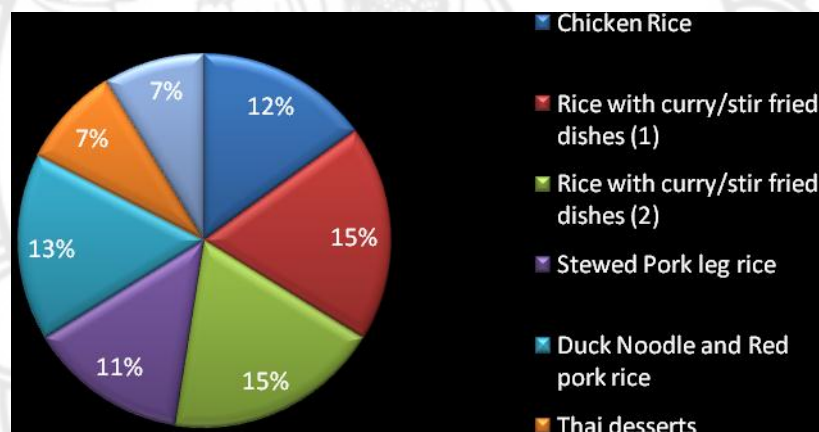
Thai consumer behavior is likely to gravitate towards taste, touch, and smell of nature. Most marketers use this to guide their marketing process. “Aroy Dee” uses

this concept in its marketing plan. At the second stage of the Product Life Cycle which is the main opening semester in May, “Aroy Dee” will hire a number of university students to bring the ice cream to hand out to target group of students and to the faculties.

### Market Size and Market Share Analysis

After analyzing the Science Faculty Canteen’s market size, “Aroy Dee” believes it has access to approximately 2,000 persons per day at this location. About 10 percent of these would buy the product. An average person spends 50 Baht per purchase. The total sales per month will be around 200,000 Baht based on 20 days of operation per month.

For the market share, “Aroy Dee” considered following the types of food and desserts and divided proportionally as in the graph as follows.



**Figure 5** The market share of the existing food and desserts

The market share of the existing food and desserts at the Science Faculty’s Canteen is approximately 80%. “Aroy Dee” is trying to win over the remaining 20% of the spending at the canteen.

### Direct Investment

“Aroy Dee” Ice Cream Shop uses the direct Investment for starting its Ice cream business with the existing budget of 600,000 Baht. All of the investment comes from the owner’s funding. The most of the initial spending of 150,000 Baht will be on renovation and furnishing the store. The university’s canteen management requires a

deposit of six months rent or 90,000 Baht to secure the space. Another 50,000 will be used to purchase the refrigeration units to store the products. The next 50,000 Baht will be spent on purchasing initial materials and equipment to store and produce the products.

There is 258,000 Baht reserved for the first six months of salary. This money is not spent, but will be used as reserve. The total cash available when the store opens on March 15, 2010 will be approximately 260,000 Bahts.

**Table 3 Startup Investment Spending**

<b>Start-up Spending</b>	<b>Unit</b>	<b>Qty</b>	<b>Extended</b>
Start-up Expenses to Fund	THB 600,000.00	1	THB 600,000.00
Initial Rent Deposit for 6 months	THB 15,000.00	6	THB 90,000.00
Renovating and furnishing the store	THB 150,000.00	1	THB 150,000.00
Purchase refrigeration units	THB 50,000.00	1	THB 50,000.00
Purchase materials for the shop	THB 50,000.00	1	THB 50,000.00
Reserve for 6 months of salary	THB 43,000.00	6	THB 258,000.00
<b>Total Reserve Funds</b>			<b>THB 2,000.00</b>



## Marketing Mix Strategy

“Aroy Dee” Ice Cream Shop’s strategy is to provide quality and healthy fruit ice cream. The Ice Cream Shop also tries to encourage strong friendship among the students.

The company spent considerable amount of time studying the products that it is going to offer, the price that will be acceptable in the canteen, the location that the store should be located, and the methods that will be used to promote the store as these factors will determine the chance of success for the store.

### 1. Product Strategy

“Aroy Dee” is planning to use fruit ice cream as the core product. The base ice cream will be Walls’ ice cream. The product was chosen after near-exhaustive search of small to mid-size ice cream suppliers. Walls’ was chosen because they were made of fresh and quality ingredients. Other manufacturers provide more economical ice cream, but the quality and freshness are not consistent as Walls’.

The fruits are selected from the abundance of the locally available fruits. Most of the main-stay fruits are available almost year round in Thailand. The store had also contacted fruit canning factories and was able to find a factory that canned these fruits in very low sugar syrup. These will be used when the fruits are not in season. The shop also plans on supplying seasonal fruits when they are available.

At the retail store, customers can choose different flavors of ice cream as the base. They also have choices of fruits to put on top of the ice cream. Then they can select whether they would like to top the ice cream with whipped cream or not. The initial choices of ice cream and fruits are as follow:

1. **The seven tastes of ice cream offered:** Chocolate, Vanilla, Strawberry, Green Tea, Coconut milk, Coffee, and Blueberry

2. **Seasoning**

**Fruits:** Banana, Thai melon, Apple, Strawberry or Blueberry in syrup, Rambutan, Lichee, Sweet mango, and other seasonal fruits

**Syrup:** Same based flavor as the fruits. If the customer chooses strawberry or blueberry, no syrup will be added because they are already in syrup.

**Topping:** Whipped Cream

After the initial product established itself in the market place, “Aroy Dee” plans to offer additional flavors of ice cream combinations to the customers. The store also plans to offer light snacks that will go well with ice cream such as biscotti, waffles, and waffle cones for ice cream that will be made as the customer watch. Freshly made waffle will send aromas that will draw people to the stores.

## 2. Pricing Strategy

“Aroy Dee’s” pricing was based on the average cost of the meals and dessert options that are available in the canteen. Most of the small meals are priced anywhere between 25 to 50 Baht. The larger meals are priced between 50 to 75 Baht. Average desserts are priced between 20 to 40 Baht.

“Aroy Dee’s” price policy was set up according to the cost and general market price of medium grade ice cream as follow:

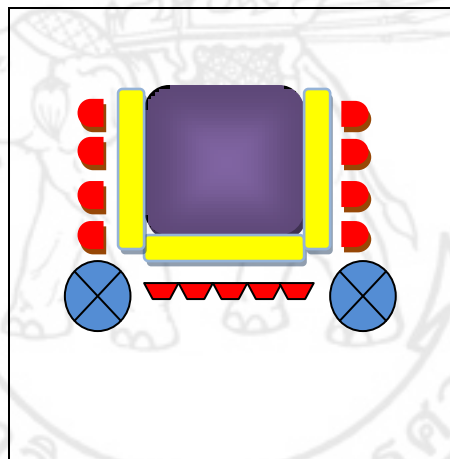
**Table 4 Pricing Table**

<b>Fruit Ice Cream Prices</b>	
Small size (1 scoop + 1 fruit + 1 fruit syrup)	25 Baht
Medium size (2 scoops + 2 fruits + 1 fruit syrup)	35 Baht
Big size (3 scoops + 3 fruits + 1 fruit syrup)	55 Baht
Jumbo size (4 scoops + unlimited choices of fruits that the cup will hold + 1 fruit syrup)	75 Baht
<b>Fruit Ice Cream Prices</b>	
Additional fruit choice (except for Jumbo size)	7 Baht
<b>Whipped Cream</b>	
Topping included	Free

### 3. Place Strategy

“Aroy Dee” will be located near the front of the Science Department Canteen area. This space was recently vacant because one of the stores decided to close the business because of poor sales. Many of the spots are vacant during the summer semester as many proprietors feel that they cannot make enough sales to make it profitable for them. The location is an ideal spot for the business because students will pass the store as they enter or exit the canteen. It will enable the store to leave a mental note for the potential customers as they pass the front of the business.

The store will have 6 square meters of space. The seating will be decorated like bar seats attached to the shop’s kiosk. There will be two round tables at the side of kiosks.



**Figure 6 Sample of bar table**



**Figure 7 The vacant location in Sciences Faculty’s Canteen that “Aroy Dee” is planning to build its kiosk.**

**Note:** Survey by author on September 1<sup>st</sup>, 2009

### **Promotion Strategy**

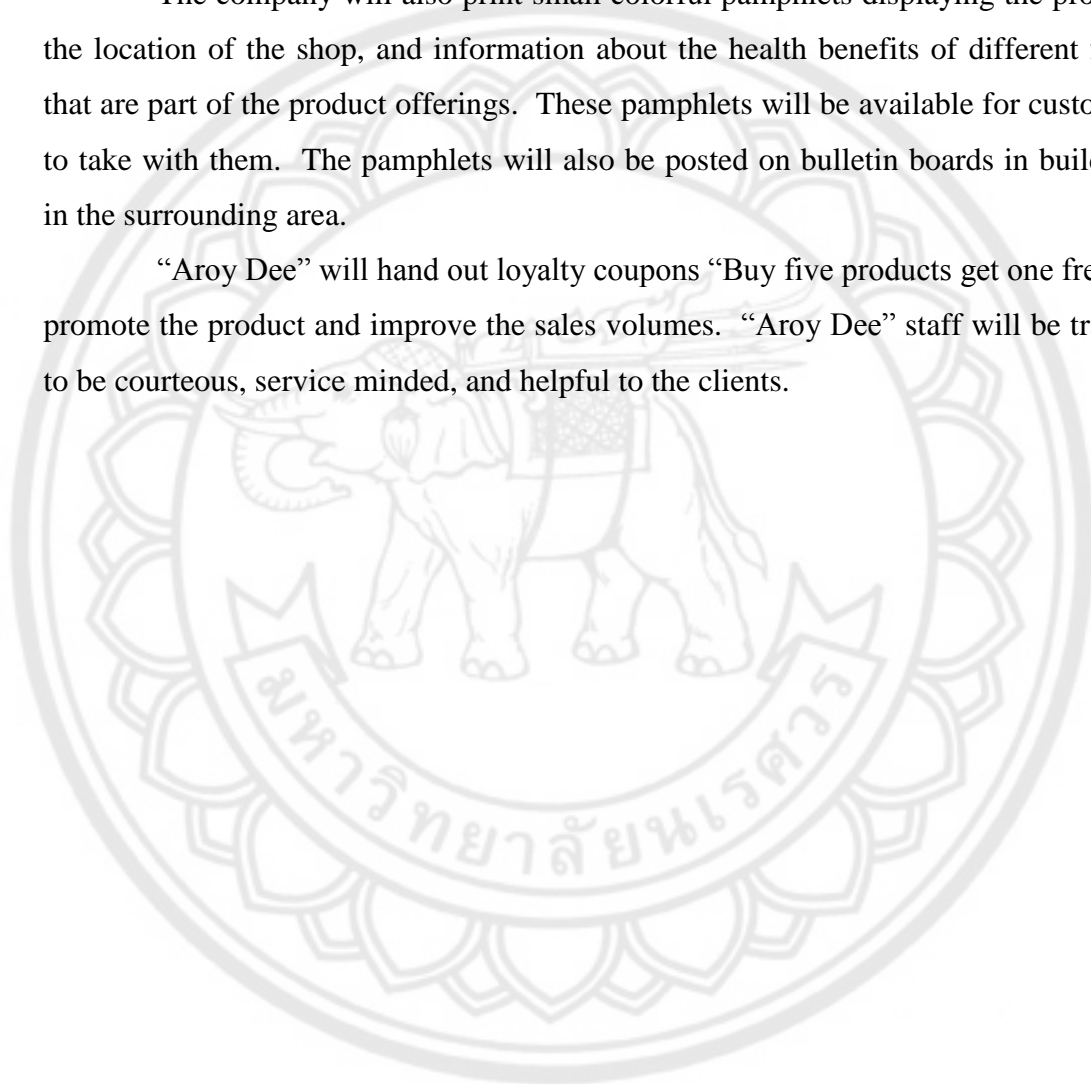
“Aroy Dee” will promote the brand and the store using both traditional and modern marketing methods to promote the store. The traditional methods include branding. “Aroy Dee’s” Brand personality would represent the cheerful and joy of being with friends. The bright colors on the name sign at the front of the shop and the fruit ice cream’s pictures should create the image of delicious desserts to the people seeing the sign. The “Aroy Dee” name is easy to remember and should entice people to visit and purchase.

“Aroy Dee” will purchase clear plastic cups to put the ice cream it sells. Most ice cream stores sell ice cream in opaque cups. The colorful fruits, syrup and ice cream will be shown right through the clear cups. It will make the product more appetizing to look at. When the customer leaves the store with the products, it will also draw the attention of the people who walk past them.

The company will also offer small samples to people who walk past the store. This is called “obligation marketing”. The theory is that when the customers take something from the store, many of them will feel obligated to buy something in return. Even if half of the potential customers ended up buying the product, the cost of the samples would have more than paid itself.

The company will also print small colorful pamphlets displaying the product, the location of the shop, and information about the health benefits of different fruits that are part of the product offerings. These pamphlets will be available for customers to take with them. The pamphlets will also be posted on bulletin boards in buildings in the surrounding area.

“Aroy Dee” will hand out loyalty coupons “Buy five products get one free” to promote the product and improve the sales volumes. “Aroy Dee” staff will be trained to be courteous, service minded, and helpful to the clients.



### **Modern Marketing Strategy**

The store will create brand awareness by hiring some of Kasetsart University's student as employees. They will be encouraged to participate in several students' chat boards and blogs related to food service and leisure activities at the university.

The company will also create a web site to promote the products. The customers who visit the kiosk will be encouraged to visit the website and register themselves to the site. By registering their email addresses or their cell phones on the site, they will be able to receive SMS messages or emails with discount coupons that is valid for three days after the coupons were sent to their phones. They can redeem the coupons by bringing the phone with the message to the shop or print the coupons from their email and receive discounts on the products. By doing this, the company will have created a permission marketing channel for its products. In addition, many university students travel with a group of friends. If one of them comes to the store for discount ice cream, many of their friends would have come to the store with them. Most likely, a few others will purchase the product as the result of peer pressure.

The shop will also use the technique multi-level marketing to increase sales and improve brand recognition. The shop's website will allow registered users to become product promoters. The product promoters can issue discount coupons to their friends email addresses from the company's website to email or phones that had not been registered with the website. After these users visit the store and redeem their coupons at the store, the persons who sent the coupons will also receive discount coupon to use for themselves. The promoters will be allowed to track the coupons they sent out in their coupon banks. They can tell whether each of the coupons they sent out were used. If the coupons were not used by the target recipient, they will be allowed to send reminder email with the same coupon number. Additionally when their friends register to be a promoter also, the person who introduces the new promoter will get smaller valued coupons for their own use also. Only three levels will be tracked to keep the system simple.

## **Competitors**

There are few competitors selling similar product and there are substitute products such as Thai desserts in the area. “Aroy Dee” differentiates itself from the general ice cream shop by being a fruity ice cream shop in the area. After the initial period, the owner plans on offering other light snack food that will both increase the product offerings and entice more customers to the store. Some of the products that it is planning to offer are biscotti, waffle, and waffle cones for the ice cream. There is plan to introduce toasted bread with various fresh fruit jams and ice cream based drinks such as milk shake and fruity shakes drinks.

“Aroy Dee” understands that if the company is successful in the canteen, there will be others that will copy its product offerings or some of the promotional strategies. The company plans to be ahead of the competition by constantly innovating on both the product offerings and marketing methods.

## **Product/Service**

“Aroy Dee” product is mainly fruit ice cream of various flavours such as Chocolate, Vanilla, Strawberry, Green Tea, Coconut milk, Coffee, and Blueberry. Its mixed fruits offerings for customers to choose from are banana, Thai melon, apple, strawberry or Blueberry. Choices of syrup flavours are Rambutan, Lychee, Sweet mango, and other fruits that are in season. Every ice cream is topped with whipped cream. The price of Ice cream will begin at 25 Baht for the smallest cup and 80 Baht for the biggest cup.

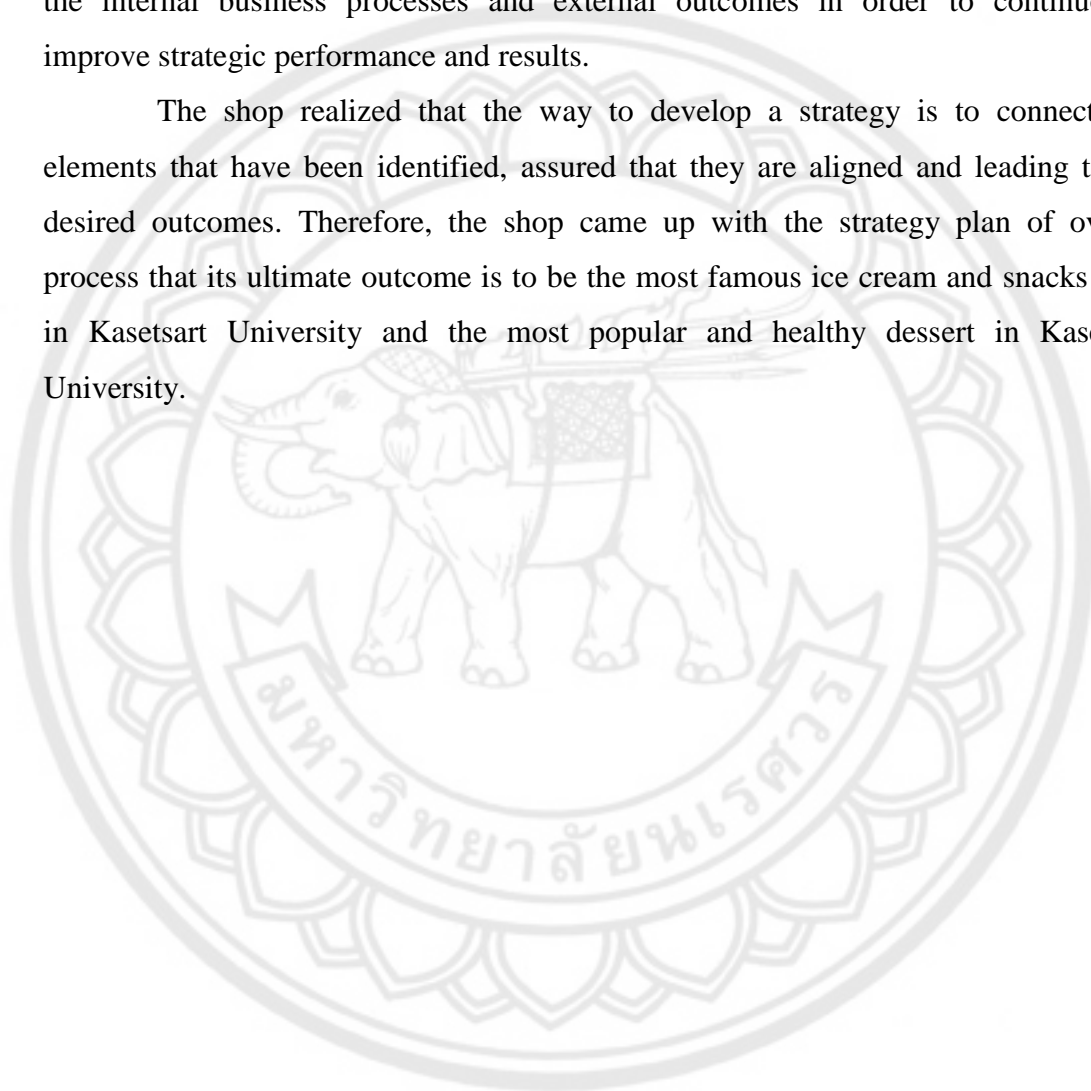
In addition to selling Ice Cream as its core product, “Aroy Dee” is planning on offering biscotti, waffle, waffle cone, toasted bread with various fruity jams in the menu. The company also has plans to sell ice cream based and fruit based drinks after successful introduction of the store. The reason it will not try to offer too many products into the market at once is because it will try to create the identity of the store. If there are too many products during the introductory period, it will be harder for the shop to create an identity. There will be too many different products for customers to identify with.

## **Product or Service Production**

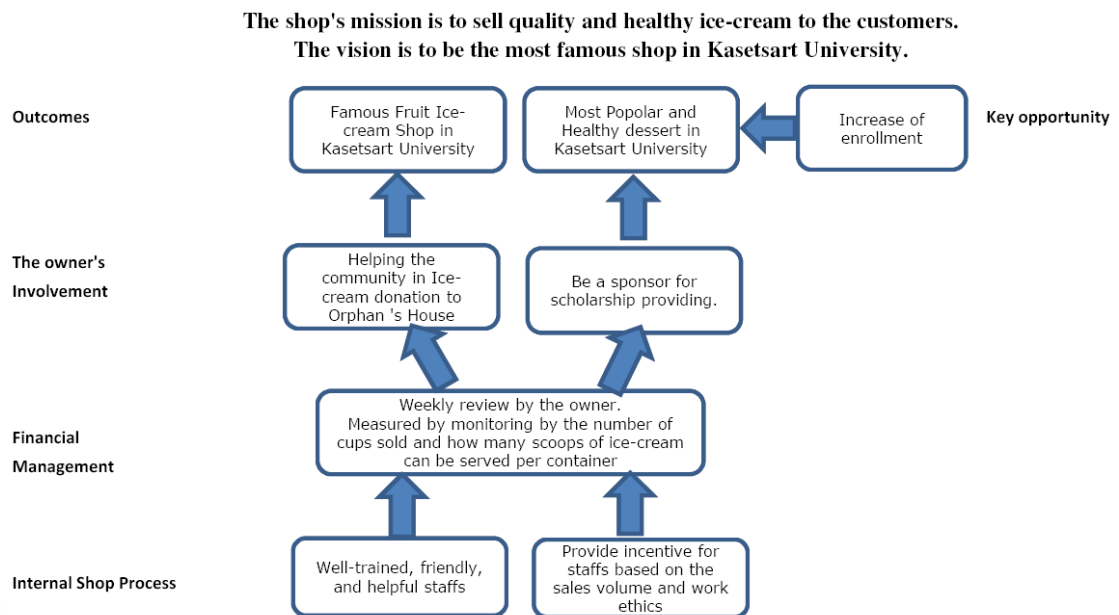
### **Balanced scorecard Concept**

According to Kaplan and Norton, the balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results.

The shop realized that the way to develop a strategy is to connect key elements that have been identified, assured that they are aligned and leading to the desired outcomes. Therefore, the shop came up with the strategy plan of overall process that its ultimate outcome is to be the most famous ice cream and snacks shop in Kasetsart University and the most popular and healthy dessert in Kasetsart University.







**Figure 8 Balance Score Card**

The outcomes that the shop determined as a goal implicated the mission that the shop created. An increase of enrollment is considered a key opportunity that could bring the shop to the expected outcomes. Other considerations are the owner's involvement with the university. The owner will partially sponsor scholarship programs for poor students and donate "Aroy Dee" ice cream to many orphanages that are linked to many charity clubs in the university. The students from these clubs will participate in these activities. The additional amount of orders from these students clubs will make for the charities and purchases they will make for themselves. This will increase the shop's sales volume.

For Financial Management, the owner will review the bills from the cashier machine. The bills need to match with how many boxes or how many cups were sold per week. One box of ice cream contains 80 scoops and the cost per scoops is 3.75 Baht on average.

The staff will be trained to be friendly, to smile, and to be helpful. To encourage the staff's behavior, the shop's owner implements the incentive systems based on their sales volume and diligence at work.

## SWOT Analysis

**Table 5 SWOT Analysis of the Business**

Strengths	Weaknesses
1. Delicious and attractive products	1. Short shelf-life product if not properly kept
2. Economically priced	2. Difficult to find quality workforce in the area
3. There isn't an ice cream shop in the Sciences Department Canteen	3. Requires specific place for customers to sit
4. Highly flexible and adaptable	4. This is the first-time investment for the owner. The business can be viewed as lack of systematic business management and professionalism
5. The owner is skilled in culinary art and is artistic	
6. Service minded owner	
7. Utilizing part-time university students to make the ice cream shop a meeting point for other students	
Opportunities	Threats
1. There isn't an ice cream shop in the Sciences Department Canteen	1. There are a few ice cream shops in other areas of the university
2. Small number of food vendors in the canteen	2. There are few dessert and food kiosks in the canteen as the substitute products
3. Near the faculty building	3. Limitation of good business location to expand
4. Potential to be the meeting point of students	4. Changing of consumer behavior over time
5. Strive to promote Thai culture and introduce a wide array of fruits to the student population	5. People are spending less due to uncertainty of political situation
6. Opportunity to develop other products to sell with the shop's fruit ice cream	
7. University student networking can draw more customers into the shop	

“Aroy Dee” Ice Cream Shop’s most important strength is the high quality, very delicious and very attractive ice cream products. The product is economically priced for the canteen market. Surprisingly, there isn’t any ice cream shop in the vicinity.

The company also has the advantage of being very flexible and adaptable. It is not part of a franchise where ingredients and product formulation are controlled by the franchisor. This allows the company to alter products when different ingredients are available or in season. With the owner being very skilled in culinary art, there will be new products that will be introduced to the market as the store establishes itself and some products become less popular among the customers.

The company will also train the employees to be service minded people and will reward the behavior by giving bonus for exceeding normal sales volume, treating the customers with joyful attitude, and for keeping the shop area exceptionally clean. The company will also use university students to promote the store amongst the students and faculties. These people will help generate the buzz for the business.

The two main weaknesses of the company are the short shelf-life of the ingredients, specifically fresh fruits that were cut up to top the ice cream, and the difficulties in finding quality workforce in the area. The company is trying to extend the shelf life of the fresh fruits by purchasing a refrigerator with easy-to-open lid to keep the fruits. The workers will also keep tab on the amount of sales of different fruits daily for the first several months. The information will help determine the amount of fruits to purchase and cut up before the store opens each day.

The problem with the workforce is temporarily resolved because the owner's mother quit her job to help at the store. She will need other helpers, especially during the busy hours of lunch time and early afternoon. Generally, the workforce around the university tends to be students. They have to schedule the work around classes, doing reports for classes, and exams. The scheduling of resources will be very challenging.

The store is located near the entrance to the canteen to maximize the amount of people traffic to the store. Most of the seats in the canteen are further inside the canteen. This poses some challenge to create an environment where people are crowding around the store. People are generally drawn to a place where it is crowded. The store solves this problem by providing a few seats around the kiosk and small tables on both sides. This will allow some people to stay around the area, but keep the traffic flow well enough for other customers to purchase the products.

This is the owner's first business venture, which might make the company lack systematic management. However, the owner has considerable experience selling

product at the produce stand and other product stands owned by family members. She is also working towards completing her MBA degree at a very reputable university. The knowledge she learned from entrepreneurship, finance, marketing, and other courses help augment real world experiences she may lack.

The opportunity for this business venture is quite promising because there is no another ice cream store in the vicinity. There were also very few food vendors in the canteen during the summer months. This is a great opportunity for the company to establish itself before many of the stores return in fall semester. The close proximity to the faculty building and a large library will create large amounts of foot traffic for the store.

The store is also using beautifully colored sign to attract the attention of the passersby. People will likely use the location as a meeting point because it can be easily described to others. The store will also use university students to promote the product using the internet and other social media marketing methods.

Using the ingredients commonly found in Thailand, the store strives to promote the richness of Thailand's fruits. There are also opportunities to develop and introduce other products that compliment the ice cream to be sold at the store.

Some of the threats come from other businesses both direct and indirect. There are a few ice cream stores in other areas of the university, but they are not selling ice cream in the same style as the store. There are other dessert kiosks in the same canteen. These stores will be competing for the money from the students and faculties looking for desserts in the canteen. "Aroy Dee" has a unique product that is also attractive. It is also using marketing techniques that these other vendors are not aware off. These combinations will likely draw more people to the store and purchase the products.

Other threats include limitation of the location for the business to expand. There are food vendors on both sides of the location at this moment. Once the store becomes more successful, it plans on providing financial incentives to these vendors to move to another location and open the location next to the store for expansion. The owner is also considering to open another location on the opposite end of the large campus. This will allow the customers to enjoy the ice cream without having to

traverse the campus to purchase the product if their classes are not near the current location.

The consumers' change in behavior over time also poses a threat to the store. The owner plans on continually adapting the products and introducing new and innovative food products to keep the store's product "fresh" in the minds of the consumer. It will also continue the marketing campaign even after the store is established. This will continue to draw more customers to the store.

Due to the current uncertainty in Thailand's current political situation, people are spending less money. To turn this threat into an advantage, the store will continue to give out discount coupons to the customers. As stated earlier, many of these coupons will be based on the customers making more people aware of the store and its products. The marketing tactic will help both the customers and "Aroy Dee".

Many of the weaknesses and threats are real. The owner is aware of most of them and tried to address them in the company's strategies and tactics. The company will constantly monitor the SWOT and work on improving and growing the business.

