

Growing Café El Zapote

Abstract

In the recent transition from operating as a church mission to becoming their own not-for-profit corporation, Café El Zapote now has vast opportunities to begin growing. They sell ground, one-pound bags at church services along with a small amount of beans sold to a local roaster. The current challenge they are facing is what direction to take in order to grow their market presence at a sustainable rate with their current resource constraints. I provide three recommendations to focus on in the coming year of 2019:

1. To target new green whole bean buyers
2. To implement new forecasting methods
3. To build brand awareness in order to launch an ecommerce platform down the road

Method

- Interviews with two members of the Café El Zapote board and executive committee team
- Secondary research assisted in creating pointed questions in the following step of my study
- In-depth-interviews with three professionals in the industry that either own and operate coffee shops themselves or have been a consultant and manager for coffee businesses
- Online journals from which I built out my recommendations

Market Research

Primary

- Secretary, Michael DuPont, indicated a strong lack in record keeping and struggle find information necessary to make business decisions^{^1}
- Owner of Burgies, Andrew Burgason, expressed desire to cross promote to build brand awareness^{^2}

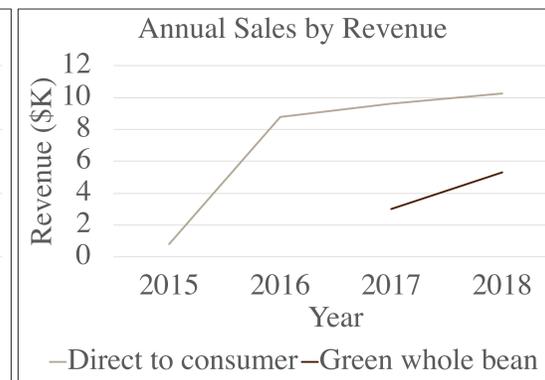
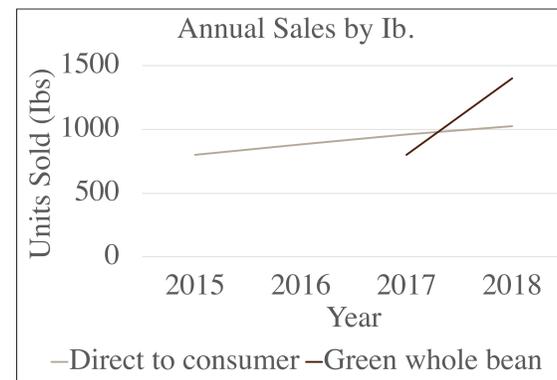
Secondary

- The external industry environment is experiencing 5.8% annual growth and the customization stage of maturity ideal for fostering an emerging start-up^{^3}
- Internally, sustainable growth can be defined as repeatable, ethical, and responsible operations^{^5}
- Repeatable procedures help to maximize resource allocation efficiency^{^5}

Marketing Plan

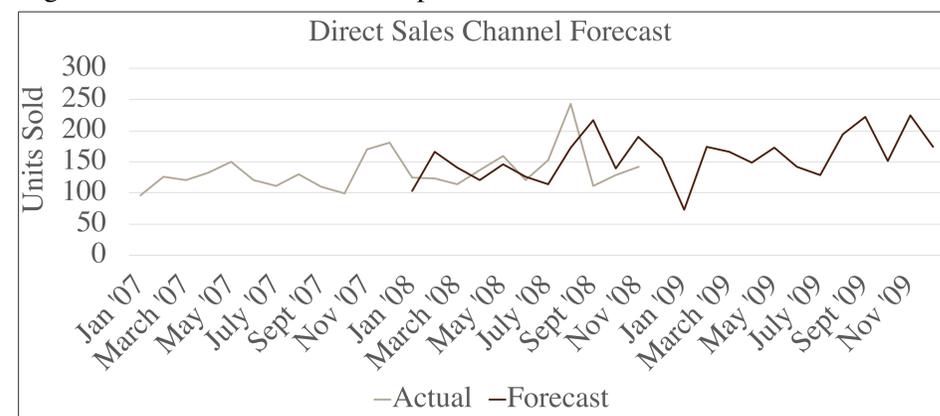
1. Target New Green Whole Bean Buyers

- Two main channels: direct to consumer and green whole bean buyer
- Direct to consumer offers higher margins at lower quantities
- Green whole bean buyer offer lower margins at higher quantities



2. Implement New Forecasting Methods

- Holt-Winters triple exponential smoothing method to account for seasonality and trend
- Alpha = 0.907 indicating
- Beta = 0.486 indicating
- Gamma = 0 indicating
- Largest limitation is the small sample size of data



3. Build Brand Awareness to Launch an Ecommerce Platform

- Failure of initial sales on Amazon proved the need to further establish a geographically diverse market before entering ecommerce fulfillment
- September 21st – Pitch at the Business Week Pitch Competition resulted in a large green whole bean sale
- November 6th – Pitch at the AgEI Competition resulted in presenting about the company to the ISU Coffee Club
- November 27th – Featured in a half page spread on the front cover of the ISU Daily

Execution

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Track sales data	■	■	■	■	■	■	■	■	■	■	■	■
Research new wholesaler	■			■			■			■		
Approach new wholesaler		■			■			■			■	
Host coffee sampling		■										
Participate in earth day campus event				■								
Attend an IdeaFlow					■							
Booth at WelcomeFest								■				
Host info session for new students									■			
Co-host event with Burgies											■	
Create 2020 Forecast												■

- Key:
- Target new green whole bean buyers
 - Implement new forecasting methods
 - Build brand awareness to launch ecommerce platform

Evaluation

Recommendation 1: Any combination of sales along the line $Y = -2.5x + 5,750$ will make it possible to reach their goal of a 6,500 pound import in 2019.

Recommendation 2: Watch for the RMSE to decrease each year as the amount of historical data available increases. If it doesn't, the model should be re-evaluated.

Recommendation 3: Delegate team members to fulfill ad hawk orders as brand awareness increases. Once the demand reaches a threshold at which the board can't fulfill the orders then launch an online buying platform.

References

- ^{^1} DuPont, Michael. "Coffee Hurdles." 12 June. 2018.
- ^{^2} Burgason, Andrew. "Windmill Coffee." 23 Oct. 2018.
- ^{^3} Yurtoğlu, Nadir. "Industry Performance." *History Studies International Journal of History*, vol. 10, no. 7, 2018, clients1.ibisworld.com.proxy.lib.iastate.edu/reports/us/industry/currentperformance.aspx?entid=1973.
- ^{^4} "Four Stages of Market Maturity." *Sources of Insight*, 16 Oct. 2017, sourcesofinsight.com/4-stagesofmarket-maturity/.
- ^{^5} Miller, Rick. "What Does Sustainable Growth Really Mean?" *Forbes*, Forbes Magazine, 16 Aug. 2018, www.forbes.com/sites/rickmiller/2018/08/16/what-does-sustainable-growth-really-mean/#2b9d52a17a98.