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1. EXECUTIVE SUMMARY

Chocolate is a worldwide delicacy and is offered in different styles and flavors. In the United States chocolate has the power to say “I love you” during Valentine’s Day or a source for having children saying “trick or treat” for Halloween. Chocolate aficionadas will be able to continue making memories with chocolate but with a Belgian style. Cote D’or will be introducing their line of premium chocolates to the United States, its chocolates are consumed by thousands of people in Belgian and now Americans will enjoy it too. The brand’s logo represents the African origin where Cote D’or acquires its cocoa beans, which is now Ghana, a prime cocoa growing area. The brand was established in 1903 by James Lewis Kraft and is currently under the portfolio of Mondelez International, Inc., a well-known billion-dollar snack brands company that operates worldwide. Cote D’or has had great success in Belgium the brand’s mission is to translate the same success to its international markets, especially with its launch of milk chocolate bars to the United States.

Cote D’or has a core competency to provide premium, high-quality chocolate that appeals to U.S. consumers in taste, design, and price. To translate this core competency into a sustainable competitive advantage, the marketing department conducted extensive research on the chocolate market of the United States. Based on the results, Cote D’or will introduce only two flavors, milk chocolate and milk chocolate with hazelnuts, to the United States during the first 3 years. The chocolate bars will be priced at $4.25 since the chocolate bar is going to be marketed as a higher quality delight, we can set the price higher than the average candy bar.

Two elements that are crucial to the success of Cote D’or in the United States are the effectiveness of its marketing program and its sources of distribution. The main promotional channels for Cote D’or will be through; in-store demos, social media, and being present at upscale events.
2. COMPANY DESCRIPTION

The American multinational confectionery, food, and beverage conglomerate, Mondelez International, Inc. was founded by James Lewis Kraft in 1903. It currently employs approximately 107,000 people around the world and comprises the global snack and food brands of the former Kraft Foods Inc. The company has grown into a $35 billion company. On October 1, 2012 the company changed its name from Kraft Foods, Inc. to Mondelez International, Inc. following a spin-off of its North American grocery business to Kraft Foods Group, Inc.. Mondelez International Mondelez currently operates in five segments: Asia Pacific; Eastern Europe, Middle East, Africa, Europe, Latin America and North America. It operates in more than 80 countries nationwide and sells in 165 countries.

Currently, Mondelēz International manages well-known billion-dollar snack brands around the globe, including cookies and crackers (Oreo, Chips Ahoy!, TUC, Belvita, Triscuit, Club Social, Barni, Peek Freans), chocolate (Milka, Côte d'Or, Toblerone, Cadbury Dairy Milk, Lacta), and gum and candy (Trident, Chiclets, Halls, Stride, Cadbury Dairy Milk Eclairs).

Modelez believes in the power of big and small -- this is something that makes them unique. They have the scale and resources of a global powerhouse, but also the speed, creativity and agility of a fresh new start-up.

3. STRATEGIC FOCUS & PLAN

Mission:

The mission and vision of Cote D’or is to market its line of high-quality Belgian chocolates internationally at premium prices. The objective is to translate the same success from these
international markets to the United States. In order to develop this mission and achieve success, three decision problems were taken into consideration in this marketing plan:

- What specific flavors will the U.S. market will favor?
- What kind of packaging for a chocolate bar is most appealing to the US market?
- What price point would US consumers be willing to pay for each Cote D’or chocolate bar?

Goals:
In regards to the coming three years, Cote D’or seeks to achieve the following goals in the U.S. market:

- **Non-Financial**
  1. Maintain the image of a premium and high quality chocolate brand
  2. Establish a strong brand presence in 10 major cities throughout the U.S including; Chicago, NYC, and LA during the first year.
  3. Be ranked in the top five premium chocolate brands in the U.S.

- **Financial**
  1. Have an annual sales growth of 6%.

**Core Competency & Sustainable Competitive Advantage:**

Cote D’or has a core competency to provide premium, high-quality chocolate that appeals to U.S. consumers in taste, design, and price. To translate this core competency into a sustainable competitive advantage, the marketing department will conduct extensive research on the chocolate market in the U.S.; consumer buying patterns will provide further insight. Also Cote D’or will
work closely with suppliers and distributors to ensure customer satisfaction with taste standards and display preferences.

4. SITUATION ANALYSIS

SWOT Analysis

Figure 1 shows both the internal and external factors affecting market opportunities for the introduction of Cote D’or into the US market. Internal factors within the strength and weaknesses aspect of the SWOT analysis include offerings, marketing, financial, and manufacturing. For the external factors regarding the opportunities and strengths, they include consumer/social trends, competitive, economic, and legal/regulatory factors. These determinants were based on different influences of being a part of the chocolate confectionery industry.

SWOT Analysis: Mondelez & Cote D’or into the U.S Market

<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
</table>
| **Offerings**    | o Product portfolio of 53 labels  
                  o Variety of product categories: chocolate, cookies, candy, & gum  
                  o Premium chocolate brand from Belgium, Cote D’or  
                  o Foreign appeal to its many products | o Limited product offerings compared to other companies in the industry |
| **Marketing**    | o Third largest chocolate confectionery company (Behind Hershey Co. & Mars Inc.) | o Uneven execution: has a capacity constraint in a few overseas areas such as India |
| **Finance**      | o Generates revenue of over $100 million  
                  o Robust free cash flow  
                  o Sound balance sheet to reduce debt-to-capital ratio, repurchase stock, & pay back dividends | o Pricing missteps, most notably in Brazil and Russia  
                  o Falling gum sales: experienced big volume declines |
| **Manufacturing**| o Already has an extensive distribution system in the U.S. | o Additional costs to ship Cote D’or chocolate and other products to the U.S. |
## Industry Analysis

The Chocolate Production industry processes cocoa beans, milk, sugar and other ingredients into chocolate-based confectionery, including chocolate bars, blocks and truffles. Industry products are distributed to wholesalers, retailers and other intermediaries for resale to end user consumers. Over the past five years, the industry has benefited from trends including improving disposable incomes, greater demand for premium chocolates and more extensive and varied export markets. However, other trends, including volatile cocoa prices and rising health

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer/Social Trends</strong></td>
<td>- Chocolate confectionery in the U.S. is popular &amp; booming</td>
<td>- Consumer perceptions and buying patterns can change throughout the years</td>
</tr>
<tr>
<td></td>
<td>- Niche market for premium &amp; specialty chocolates</td>
<td></td>
</tr>
<tr>
<td><strong>Competitive</strong></td>
<td>- Chocolate bars set at a price premium, that competes with competitors</td>
<td>- Solid foundation of other brands such as Godiva, Ghiradelli, &amp; Lindt</td>
</tr>
<tr>
<td><strong>Economic</strong></td>
<td>- Chocolate confectionery forecasted to increase by 3%</td>
<td>- State of the economy in the U.S isn’t at its best</td>
</tr>
<tr>
<td></td>
<td>- Premium products continue to grow much faster than products in other categories</td>
<td>- Unemployment rate is high at 6.8%</td>
</tr>
<tr>
<td></td>
<td>- Consumer income is high in major cities throughout the U.S.</td>
<td></td>
</tr>
<tr>
<td><strong>Legal/Regulatory</strong></td>
<td>- Many certified organizations are involved within the industry (i.e. Fair Trade USA, UTZ Certified)</td>
<td></td>
</tr>
</tbody>
</table>
consciousness, have limited industry growth. 2014 alone experienced a 2.3% growth bringing total revenue to $15.5 billion (IBISWorld).

Over the past five years, producers within this industry have had significantly more competition from foreign chocolate producers as there has been more of a demand for imported chocolates due to the perception of them being of a higher quality.

Another factor influencing the chocolate industry, making it volatile is its dependency on the cocoa and sugar prices. The largest producers have been able to pass on the added expenses of rising costs onto customers because of established brand loyalty, “The ability to pass costs downstream has kept the average industry profit margin high at about 14.6% of revenue. This average conceals lower profitability among the remaining players that lack brand recognition or the ability to pass costs downstream.” (IBISWorld) The industry is also expected to continue growing due to improvements in discretionary income, with the strongest growth in demand for premium, dark and organic chocolates. Despite volatile input costs, consolidation will help keep market concentration high and profit margins stable, “overall, IBISWorld expects revenue to grow an annualized 2.6% through 2019, to $17.6 billion.”

Competitors

Chocolate confectionery in the U.S. increased about 4% in 2014 and has reached a value growth of 15% at prices within that year. It is projected to reach sales of about $20.4 billion due to price increases and overall global demand for cocoa. Two of the leading chocolate manufacturers in the U.S. are Mars Inc. and Hershey Co. with market shares of 24.0 and 23.6 respectively. Both brands had a 65% combined overall value sales in 2014. Mondelez International Inc. currently has the third highest market share spot of 8.0 in 2014. It is not a surprise Mars Inc.

1 [http://www.portal.euromonitor.com/portal/?l6fT%2fFrEvEn1S%2fMfFQOA%3d%3d](http://www.portal.euromonitor.com/portal/?l6fT%2fFrEvEn1S%2fMfFQOA%3d%3d)
and Hershey Co. hold the top two spots and are the main companies within this industry Mondelez and Cote D’or competes with.

Cote D’or has a few competitors within the chocolate confectionery market in the U.S. The main competitors include Godiva, Ghirardelli, and Lindt. These brands were determined from the results of the survey as well as additional research that was conducted. Similar to Cote D’or, these chocolate brands are also high quality and premium chocolates. Nowadays consumers are looking for more than just a chocolate bar. They seek rich chocolate with bold flavors that are more on the expensive, luxury end.

Godiva is a brand that is well known for its gourmet, decadent chocolates. They have many gift and special occasion chocolates and consumers are familiar with their luxurious brand name. Godiva was also founded in Belgium, so they are essentially the top competitor Cote D’or has to face in the U.S. market. Ghirardelli is a San Francisco based company that is known for their wide variety of rich chocolate squares. They have many similar flavors like Cote D’or which increases the competition between the two. Lindt Lindor is most famous for their variety of chocolate truffles. They are known for producing chocolate that is luscious and smooth that simply melts in your mouth. All the companies described above are brands that compete with Cote D’or. If Cote D’or wants to maintain its premium image, these are the brands that they will have to compete with in regards to price, taste, and overall brand awareness.

Company Analysis

Mondelez International currently holds the top position of largest food companies within the Benelux, which includes Belgium, the Netherlands, and Luxembourg. Within the Benelux, Mondelez has existed since 1870 and is home to the following iconic brands: TUC, LU Prince,
Grany, LiGa, and Côte d’Or. The plant in Halle produces the famous Côte d'Or chocolate and is the Anchor Plant in the Chocolate network for high-quality chocolate, bars & tablets. It employs 350 people, produces 33,000 tons of chocolate a year, has 9 production lines and exports to 42 countries.²

The Cote D’or chocolate will be manufactured in Belgium. Due to a rising demand for authentic products in Belgium during 2014, the growth in the chocolate confection industry rose especially in modern grocery retailer outlets. One of the deciding factors for Belgium chocolate consumers is the origin and ingredients of the packaged food that they consume. Products manufactured using palm oil are in low demand as consumers there tend to also be very health conscious. “Chocolate confectionery produced locally in Belgium registered positive value growth in 2014 as the result of this trend” (Euromonitor).

Customer Analysis

One trend within the U.S market is a growing concern for health consciousness. This is more evident within the younger generation as they are more inclined to avoid products that are high in sugar and saturated fats, consequently they are purchasing healthier alternatives at a higher rate. To remain innovative, producers have now introduced and marketed chocolates that are reduced-fat, dark, or organic.

The demand for specialty chocolate products has increased which has caused more Americans to purchase more imported chocolate. The current perception is that foreign chocolates are of higher quality than domestic chocolate products. The US market has also been importing a growing share from Indonesia and Malaysia, two major global cacao growers and chocolate producers. (IBISWorld)

² Mondelez Belgium Production BVPA
5. PRODUCT MARKET FOCUS

Marketing & Product Objectives

Cote D’or’s marketing objectives aim to increase brand awareness and create a foundation of a premium chocolate brand in the U.S. versus a brand that is known just for being foreign based. As for product objectives, Cote D’or wants to compete in a market with top brands, while also being able to differentiate itself from other competitors. These objectives are listed in more detail below:

- **New Markets:** Foreign markets such as Belgium can be very different from American markets. Expanding to at least 10 markets in several major cities within the U.S. is an objective that can be reached within a few years.

- **New Products:** Based on the results from the survey previously conducted as well as general consumer preferences, milk chocolate was the top flavor U.S. markets favored. Cote D’or will launch the milk chocolate flavor initially in the 10 markets. After gathering relevant data over time, Cote D’or will introduce several other flavors following the traditional milk chocolate flavor.

- **New Market Awareness:** Increasing Cote D’or’s brand presence is a factor that will be crucial to its success. Various advertisements, sales promotions, and social media outlets will come into play regarding building Cote D’or as a well-established brand in the U.S.

Target Markets

Based on the survey results and after extensive research, the target market for the introduction of Cote D’or to the US will consist of young adults to middled aged adults, most of
which will be females. The survey conducted was a convenience sampling in which the majority of the respondents were female, however after additional extensive research, we found that females tend to purchase chocolate more often than males. The average income that this target consumer in particular makes a year ranges from $30,000 to $40,000.

**Customer Value Proposition**

Cote D’or offers high-quality chocolate bars at a premium price and rich taste that is sold internationally as well as in several U.S. markets at a competitive price.

**Points of Difference**

Cote D’or is a unique product that is exclusively manufactured in Belgium. There are several characteristics and qualities that differentiate Cote D’or from its competitors.

- Cote D’or is a foreign product manufactured overseas in Belgium which gives it a premium and high quality image and makes it competitive against other premium brands in the U.S Market.
- Logo: The Cote D’or brand and logo differentiates it from other premium chocolate bars in the U.S. The symbol is of an elephant that recalls the African origins of cocoa beans which are used to create the Cote D’or chocolate products.
- Premium Packaging: Cote D’or’s high value packaging contains bright colors and graphics that appeal to consumers and make it competitive against other premium brands at the store or on the shelves.
- Cocoa beans: The Cocoa beans used to produce the Cote D’or chocolate come from the West African region of Ghana called the “Gold Coast”, a region where cocoa beans are
known for their bold taste. These unique beans give Cote D’or a bold rich taste that other competitors do not have.

- Taste trends: Cote D’or has a variety of different flavors in addition to the classic milk, rich dark, or white chocolate. Popular flavors that Cote D’or has in their product line that U.S. consumers purchase include hazelnut, caramel, almond, nougat, and more.

6. MARKETING PROGRAM

The goal is to educate on the quality and taste difference between Cote D’or and premium chocolates already on the shelves. Cote D’or seeks to grow its market share globally by adopting an aggressive marketing campaign which can be achieved by focusing on market segmentation, targeting and positioning. The marketing program is segmented by product strategy, pricing, promotion and distribution. The Cote D’or marketing strategies and tactics are as follows.

To have a successful launch to the United States the Cote D’or Marketing Program must educate the target audience on the quality and taste difference between Cote and the mass-produced premium chocolates already on the shelves. Cote D’or seeks to grow its market share globally by adopting an aggressive marketing campaign which can be achieved by focusing on market segmentation, targeting and positioning. The marketing program is segmented by product strategy, pricing, promotion and distribution. The Cote D’or marketing strategies and tactics are as follows.

**Product Strategy**

Cote D’or chocolate has a large assortment of flavors and types. However, a smaller product line will be introduced to the United States market during the first 3 years. The flavors that will be introduced are milk chocolate and milk chocolate with hazelnuts in the form of a bar.
Packaging

Cote D’or will offer consumers a milk chocolate bar that is divided into bite-size pieces that can be easily separated. The package style will be similar to the non-premium chocolate bars but with a bold color and semi-lavish design. To activate more senses the texture of the chocolate will be shown on the package consumers more insight about the delicious treat that awaits inside the packaging. Furthermore, our survey results showed that a majority of respondents prefer a classic bar shape wrapped in foil with bite sized pre-cut chocolate squares. However, since we want to introduce Cote D’or as a premium chocolate bar we have decided to not use the foil-type material to wrap the chocolate. Consumers will be more inclined to purchase the Cote D’or chocolate line because the packaging is not as extravagant as other premium chocolates therefore, their purchase will not be perceived to be as costly. Chocolate aficionados often buy for friends or family but the majority of the purchases are to indulge themselves therefore, it is best to introduce the chocolate bar to the United States market.

Price Strategy

The chocolate bars will be priced at $4.25 since the chocolate bar is going to be marketed as a higher quality delight, we can set the price higher than the average candy bar. Also, the price will range from city to city, we expect a higher price in Manhattan in comparison to Dallas. The prices of the product will be carefully monitored for the first year until the marketing team determines the best pricing and volume combination, especially for the retail segment.

In regards to the corporate segment, Cote D’or will introduce discount pricing for first-time clients and also for longer-term clients, greater than three years. This is expected to increase the introduction of the products to first-time clients. For the longer-term clients, occasional
discount pricing will ensure that the brand is able to keep these clients for their business gift giving and corporate incentives programs

**Promotion Strategy**

The main promotional channels for Cote D’or will be through; in-store demos, social media, and being present at upscale events.

**In-Store Demos:**

Cote D’or will pair up with Southern Wines and Spirits to conduct in-store demos during the wine demos. The brand ambassadors will provide samples of wine and offer customers a piece of Cote D’or chocolate to pair it with their wine. An advantage of participating in the wine demos is that it will target the age range that we seek, a more mature audience that is 21+ that can afford to purchase the chocolate at a premium price. The demos will be conducted in popular grocery stores as well as Walgreens locations in our target markets. Walgreens was chosen because it is largest retailing chain in the Unites States and the company is expected to increase its number of stores. Although Walgreens is not a grocery store, where the majority of purchases are made, the stores are conveniently located therefore serving as a great location to make small purchases, whether it be a gallon of milk or a delicious bar of Cote D’or chocolate. The Walgreens promotions will require the company to produce POS, point of sale, displays such as posters. Coupons with 10% - 20% discounts will be distributed during both in-store demos, bite sized samples will need to be produced to be distributed as complimentary samples. The wine-chocolate demos will be executed once a month in several locations while the Walgreens demos will take place every two months to increase awareness of the brand and purchases in the US.
Sponsorships/Events:

To interact with our target audience and build our fan base, Cote D’or will be sponsoring events throughout the year and delighting fans with giveaways. The following are a few events that are being considered.

- During Fashion Week in New York, Cote D’or will provide fashionistas a sugar fix with chocolate deliveries. Editors would be able to pick from an elaborate chocolate menu and place an order for chocolate dipped strawberries, macaroons, berry dessert cups, and banana strawberry kabobs. Also, attendees will be able to the survey, “What type of chocolate are you?” and will be able to redeem a certificate for a bar of chocolate 50% off.

- Cote D’or is going to team up with several companies to offer two sweepstakes per year. The campaign would consist of having people submit stories and pictures of them vacationing since 41% of Americans do not use all of their paid time off. The campaign is “Treat Yourself” and the bundle of prices would include gifts such as gift certificates for massages, restaurants and of course a basket of Cote D’or goodies.

These events will give us the ability to acquire a fan base and begin collecting information regarding the American consumer.

Social Media:

Our target market is actively engaged in social media, we will leverage this phenomenon and initiate the conversation with our consumers. The three outlets we will utilize consist of
Instagram, Facebook and Twitter. We will use these channels to ask questions and use the responses to cultivate more relevant dialog and continuously revamp our marketing strategy to fit the needs of our consumers. Our goal is to build deep relationships with consumers by gathering, testing and measuring data. Cote D’or can ask specific questions on Facebook and Twitter about products, like flavor preferences and input on product ideas, along with lifestyle-related questions. The power of social media can lead to brand awareness and customer-driven innovation.

Instagram will be used to cater to the younger consumers and to promote the chocolate bars with visually appealing content. Facebook caters to both young and older consumers, it also is a great method of posting pictures with content and to inform consumers about promotions. Twitter is more appealing to the older audience and ideal for commuting with other brands, especially since Cote D’or will be collaborating with several brands for the sweepstakes.

**Distribution Strategy:**

Since Cote D’or is a brand in Mondelez portfolio, the brand will be able to take advantage of Kraft’s existing distribution channels. The wide distribution presence throughout the US among specialty food stores and strong relations with specialty food distributors will be a key contributor to increase US Cote D’or distribution from coast to coast. Cote D’or will be available primarily in popular grocery stores along with Walgreens stores.
7. FINANCIAL DATA PROJECTIONS

To meet our financial and marketing goals, we have outlined financial information and created a pro-forma detailing expected sales in units and revenues.

**In store sampling**

800 chocolate bars per city * 10 major cities = 8,000bars

COGS = 8,000*.90 = $7,200

On average, american’s consume 5.5 kgs/year, which is about 194 ounces. This translates to about 55 bars per year. (Confectionarynews).

Price for Cote D’or 3.50z chocolate bar = $4.25

Fixed Cost
Event Marketing $500,000
Magazine Advertising $1,000,000
In-store Sampling $7,200
Total Fixed Cost $1,507,200

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**COST CONTRIBUTION**

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<tbody>
<tr>
<td>Fixed Costs</td>
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<tbody>
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<td>MSRP</td>
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<td><strong>Break-Even in Units</strong></td>
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**Increase in Marketing Budget: (2% increase until 2017)**

**Event Marketing Year 2015= 500,000**

Year 2016=500,000*.02=10,000
500,000+10,000=$510,000

Year 2017=510,000*.02=10,200
510,000+10,200=$520,200

**Magazine Advertising Year 2015=1,000,000**

Year 2016=1,000,000*.02=20,000
1,000,000+20,000=$1,020,000

Year 2017=1,020,000*.02=20,400
1,020,000+20,400=$1,040,400

**In-Store Sampling Year 2015=7,200**

Year 2016=7,200*.20=144
7,200+144=$7,344

Year 2017=7,344*.02=146.88
7,344+146.88=$7,490.88

**YEAR 2015 Marketing Total: $1,507,200**

**YEAR 2016 Marketing Total: $1,537,344**

**YEAR 2017 Marketing Total: $1,568,090.88**
We expect to hit our 6% increase sales goal each year as we continue increasing marketing efforts and our budget by 2%. The added marketing will help to boost revenues. By 2017, we expect to reach revenues of about $486 million.

8. IMPLEMENTATION PLAN

Introducing Cote D’or into the U.S market is a complex task and requires a creative promotional and marketing activities to gain consumer awareness and initial trial among these target consumers. Cote D’or will be strategically introduced to 10 major cities in the U.S. After doing some research, the top regions where chocolate consumption took place were the South with 40% consumption, the midwest with 24%, the west with 22%, and northeast regions with 18% chocolate consumption. Based on this we will start by introducing our Cote D’or Chocolate in four major cities: Chicago, New York, Los Angeles, and Miami. These cities will all target one of the four major chocolate consumption regions in the U.S. So we will raise awareness in all four from the start. The anticipated rollout schedule to enter these markets appear in Figure 3.

**Figure 3. Rollout Schedule to Enter New U.S Markets in 4 target regions**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cities</th>
<th>Total Markets Entered</th>
<th>Total Regions Targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>Chicago, NYC, Los Angeles, Miami</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Year 2</td>
<td>Houston, New Jersey, San Francisco</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Year 3</td>
<td>Pennsylvania, Austin, Indianapolis</td>
<td>10</td>
<td>3</td>
</tr>
</tbody>
</table>
Overall, we will closely monitor our in-store demos. Since we will also be using brand ambassadors to promote Cote D’or we need to ensure our brand is portray in a positive way that aligns with our brand image. We will also need to build a relationship with Walgreens as we want them to offer a special promotion code to walgreens customers that are purchasing for Cote D’or. Overall, we need to really consider the different types of lifestyles and customers in each of the cities that we are planning to introduce Cote D’or each year. This will ensure that we have a successful launch in each city we expand to.

9. EVALUATION & CONTROL

Target sales have been set for Cote D’or for each of the U.S cities it will be expanded to. Actual chocolate sales will be compared with these targets and our marketing and promotions will be modified according to each different city that we launch in. The speed of the overall rollout plan for Cote D’or may increase or decrease depending on the success it has on previous markets it enters.
10. Appendices

Products and services segmentation (2014)

- 45.2% Chocolate bars
- 29.8% Block chocolate
- 15.0% Boxed chocolates
- 10.0% Other chocolate-based confectionery

SOURCE: WWW.3BSWORLD.COM
<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offerings</strong></td>
<td>o Product portfolio of 53 labels</td>
<td>o Limited product offerings compared to other companies in the industry</td>
</tr>
<tr>
<td></td>
<td>o Variety of product categories: chocolate, cookies, candy, &amp; gum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Premium chocolate brand from Belgium, Cote D’or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Foreign appeal to its many products</td>
<td></td>
</tr>
<tr>
<td><strong>Marketing</strong></td>
<td>o Third largest chocolate confectionery company (Behind Hershey Co. &amp; Mars</td>
<td>o Uneven execution: has a capacity constraint in a few overseas areas such as India</td>
</tr>
<tr>
<td></td>
<td>Inc.)</td>
<td></td>
</tr>
<tr>
<td><strong>Finance</strong></td>
<td>o Generates revenue of over $100 million</td>
<td>o Pricing missteps, most notably in Brazil and Russia</td>
</tr>
<tr>
<td></td>
<td>o Robust free cash flow</td>
<td>o Failing gum sales: experienced big volume declines</td>
</tr>
<tr>
<td></td>
<td>o Sound balance sheet to reduce debt-to-capital ratio, repurchase stock, &amp;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>pay back dividends</td>
<td></td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td>o Already has an extensive distribution system in the U.S.</td>
<td>o Additional costs to ship Cote D’or chocolate and other products to the U.S.</td>
</tr>
<tr>
<td>External Factors</td>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Consumer/Social Trends</td>
<td>o Chocolate confectionery in the U.S. is popular &amp; booming</td>
<td>o Consumer perceptions and buying patterns can change throughout the years</td>
</tr>
<tr>
<td></td>
<td>o Niche market for premium &amp; specialty chocolates</td>
<td></td>
</tr>
<tr>
<td>Competitive</td>
<td>o Chocolate bars set at a price premium, that competes with competitors</td>
<td>o Solid foundation of other brands such as Godiva, Ghiradelli, &amp; Lindt</td>
</tr>
<tr>
<td>Economic</td>
<td>o Chocolate confectionery forecasted to increase by 3%</td>
<td>o State of the economy in the U.S isn’t at its best</td>
</tr>
<tr>
<td></td>
<td>o Premium products continue to grow much faster than products in other categories</td>
<td>o Unemployment rate is high at 6.8%</td>
</tr>
<tr>
<td></td>
<td>o Consumer income is high in major cities throughout the U.S.</td>
<td></td>
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<tr>
<td>Legal/Regulatory</td>
<td>o Many certified organizations are involved within the industry (i.e. Fair Trade USA, UTZ Certified)</td>
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<td></td>
<td>Year 1 - 2015</td>
<td>Year 2 - 2016</td>
</tr>
<tr>
<td>--------------------------</td>
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</tr>
<tr>
<td>U.S market for Chocolate</td>
<td>13 billion</td>
<td></td>
</tr>
<tr>
<td>Expected Market Share</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Expected sales volume in retail value</td>
<td>$260,000,000.00</td>
<td></td>
</tr>
<tr>
<td>Expected sales in wholesale value</td>
<td>$61,176,471.00</td>
<td></td>
</tr>
<tr>
<td>Expected sales in units</td>
<td>101,960,784</td>
<td>108,078,431</td>
</tr>
<tr>
<td>Pro-forma</td>
<td></td>
<td></td>
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<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$433,333,332.00</td>
<td>$25,999,999.92</td>
</tr>
<tr>
<td>Cost of Goods sold (mnfg costs x units)</td>
<td>$91,764,705.60</td>
<td>$97,270,587.94</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>$341,568,626.40</td>
<td>$362,062,743.98</td>
</tr>
<tr>
<td>Selling/Marketing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>$1,507,200.00</td>
<td>$1,537,344.00</td>
</tr>
<tr>
<td>Distribution expenses (units x delivery cost/unit)</td>
<td>$4,078,431.36</td>
<td>$4,323,137.24</td>
</tr>
<tr>
<td>Net Profit before Taxes</td>
<td>$335,982,995.04</td>
<td>$356,202,262.74</td>
</tr>
<tr>
<td>Gross margin in percent</td>
<td>78.82%</td>
<td>78.82%</td>
</tr>
</tbody>
</table>
REFERENCES


