

# My Plan Title

Italian Products, Inc.

, .

## Confidentiality Agreement

The undersigned reader acknowledges that the information provided by \_\_\_\_\_ in this marketing plan is confidential; therefore, reader agrees not to disclose it without the express written permission of \_\_\_\_\_.

It is acknowledged by reader that information to be furnished in this marketing plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader, may cause serious harm or damage to \_\_\_\_\_.

Upon request, this document is to be immediately returned to \_\_\_\_\_.

\_\_\_\_\_ Signature

\_\_\_\_\_ Name (typed or printed)

\_\_\_\_\_ Date

This is a marketing plan. It does not imply an offering of securities.

# Table of Contents

<b>1.0</b>	<b>Executive Summary</b> .....	<b>1</b>
<b>2.0</b>	<b>Situation Analysis</b> .....	<b>1</b>
2.1	Market Summary .....	1
2.1.1	Market Demographics .....	2
2.1.2	Market Needs .....	3
2.1.3	Market Trends .....	3
2.1.4	Market Growth .....	4
2.2	SWOT Analysis .....	5
2.2.1	Strengths .....	5
2.2.2	Weaknesses .....	5
2.2.3	Opportunities .....	6
2.2.4	Threats .....	6
2.3	Competition .....	7
2.4	Product Offering .....	7
2.5	Keys to Success .....	15
2.6	Critical Issues .....	16
<b>3.0</b>	<b>Marketing Strategy</b> .....	<b>16</b>
3.1	Mission .....	16
3.2	Marketing Objectives .....	16
3.3	Financial Objectives .....	17
3.4	Target Markets .....	17
3.5	Positioning .....	17
3.6	Strategies .....	18
3.7	Marketing Mix .....	19
3.8	Marketing Research .....	19
<b>4.0</b>	<b>Web Plan Summary</b> .....	<b>19</b>
4.1	Website Marketing Strategy .....	19
4.2	Development Requirements .....	20
<b>5.0</b>	<b>Financials</b> .....	<b>21</b>
5.1	Break-even Analysis .....	22
5.2	Sales Forecast .....	23
5.3	Expense Forecast .....	24
<b>6.0</b>	<b>Controls</b> .....	<b>25</b>
6.1	Implementation .....	26
6.2	Marketing Organization .....	26
6.3	Contingency Planning .....	27

## 1.0 Executive Summary

Italian Products believes in the web market and significant communication channels. This is the reason why we will find placement to the main important search engines, the goal of our prestige. This use of advanced technologies and automated systems will allow us to keep our budget lower than competitors and will reduce our risk and liabilities in our activities. Our expenses will be just the maintenance of the website, promotional expenses, and the warehouses to collect the most sold items. In fact we will have the possibility for our customers to order the goods from Italy (with perishability greater than 2 months) either at low cost (via ocean), and at a faster service (airfreighted - also perishable goods). For the highly demanded items, we will establish contracts with US importers, to use their warehouses as a base for perishable goods (saving money with high density air shipments), and non perishable goods having them shipped via ocean. We will be the connection between Italian high quality goods and customers seeking these products in the US, and for US citizen visiting Italy, the best way to save time having the certainty of purchasing an original product. What we are basically selling is our experience, our competences in making this possible with the less money, the best service, the shortest time. Customers will have the feeling of making the best deals making us making money, but they won't care, for the little amount we'll charge each one. Therefore, our company is seeking the numbers; we need big sales number to grow and make substantial profit margin.

## 2.0 Situation Analysis

Italian products is the project of a company which born from the need of real Italian merchandise need in a country like US and maybe elsewhere. In every country there are different traditions, flavours, and style. Finding exactly same characteristics abroad is always difficult. That's why there is a need for a company like ours to be present as a reseller, today with the new technologies available on line, without losing days looking for products that ultimately are not exactly what you are looking for. The burden is always the initial cost to build the website and the maintenance, everything else is already implemented and readily usable from the market. The profit is there, it might be a matter of adjust some percent of some products according to the response of the market. If we look at the projection for years after 2008, we find also a positive NPV.

## 2.1 Market Summary

Our product is positioned very carefully: this is high-quality Italian Products for the customer who understands quality and fine Italian goods, is an internet user who purchase goods on the web, and is willing to spend money for the best. Unlike the mainstream products, we do not sell substitutes or cheap food.

Our marketing strategy is based mainly on making the right information available to the right target customer. We can't afford to sell people on our expensive products, because most don't have the budget. What we really do is make sure that those who have the budget and appreciate the product know that it exists, and know where to find it.

The marketing has to convey the sense of quality / real products in every picture, every promotion, and every publication. We can't afford to appear in second-rate websites with poor illustrations that make the product look less than it is. We also need to leverage our presence using a high-quality website and specialty distributors.

Our target market is a person who wants to have very fine and typical Italian products in a very practical way ordering the products through an efficient website. This person can be

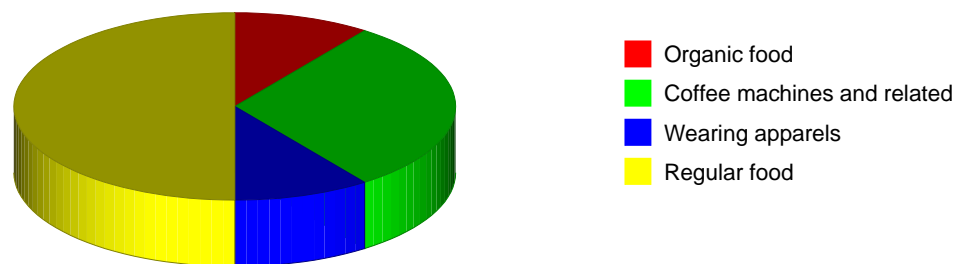
## Italian products

living in the US, appreciating Italian products, Italian heritage wishing to preserve traditions (this is also valid for children of Italian citizen who came in the US between 1960-1980 - an average of 1 million Italians per decade immigrated in the US - [http://en.wikipedia.org/wiki/Immigration\\_to\\_the\\_United\\_States](http://en.wikipedia.org/wiki/Immigration_to_the_United_States)); or US people going in Italy for vacation and wandering to find Italian gifts without spending too much time during their trip. The common bond is the appreciation of quality Italian products, and the lack of price constraints.

**Table: Market Analysis**

Market Analysis	Growth	2007	2008	2009	2010	2011	CAGR
Potential Customers							
Organic food	10%	10	11	12	13	14	8,78%
Coffee machines and related	6%	30	32	34	36	38	6,09%
Wearing apparels	12%	10	11	12	13	15	10,67%
Regular food	10%	50	55	61	67	74	10,30%
Total	8,97%	100	109	119	129	141	8,97%

**Market Analysis (Pie)**



### 2.1.1 Market Demographics

We focus our marketing on three types of target consumers:

1. Italian natives who like Italian products. Immigration from Italy is 3.18 migrant(s)/1,000 population (2006 est.) which, with a population of 298,444,215 (July 2006 est.), amount to 949052 people ([www.cia.gov/cia/publications/factbook/index.html](http://www.cia.gov/cia/publications/factbook/index.html)). (this is also valid for children of Italian citizen who came in the US between 1960-1980 - an average of 1 million Italians per decade immigrated in the US - [http://en.wikipedia.org/wiki/Immigration\\_to\\_the\\_United\\_States](http://en.wikipedia.org/wiki/Immigration_to_the_United_States)). These customers will be the ones who look for the higher quality and the right price, according to their experience in purchasing products in Italy.

2. Americans or native of other countries with US citizenship who are visiting Italy (US is the 2nd country in the world per tourism in Italy - Italian Statistical institute - Istat - <http://www.istat.it/>) and don't want to waste their time in purchasing gifts during their vacation (11 million US citizen travelled to Europe last year - <http://www.census.gov>). These customers most likely will be oriented in the brand name, the service, and the

## Italian products

---

usability of the website and its features.

3. Other: We will also sell to some buyers visiting the United States and taking advantage of all the opportunities offered from the country, like having original Italian products, delivered within 2-3 days at home or to domicile.

### 2.1.2 Market Needs

Italian Products provides to customers who love Italian cuisine, products, customs, seeking the best quality, the exact and expected flavour of the food, at a very competitive price, and directly delivered to the houses of the customers through an efficient and friendly website. There is a need of this service every time that an Italian person enter as a foreigner in a new country, as long as he likes to respect his traditions and his native country food; or for foreigner countries people who loves particularly the Italian Products and are in the need of a true Italian reseller, who understand the culture, what is exactly meant for spicy or salty in the Italian cuisine.

A lot of websites of Italian product are either non existent or purely developed. Others like Amazon which has certain sections like european food, have mispriced products or a mixture of products that don't get along.

Samples:

<http://www.igourmet.com/index.asp>

<http://www.mangibene.it/>

<http://www.isaporiditaliaweb.it/Engindex.asp>

### 2.1.3 Market Trends

Technology is certainly a key of success, in today's market. Of course it must be used with a constant track of experience in the particular field the company is operating. A lot of companies invested in organic food and natural products. Among the majority of the Italian products, most of them are organic, throughfully relying in an organic agriculture and the market is showing that customers, specially in the last years, are oriented in high quality and natural product for food. With the problem of obesity, colessterol, and trans fats, Americans are more and more concerning about their food:

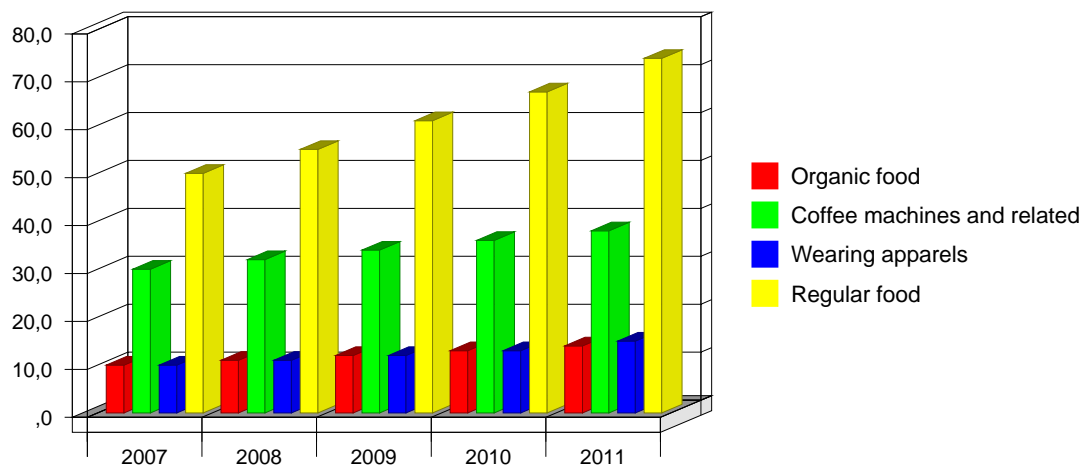
However, despite the growing focus on convenience, health is certainly not forgotten, with Americans constantly looking for the latest way to address their health and food safety issues. In 2006, 64 percent of adults said they wanted to get more whole grains in their diets, followed by 58 percent wanting to add more dietary fiber, 58 percent wanting more calcium, and 55 percent wanting more Vitamin C. And 71 percent of adults also said they wanted to cut down on fat in their diets, followed by 62 percent wanting to cut down on calories, 62 percent wanting less cholesterol, and 59 percent wanting less sugar. When it comes to nutrition labels, 49 percent of adults claim to look for total calories, compared to 47 percent who look for total fat, 41 percent who look for sugars, and 37 percent who look for calories from fat (<http://www.foodnavigator-usa.com/news/>). In term of time, also people are starting considering that there are a variety of Italian product which require few minutes to be prepared and are as healthier as well. Here's what the experts say:

## Italian products

"New Italian research finds olive oil contains antioxidants, similar to those in tea and red wine, that combat disease processes, including LDL cholesterol's ability to clog arteries." Jean Carper, leading authority on health and nutrition, an award winning correspondent for CNN, author of "The Food Pharmacy" and "Food-Your Miracle Medicine" and a nationally syndicated column "I love the whole idea of olive oil's versatility. I use it for baking, as well as salad dressings and sautéing. Olive Oil has been around for a long time, and the more we know about it, the more we learn about its great contribution to good health." (<http://www.passionateaboutfood.net/>). Italian Diabetic Meals in 30 Minutes--Or Less (<http://store.diabetes.org/>).

Regarding the fashion world of the wearing apparel, it is consolidated that Americans like Italian style; if they will have the possibility to do their shopping through an efficient website which is offering competitive prices and high quality products, we might consider them already our customers.

**Market Analysis (Bar)**

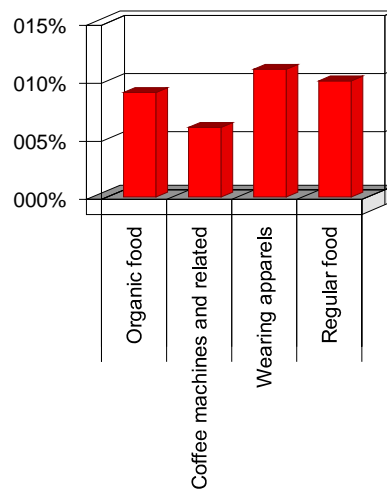


### 2.1.4 Market Growth

Sales of coffee machines in the US are expected to grow by an average annual rate of 6% per year between 2003-2008(<http://www.marketresearch.com/>). In recent years, consumers in the US have become far more discerning in their tastes for coffee, and are now being exposed to a wider range of coffee types and flavours as the coffee-drinking culture flourishes on US high streets. This is in part due to the great success of Starbucks coffee bar chain, and also for the popular use of domestic coffee machines. Therefore, this has taken to a rise in the demand for coffee machines, coffee, and related items stronger than average growth for speciality machines, such as espresso and cappuccino makers. (<http://www.coffee-statistics.com/>)

Food industry last year grew 10% and wearing apparel and footwear together made 12%. (<http://www.census.gov/ph/data/quickstat/index.html>)

## Market Analysis (C.A.G.R)



## 2.2 SWOT Analysis

We are on the brink of major opportunity. We have the strength of the knowledges of products / connections, and a combined expertise in developing an efficient website, and the opportunity of a growing market and new channels of distribution. We have the weakness of being a new company without experience / name, and the threat of new competition taking aim at our niche.

### 2.2.1 Strengths

Combination of skills in ownership. High competences in the Italian market / products, and experience in the Italian-American culture, a company based on motivated employees with the capability to understand technology and always ready to take advantage of it to increase sales / market share. Also a variety of contacts with whom establish long term business relationships. Competitive prices for the niche of the market covered, good knowledges of Italian territory / laws.

### 2.2.2 Weaknesses

At the beginning the website and the data mining system won't be as good as companies like Amazon, in fact the knowledges of the website based companies is little. Weak in bargaining power, provided the company is entering the market. Financial condition limiting the company to short term projects. The capital available is restricted. Brand name to be developed (unknown at the beginning). It would be helpful having our website called with a name indicating our main competencies like Italian Products, Italian World, etc.. This particular name could have been assigned already to another company or to a buyer who is waiting to sell it to someone interested in exchange of money.



### 2.2.3 Opportunities

Internet marketing and sales. Specific niche: High-end appreciation for quality materials (coffee machines, clothing, food). Future opportunities might be taking over some of the producers with a high profit phase.

Time is somehow critical for our opportunities considering the reseller websites for Italian products almost new for the majority of the producers (specially in the food industry), as it is normally in the market, the sooner you arrive into it, the better it is.

Other opportunities may be the expansion of our service in other countries like England, France (European Union). Subsequently to our company we could have German Products, French Products, etc.. This expansion of the company could be profitable in European countries like England for French products, Switzerland for Italian products, etc..

### 2.2.4 Threats

Internet resellers are all affected from low loyalty of their customers, that is why a lot of technologies like one click shopping of Amazon, rebates, free shipping for valuable customers and so on are being developed as instruments to increase loyalty.

At American Airlines' AAdvantage e-shopping site, more than 200 vendors--including Bergdorf Goodman, Home Depot and Petco--offer bonus airline miles to shoppers. Like the currencies of countries, the value of vendors' currencies fluctuates as well. At the Apple Store, a dollar spent earns just one mile, while Hallmark pays 10 miles for each \$1 in sales. Continental's OnePass program allows members to earn two miles for every \$1 paid for electricity from Gexa Energy of Houston. Miles are even available for the civic-minded: Northwest Airlines' WorldPerks members can donate \$50 to the Red Cross and receive 500 miles in return. (<http://www.forbes.com/>)

This business, since we don't produce anything of what we sell, will exist only until we'll be the best in selling somebody else products. Therefore it is easy to have another company entering the market, and we will need to raise barriers making exclusive contracts with our suppliers. Handling the company as it has been started might not be the successful way in the future. Another threat is represented from the fluctuation of the money exchange rate. A stronger Euro will be unfavorable for US buyers who will have to pay more money for the European products. This problem is not present in European countries, so expanding the company in that geographical areas will compensate from such disadvantage.

### 2.3 Competition

Our competitor is a business model with the information technology similar to Amazon, meaning a well organized and easy to be used website, with all the most used payment features, with customer data storage for future data mining purposes. For the products that the company will be selling, in terms of quality, originality we are closer to Uncle Sam's Deli & Grocery, Trader's Joe or D'Agostino, for the food; Bloomingdales for the wearing apparels; generally all top Italian firms / products can be sold via our website.

In this business, since we are reseller, the revenue is generated from the difference between what we pay our products and what we sell them. Some of the items that have a significantly higher market price (like mozzarella, cookies, etc.) might generate more profit margin than other where competition is higher (like coffee, pasta, pizza, etc.), but a consistent part of revenue will come from the quantity that the company is able to sell. Increasing the quantity will lead to decrease shipping prices, and shipment operations in general like brokerage service, will lead to reduce supplier prices and will increase bargaining power.

People should buy the products through our company because they know that it is one of the best prices in the market, probably the best quality offered, quality based on real competencies in the Italian style, flavours, traditions, knowledges of the territory, and of course passion for the table. Reputation is of course a key that play an important rule in our business and as retailer our difficulty is just the selection of the products to be posted on the website. When is the case of a well known brand, we will use the product brand to be considerate; differently, for new suppliers, if every customer who will test our product will have the same good impression and satisfaction we will have had in our testing phase, the product will be succesful and the brand name of our company will benefit of this.

For future stategy, once our company will be well known and will have so many customers visiting our website daily, we should be able to have some suppliers willing to increase their market share selling their goods to us even at a lower rate leveraging on our brand equity, a supplier who has its products on our website is increasing its visibility and this will have to be recognised to us in terms of additional profit. This is most likely true in case of little farmer with great product that don't know technologies and strategies (this is basically what we sell).

### 2.4 Product Offering

#### **FROM THE LAND.. TO THE TABLE**

##### **SWEETS**

The Italian confectionary traditions has a strong local characterization: each region stand out for the selection and the usage of the ingredients. Like for all the Italian wine and food tradition, the sweets are based on row materials available in loco and on the fantasy of the pastry chef. Perishibility of sweets varies from 90 days for almonds cookies to 1 year for flavored chocolate (<http://www.lesoleilcatering.it/default.asp>). Since perishability is not an issue for this product, it can be stored in US warehouse in case of high demand to improve our service quality, or it an be shipped from Italy (low demand items) via ocean for regular request /air express for expedited service.

**Trentino Alto Adige (Northern regions)**

## Italian products

---

Strudel, Krapfen: 250g x \$4.00+shipping expence(\$15.00 x Kg)

### **Piemonte**

Torrone d'Asti, Gianduiotti, Krumiri, Baci di dama: 250g x \$4.00+shipping expence(\$15.00 x Kg)

### **Lombardia**

Panettone, Sbrisolona, Amaretti di Saronno: 250g x \$3.50+shipping expence(\$15.00 x Kg)

### **Veneto**

Fritole, Galani o Crostoli, Pandoro, Pinza: 250g x \$4.00+shipping expence(\$15.00 x Kg)

### **Liguria (Center region)**

Pandolce, Farinata: 250g x \$5.00+shipping expence(\$15.00 x Kg)

### **Tuscany**

Brigidini, Cantucci, Panforte, Zuccotto, Schiacciata alla fiorentina, Migliaccio, Frittelle: 250g x \$7.50+shipping expence(\$15.00 x Kg)

### **Campania (Southern region)**

Taralli, Zeppole, Pastiera, Babà, Struffoli: 250g x \$4.00+shipping expence(\$15.00 x Kg)

### **Sicily**

Cassata, Cannoli siciliani, Paste di mandorla, Dolce al pistacchio: 250g x \$4.00+shipping expence(\$15.00 x Kg)

## **CHEESE**

Each region has a wide and various production of cheese, many of which are known all around the world and have obtained the recognition d.o.p from the Europe Union. Cheeses are classified based on the constituency (hard paste, half hard or soft), fat contents (low fat, light or with whole milk), processing (spun paste, cooked or row) and seasoning (slow ontogeny, medium, brief or fresh cheese). Cheese can be shipped from Italy and / or stored in US warehouse in max 2-3 days depending of the season (the warmer the weather, the faster has to be), since it can stand for as long as 100 days (half dry - dry). Some examples can be seen at <http://www.formaggitaliani.it/>.

**Abruzzo** - Caciocavallo Abruzzese, Caciofiore aquilano, Cacioricotta, Formaggella del Sannio, Giuncatella: \$17.00 x Kg+shipping expence(\$16.00 x Kg)

**Calabria** - Caciocavallo Silano dop, Caciotta calabra, Giuncata calabra, Provola, Ricotta, Scamorza calabra: \$25.00 x Kg+shipping expence(\$16.00 x Kg)

**Campania** - Caciocavallo, Caciotta campana, Fior di latte campano, Mozzarella di bufala Campana dop, Pecorino Campano, Provola affumicata, Ricotta di Bufala: \$18.00 x Kg+shipping expence(\$16.00 x Kg)

**Emilia Romagna** - Crescenza, Formaggio di fossa, Grana Padano, Parmigiano Reggiano dop, Squaquarone: \$35.00 x Kg+shipping expence(\$16.00 x Kg)

**Friuli Venezia Giulia** - Montasio dop: \$ 15.00 x Kg+shipping expence(\$16.00 x Kg)

**Lazio** - Caciotta di bufala, Caciotta di pecora, Pecorino Romano dop: \$17.50 x Kg+shipping expence(\$16.00 x Kg)

**Lombardia** - Fiorone della Valsassina, Formaggio d'alpe, Gorgonzola dop, Mascarpone, Quartirolo dop, Stracchino, Taleggio dop: \$10.00 x Kg+shipping expence(\$16.00 x Kg)

**Marche** - Casciotta di Urbino op: \$8.00 x Kg+shipping expence(\$16.00 x Kg)

**Piemonte** - Bra d'Alpeggio dop, Murazzano dop, Robiola, Toma dop, Tomino: \$10.00 x Kg+shipping expence(\$16.00 x Kg)

**Puglia** - Burrata, Canestrato Pugliese dop: \$12,50 x Kg+shipping expence(\$16.00 x Kg)

**Sardegna** - Fiore sardo dop, Pecorino sardo dop: \$20.00 x Kg+shipping expence(\$16.00 x Kg)

**Sicilia** - Canestrato, Fiore Sicano, Maiorchino, Pecorino Siciliano dop, Provola dei Nebrodi, Ragusano dop: \$11.50 x Kg+shipping expence(\$16.00 x Kg)

**Toscana** - Caciotta toscana, Pecorino toscano dop: \$11.50 x Kg+shipping expence(\$16.00 x Kg)

## Italian products

---

Kg)

**Trentino Alto Adige** - Puzzone di Moena: \$11.50 x Kg+shipping expence(\$16.00 x Kg)

**Val d'Aosta** - Fontina dop: \$11.50 x Kg+shipping expence(\$16.00 x Kg)

**Veneto** - Asiago dop, Casatella trevigiana, Formagio embriago, Formaggio di malga, Monte veronese dop: \$11.50 x Kg+shipping expence(\$16.00 x Kg)

### DRY MUSHROOMS

Mushrooms are a very important product for the Italian gastronomy. A variety of mushrooms is available in the majority of the regions, the production involves many companies which deal with the quality, offering dried mushrooms, mushrooms covered with oil, sauces and dressings with mushrooms (

<http://www.gourmetfoodstore.com/mushrooms/italian-mushrooms.asp>).

- funghi "rosito", porcini silani "sillo" (Calabria): \$0.20x g+shipping expence(76%)

- porcino bianco, pinicola, cicalotti, galletti (Liguria): \$0.18x g+shipping expence(76%)

- fungo d'abete (Molise): \$0.15x g+shipping expence(76%)

- funghi di giaveno, funghi di sanfront, funghi della valle bronza (Piemonte): \$0.15x g+shipping expence(76%)

- porcini toscani, giugnolo, settembrino, biancarello, montagnolo, porcino del freddo, moreccio o porcino nero, estatino (Toscana) \$0.17x g+shipping expence(76%)

- funghi coltivati del montello, funghi di costozza (Veneto): \$0.17x g+shipping expence(76%)

- altri funghi spontanei o coltivati sono gallinacci (finferli), chiodini, prataioli, ovoli: \$0.17x g+shipping expence(76%)

### HONEY

Italian honey stand out for a vast variability of tastes among honey derived from pollens from the same flower.

Honey is produced in every Italian region (<http://www.farawayfoods.com/rdahoneys.html>).

Our selection:

- delicated, fruity and floral honey ( millefiori, acacia, citrus, sunflower, rododendro): 500g x \$4.5+shipping expence(76%)

- strong, bitter and particular honey (oak chestnut, corbezzolo, erica, blue gum, linden tree, thyme): 500g x \$6.00+shipping expence(76%)

- other types of honey (cherry, onion, ivy, raspberry, apple, bramble, willow tree, clover): 500g x \$3.00+shipping expence(76%)

### OLIVE OIL

Olive oil is one of the foremost elements of the Mediterranean diet. Olive oils offer various characteristics, adopting different aromas based on the variety of olive used and on the natural characteristics of the production area ([http://www.alibaba.com/countrysearch/IT-suppliers/Olive\\_Oil.html](http://www.alibaba.com/countrysearch/IT-suppliers/Olive_Oil.html) ; <http://www.bellaumbria.net/umbria/Olive-oilg.htm>).

Olive oil can be divided into four main categories:

Extra-virgin olive oil – Obtained just from the pressure of the olives. It contains anti-oxidant vitamins and it has a low acidity level (less than 1%): 1 Liter x \$7.00+shipping expence(\$15.00 x Kg)

Virgin olive oil – Like the extra-virgin it is rough, but it has an acidity extent slightly higher

## Italian products

---

(2%): 1 Liter \$5.5 +shipping expence(\$15.00 x Kg)

Olive oil – It is produced mixing refined olive oil with virgin olive oil. It has an acidity level of about 1,5%: 1 Liter \$4.5+shipping expence(\$15.00 x Kg)

Sansa oil – It is produced from the sansa adding extra-virgin oil. The acidity is about 1,5%: 1 Liter \$3.00+shipping expence(\$15.00 x Kg)

### **BIOLOGIC PRODUCTS**

Biologic products come from biologic breeding and farming, practices which admit the exclusive usage of natural substances. This does not mean that biologic production is in disadvantage because, even though they do not admit the usage of chemical substances (pesticides, chemical fertilizers, ecc.) and OGM seeds, they make use of the most modern technologies. The final products are:

Textile fibres +shipping expence(\$15.00 x Kg)

### **SEAFOOD PRODUCTS (canned food)**

Italian Seafood products is the second industry in the world (after Spain), thanks to the qualità of the production. Italian fishing and water are particularly various and allow to bring on the markets ichthyic products both fresh or refined. (preserves, products under oil). Tuna is the most used fish, followed by salted anchovies, anchovies with oil, sardines and other kinds of fish like swordfish (<http://www.riomare.it/ita/index.html> ; <http://www.tonnonostromo.it/index.html>).

Particularly renowned productions are:

-mussels (Veneto) \$28.50 x Kg+shipping expence(\$5.00 x Kg)

-clams (Emilia Romagna) \$28.65 x Kg+shipping expence(\$5.00 x Kg)

-Mormore (Marche): \$18.50 x Kg+shipping expence(\$5.00 x Kg)

-Abruzzese tuna: \$20.00 x Kg+shipping expence(\$5.00 x Kg)

-anchovies and cods (Puglia): \$14.90 x Kg+shipping expence(\$5.00 x Kg)

-Sicilian tuna, basses: \$23.00 x Kg+shipping expence(\$5.00 x Kg)

-ombrine and oysters (Toscana): \$15.70 x Kg+shipping expence(\$5.00 x Kg)-fish eggs (Sardinia).

### **COLD CUTS**

Italian cold cuts stand out for the quality and the traditional manufacturing techniques, which guarantee their characteristics. Each region has a long tradition of cold cuts known all around the world (like prociutto or bologna). In the Italian norcineria the raw materials are of

## Italian products

---

primary importance: particular attention is dedicated to the swine breeding and to the meat selection. Shipping issues are related to the importation tariffs and the shipment a little expensive provided in refrigerated containers (<http://www.shipmycontainer.com/>). All the cold cuts have to be stored in US warehouses before being supplied to the final customer. This item is critical and provided the large selection that we have, can be introduced later on upon market research of the demand of our customer. Cold cuts can be divided into two principal categories:

- raw cold cuts (dried beef, coppa, culatello, lard, bacon, raw ham, salame, speck): \$15,00 x Kg+shipping expence(76%)
- Cooked cold cuts (ciccioli, cotechino, bologna, ham steak, würstel, pig's trotter)\$10.00 x Kg+shipping expence(76%)

Italian cold cuts are:

Capocollo di Calabria, Coppa Piacentina, Culatello di Zibello, Jambon de Bosses (Val d'Aosta), Lard d'Arnad (Val d'Aosta), Pancetta Piacentina, Pancetta di Calabria, Prosciutto di Carpegna, Prosciutto di Modena, Prosciutto di Parma, Prosciutto di San Daniele, Prosciutto Toscano, Prosciutto Veneto Berico-Euganeo, Salame Brianza, Salame di Varzi, Salame Piacentino, Salsiccia di Calabria, Salamini Italiani alla Cacciatora, Sopressa Vicentina, Soppresata di Calabria.

I salumi italiani IGP sono: Bresaola della Valtellina, Cotechino Modena, Lardo di Colonnata, Mortadella Bologna, Prosciutto di Norcia, Salame d'Oca di Mortara, Speck dell'Alto Adige, Zampone Modena.

### TRUFFLES

Production of black, white and summer truffles, fresh and preserved, truffles from the Apennine , truffles from Alba, bianchetto truffle: \$0.30 x g+shipping expence(76%) (<http://fungus.org.uk/nwfg/truffles.htm>)

### VINEGAR

Vinegar is produced trough the acetic fermentation of the wine. The typical bitter taste comes from the acetic acid, while the aroma depends on the selection of the wine and from the added aromatic herbs (<http://www.mengazzoli.it/eng/vinegar-production.asp>). From the used wine derives also the color (white and pinkish more gentles, red stronger).

Vinegars are divided into:

- Low quality vinegar (from low grade wines, produced with a rapid fermentation, clarification and filtration): 1 Liter x \$3.00+shipping expence(\$5.00 x Kg)
- High-quality vinegar (from high-class wines, produced with slow fermentation and aging in barrel): 1 Liter x \$8.00+shipping expence(\$5.00 x Kg)
- Aromatized vinegar (high quality vinegar with the addition of aromatic herbs): 1 Liter x \$5.00+shipping expence(\$5.00 x Kg)
- Decolorized vinegar (common vinegar used for the preservation of vegetables in vinegar): 1 Liter x \$4.00+shipping expence(\$5.00 x Kg)
- Special vinegar (particular types of vinegar, like balsamic vinegar from Modena). 1 Liter x \$6.00+shipping expence(\$5.00 x Kg)

### DISTILLERS

Production and trading of distillers from all Italian regions, classic grappa, aromatized, special, aged, eau de vie, aperitifs, digestives, liquors: 1 Liter x \$25.00+shipping

## Italian products

---

expenche(\$15.00 x Liter). Same evaluation as per cold cuts, provided that this also is a product that requires extra attention not for the perishability, but for the US law and import tariffs (<http://www.thedrinkshop.com/p> ; <http://www.bluewine.com/>)

### TRADING WINES

Italian wines are famous all around the world for their quality and they are safeguarded by the European Union through the recognition of the certifications *DOCG*, *DOC* and *IGT*. Some of the issues related to the import of wines as well as for spirits in the US make also this product to be analyzed especially in view of the US market deregulation ([http://www.wineinstitute.org/industry/exports/2005/2004\\_us\\_wine\\_exports.php](http://www.wineinstitute.org/industry/exports/2005/2004_us_wine_exports.php)).

- The recognition *DOCG* (*Denominazione d'Origine Controllata e Garantita*) is given to some particular notorious *DOC* wines. In addition to be submitted to more severe controls, these wines have to be traded in containers whose capacity is less than 5 liters and bring an origin state identification mark that allows the bottles numbering.
- The recognition *DOC* (*Denominazione d'Origine Controllata*) is given to the wines produced in areas of which they take their name. Usually the name of the tendril follows that one of the production area and the wines get into the market only after accurate chemical and sensorial analysis.
- The recognition *IGT* (*Indicazione Geografica Tipica*) is given to table wines produced in vast areas.

Actually the Italian wines *DOCG* are:

Montepulciano d'Abruzzo Colline Teramane (Abruzzo)

Taurasi (Campania)

Albana di Romagna (Emilia Romagna)

Ramandolo (Friuli Venezia Giulia)

Franciacorta Spumante, Sforzato di Valtellina, Valtellina Superiore (Lombardia)

Asti Spumante, Barbaresco, Barolo, Brachetto d'Acqui, Gattinara, Gavi o Cortese di Gavi, Ghemme (Piemonte): \$10.00 x 750ml+shipping expence(\$15.00 x Liter)

Vermentino di Gallura (Sardegna): \$15.00 x Liter+shipping expence(\$15.00 x Liter)

## Italian products

---

Brunello di Montalcino, Carmignano, Chianti, Chianti Classico, Vernaccia di San Gimignano, Vino Nobile di Montepulciano (Toscana): \$30.00 x Liter+shipping expence(\$15.00 x Liter)

Montefalco Sagrantino, Torgiano Rosso Riserva (Umbria): \$25.00 x Liter+shipping expence(\$15.00 x Liter)

Bardolino, Recioto di Soave, Soave Superiore (Veneto): \$20.00 x Liter+shipping expence(\$15.00 x Liter)

### PRODUCTION WINES

Actually the Italian wines DOC are:

- Abruzzo: Controguerra, Montepulciano d'Abruzzo, Trebbiano d'Abruzzo; - Basilicata: Aglianico del Vulture; - Calabria: Greco di Bianco, Lamezia, Melissa, Pollino, Scavigna, Verbicaro; - Campania: Campi Flegrei, Capri, Castel San Lorenzo, Costa d'Amalfi, Fiano di Avellino, Galluccio, Greco di Tufo, Vesuvio; - Emilia Romagna: Bosco Eliceo, Colli Bolognesi, Colli di Faenza, Colli di Imola, Colli di Parma, Colli di Rimini, Colli Piacentini, Lambrusco di Sorbara, Sangiovese di Romagna, Trebbiano di Romagna; - Friuli Venezia Giulia: Carso, Collio Goriziano; - Lazio: Aleatico di Gradoli, Castelli Romani, Circeo, Colli Albani, Colli della Sabina, Colli Etruschi Viterbesi, Frascati, Genazzano, Marino, Orvieto, Tarquinia, Velletri, Vignanello, Zagarolo; - Liguria: Cinque Terre, Colline di Levante; - Lombardia: Botticino, Garda, Lambrusco Mantovano, Oltrepo' Pavese, Terre di Franciacorta, Valtellina; - Marche: Colli Maceratesi, Colli Pesaresi, Rosso Piceno, Verdicchio dei Castelli di Jesi, Vernaccia di Serrapetrona; - Molise: Biferno, Molise, Pentro di Isernia; - Piemonte: Albugnano, Barbera d'Asti, Colline Novaresi, Dolcetto d'Asti, Freisa d'Asti, Malvasia di Casorzo d'Asti; - Puglia: Aleatico di Puglia, Gioia del Colle, Locorotondo, Moscato di Trani, Rosso Cerignola, San Severo; - Sardegna: Alghero, Arborea, Campidano di Terralba, Malvasia di Bosa, Moscato di Sardegna; - Sicilia: Malvasia delle Lipari, Marsala, Menfi, Monreale, Moscato di Noto, Moscato di Pantelleria, Sciacca; - Toscana: Barco Reale di Carmignano, Bianco della Val di Nievole, Bianco di Pitigliano, Colli dell'Etruria Centrale, Montecarlo, Morellino di Scansano, Moscadello di Montalcino, Rosso di Montalcino, Rosso di Montepulciano, San Gimignano, Vin Santo del Chianti, Vin Santo del Chianti Classico, Vin Santo di Montepulciano; - Trentino Alto Adige: Alto Adige, Caldaro, Casteller; - Umbria: Assisi, Colli del Trasimeno, Colli Perugini, Montefalco, Orvieto; - Valle d'Aosta: Valle d'Aosta; - Veneto: Bardolino, Bianco di Custoza, Breganze, Colli Euganei, Vini del Piave, Prosecco di Conegliano Valdobbiadene.

The listed industries are cellars and wine manufacturers coming from all Italian regions, chianti, barbera, barolo, barbaresco, dolcetto, amarone, cabernet, pinot, prosecco, chardonnay, brunello, vin santo, sangiovese, montepulciano, moscato, marsala.

### FROM OUR CULTURE/TRADITION

#### COFFEE

Among our selection you'll find coffee, coffee equipment, supplies and maintenance to Espresso Bars, Coffee Houses, Specialty Coffee Shops, and Coffee Shops, as well as offices, workplaces, home or anywhere you want to impress clients or your staff. We install coffee machines suitable for every kind of relief, selected based on the features of the ordering



## Italian products

---

company and on the needs of your home.

Our coffee machine models are divided in two streamlines: one for industrial and heavy duty use and one for domestic use (home-offices).

### ITALIAN COFFEE VESUVIO

Perfect for home, office and small restaurant use, Italian coffee espresso makers are assembled in Italy with the highest quality components.

Specifications:

Color: Black

Pump Pressure: 15 bar

Power: 1250 watts - 120 v - UL Listed

Unit Size: 13.5"W x13"D x14.25"H

Weight: 17 lbs.

Price: \$199.00+shipping expence(\$15.00)

### ITALIAN COFFEE POMPEI

Specifications:

Color: blue, red, green, yellow and silver.

Pump Pressure: 15 bar

Power: 1250 watts - 120 v - UL Listed

Unit Size: 13.5"W x13"D x14.25"H

Weight: 17 lbs.

Price: \$334.00+shipping expence(\$15.00)

### ITALIAN COFFEE CAPRI

Available in five different colors - blue, red, green, yellow and silver- this machine includes:

Adjustable Machine supports : it is easy to find the perfect plane with the adjustable Machine supports held by fine tuning screws. The water pump catches the water up to the last drop!

Easy Clean System: Easily removable brew group for chemical free cleaning.

Specifications:

Color: blue, red, green, yellow and silver.

Pump Pressure: 15 bar

Power: 1250 watts - 120 v - UL Listed

Unit Size: 13.5"W x13"D x14.25"H

Weight: 17 lbs.

Price: \$499.00+shipping expence(\$15.00)

### CLOTHING & ACCESSORIES

Italy has a vast presence of stylists: Armani Exchange, Camera Nazionale della Moda Italiana, Coveri, Roberta Di Camerino, Dolce & Gabbana, Fendi, Gai Mattiolo, Gianfranco Ferrè, Alberta Ferretti, Romeo Gigli, Gucci, Pietro Guidi, Lancetti, Missoni, Meschino, G.B. Pedrini, Sergio Tacchini, Versace, Ermenegildo Zegna. The issue with clothing is the standardized sizes not always preferred from buyer who want to wear such commodity before buying it. A solution could be to have an automated web application allowing

## Italian products

---

customers to enter all body measures and store the data so they will not have to enter them all the times in order to match the right size (customer tailoring of wearing apparel - <http://www.ravistailor.com/customtailor/>). Our shop provides men's apparel, women's apparel, shoe manufacturing and leather products, organized by category:

Accessories

Activewear

Dresses

Intimate Apparel

Jeans

Outerwear

Pants

Shoes

Skirts

Sleepwear & Robes

Socks & Hosiery

Suits & Separates

Sweaters

Swimwear

Tops

### 2.5 Keys to Success

The keys to succeed are not difficult requirement to meet. The products being sold in the website are most of the times succesful products, we just need to deliver them to our custmer's houses in the fastest way, in one click of the mouse, with the certainty that the customer will keep buying our products because it is real Italian good stuff.

- Uncompromising commitment to the quality of the product: quality food, quality in the shipping service, quality in designing the website, quality of end result.
- Successful niche marketing: we need to find the quality-conscious customer in the right channels, and we need to make sure that customer can find us.

### 2.6 Critical Issues

Our business is speculative: high in major opportunities and high in major threats. Our risk situation is determined from the fact that we don't produce the products that we sell. Once that competitors or either producers will have realized the business opportunity, will try to cut us out and take also our part of profit by themselves. The beginning of the business, as soon as the investment will be paid off, a new investment will have to be done buying some of the producers with the larger profit.

### 3.0 Marketing Strategy

Italian Products is moving toward internal marketing control by advertising its existence through the major search engines, establishing loyalty programs such as coupons, free shipping, and holiday gifts, detailed promotional service vehicles that will allow us to track the success of our marketing and sales, and further integration with established quality data mining techniques provided from our website.

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

The Italian fan will greatly benefit from our quality products in terms of quality, efficiency, comfort in ordering the goods, and appreciation of the cuisine / Italian quality products. The key to reaching this market is to make them aware that our products are available and exactly as they would find them purchasing the staff in Italian stores in Italy. We do not need to convince them of anything but the assurance of quality of our products.

### 3.1 Mission

“Our goal is to be your main Italian connection for all authentic Italian traditions, products, and customs. A constant track with manufacturer and consumers will always have you up to date with the Italian world. Our ancestors' traditions are offered modernly presenting our products through a competitive and appropriate technology. Extensive research of news, events and an advanced market place where companies can promote themselves to offer and exchange their specialties to a different culture, and tradition.”

### 3.2 Marketing Objectives

Quality: for the website, it will be established the standard in terms of best compromise in order to have detailed images of our product and the time employed to download the webpages. Every product have to respond to all the requested characteristics of high standards in the market. For food must be indicated all the specifications, net weight, number of items, flavours, etc.. For clothes, size, measurements, colours available and a specific section to order the clothes with sizes and materials tailored to the customers specifications and details (wearing a suite have to be comfortable as wearing a pigiama).

Prices: the company is not interested in engaging a price war with the other companies of the market. We rather develop some niches where we will simple be the best, unbiteable.

## Italian products

---

Shipping the customer satisfaction must be comparable to the actual standards expected shipping goods using Fed-Ex, UPS, or DHL. Customer must rely in having their goods at home within the estimated delivery dates advised at the time of purchase (overnight for overnight, next day for next day, and so on).

Citizenship of products: all the products that are sold through the website must respect the meaningfulness of the native country. This does not mean that they have to be produced only in Italy

### 3.3 Financial Objectives

1. To increase sales by 15%, from \$1,301,800 (first year activity) to \$1,500,433 in 2008.
2. To grow gross margin up to 16% over two years.
3. Increase the number of registered members up to 100,000 in the first year of activity (target daily visitors 50,000)
4. To increase the development and research budget as a percentage of sales, from 5% in 2006 to 8% in 2007.
5. Inventory turnover the highest possible, our biggest profit is to sell goods from somebody else warehouse.

### 3.4 Target Markets

Our business is designed for customers who are interested in high quality, guaranteed origin and comfort of buying products staying home, thanks to our website and delivery service.

- Italian people living overseas as well as American people visiting Italy with no much time to find Italian and traditional regional products at a good quality/price ratio, who want to buy for themselves or simply make a gift for their friends.

- Bars, coffee shops, restaurant and markets seeking for Italian specialities.

### 3.5 Positioning

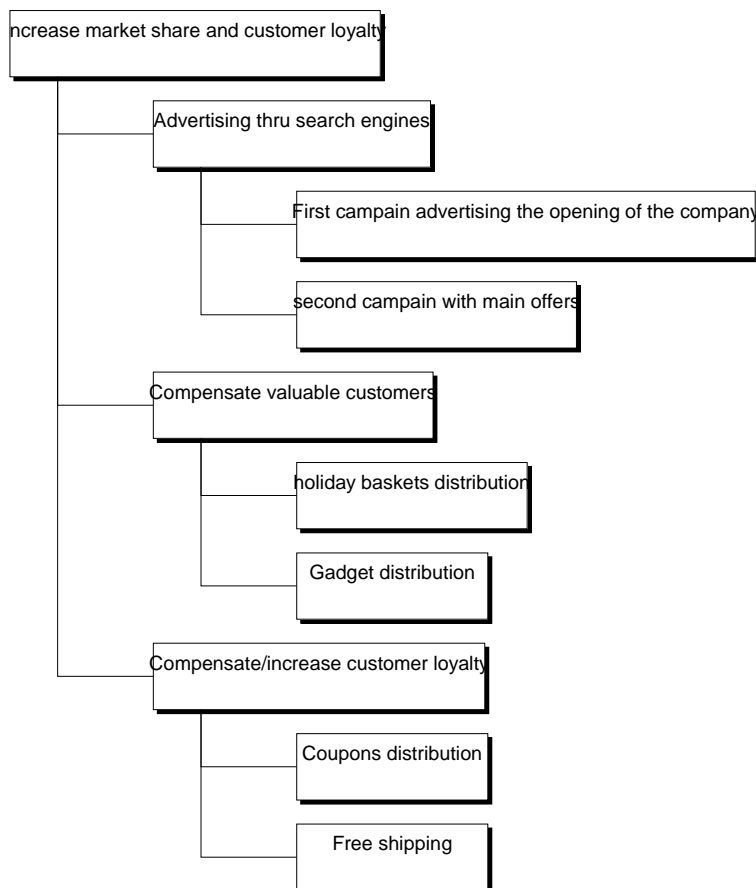
For people seeking for traditional Italian products, whose main concern are the quality, the guaranteed origin and the quality/price rate, Italian Products gives the opportunity of purchasing every type of Italian product in a easy and fast way with the certainty of buying real Italian products. Our well developed website allows an easy access to our offers and gives the possibility to our customers to view and order our products from their computer and to receive the goods directly at home. Unlike retailer Markets, which often are very expensive and sometimes offer products whose origin is doubtful, we give the possibility to get in touch directly with the manufacturer and to select among a price range that allows the customer to select the most suitable product.

## 3.6 Strategies

The company strategy is to penetrate the market and increase the market share / customer loyalty. At the beginning There will be three main tactics:

- 1) Advertise the opening of the website through the main search engines using two programs: the first mainly concerned in advising customers about our existence (use of the main search engines); the second one with our offers / deals (discounts based on our inventory management).
- 2) Compensate the valuable customers with gifts like Holiday baskets with food products and/or sending them gadgets
- 3) Compensate / increase customer loyalty issuing coupons to receive discount, and free shipping for customers who exceed a certain amount of goods purchased

### Strategy Pyramid



### 3.7 Marketing Mix

4 Ps: (1-product) Our marketing mix depends on the quality of the products, (2-place) the efficiency of the website and its distributors, (3-promotion) the promotion on the web through the main search engines, and (4-price) the most convenient price available on the market. Our company will surely be a quality leader. The price strategy is to make a constant percentage of profit over every transaction, so that the final price to the customer is expected to be lower than the in-store market price. We don't need to have a toll-free number because that feature will eventually be provided from the producers. In our case an email communication system for billing inquiries or any kind of problem will be set (also for the shipment, all the customer satisfaction will be care of the shipping company used).

### 3.8 Marketing Research

Our focus is to invest in the development of the website in connection with the needs of our customer.

-Through a focusing attention to the most visited page of the website, the most frequently key words used and the most purchased products, we try to modify our offers, our selection of the products, in order to meet the demand of the buyer. We want to know our customers and what are their needs. We want also to know the demand elasticity and the best products to sell.

-Our website provides a space where customers can express their grade of satisfaction with our products, they can write comments, suggestions, complaints; this will allow us to have a direct feedback from our customer, it will enable us to understand immediately which are our weaknesses, what can be improved and what are the major customers' needs.

### 4.0 Web Plan Summary

**Web Plan Summary**The primary Italian product strategy is to build a detailed, friendly, and well organized website. The marketing of the site will be built around the core value that the company will offer. Although our competition like Amazon has built a very competitive website to order the products, the Italian Product site will be reviewed by national competencies designer who will implement a unique style and selection with no equals. We will build our revenue and market share around this traffic.

### 4.1 Website Marketing Strategy

**Business Model**Our business model is based on the sales of our products over the website. Because the website is also intended to increase brand equity and awareness, we are building for high traffic. Our model requires giving users an excellent free experience and to develop trust to increase sell-through. We will ship goods from Italy upon placement of the order through the website. The customer will have the option to airfreight its goods accepting the shipment extra charge (around 60 dollars for 2 pounds, regular dimensions) with a transit time of 4 business days. The normal shipment will be provided via ocean freight at an average of 10 dollars for some weight / dimensions, with a transit time of 20 days. Once the business will be established it will be possible to have a central warehouse in NY keeping inside

## Italian products

---

40 days of inventory for the best seller items. This will allow our customers to save from the long wait to get their goods.

**Image**To convey a certain type of image, our website marketing strategy will be centred around design. This will be obtained through good quality images which reflect reality. Customers should have the feeling to test the flavour of the goods they are going to purchase on line. We expect potential clients to take a look at our internet site and from it to get an idea of cleanliness, organization, quality. Search Engine Optimisation (SEO). This involves producing web pages that rank well in the search engines on relevant keywords. SEO is an art or science in its own right, so you need to find a good SEO consultant.

### Advertising

secret squirrel marketing. By taking part in newsgroups, forums, email lists etc., you can spread the news of your website by word of mouth. Inbound links from directories, journals or other online publications. An inbound link is a link from a certain website to ours. Sometimes we can get such links simply by informing the directory of our existing or, in the case of online publications, writing original articles for them.

## 4.2 Development Requirements

**Development Requirements**Of course the development needs to match the overall business strategy as explained in the rest of the plan. This has to be an excellent site or we just haven't implemented. That involves both front-end and back-end strategies, as explained in the following topics.

**Front End**Because Italian Products's target customers are all affluent, we have the luxury of using the latest technologies to impress the visitors with excellent design and animation. We plan to release the site entirely in Shockwave™ format as almost 90% of our visitors will already have it installed. We will carry on the colorful and extremely well branded design of our company literature and logo - the decisions on basic aesthetics will not get in the way. The site will have a colorful and intelligent design, taking the ad campaign and product art into an interactive medium on the Web.

**Back End**The Italian Product e-commerce site will be built on a three-tier structure. Driven by SQL™ servers and an IIS™ Web server backed with bandwidth, the site will be coded mostly in ColdFusion™ and ASP™. We will be taking our registration databases live to be able to email updates on products and the website to customers. We will offer customers the option to take themselves out of the list. The information architecture will be based on four fundamental arenas - the free valuable information arena, the product detail arena, the final purchasing arena, and the purchase administration area. The purchase arena will require a Verisign certificate and a Cybercash™ connection. That will begin immediately because dealing with Cybercash™ can sometimes be a lengthy process. The administrative arena will be hosted on mirror servers that query to the live databases for migration into local databases. This server is hidden from Internet traffic and kept under high security even within the company. The entire set-up will be somewhat costly. We will need five servers, two for in-house reasons, and three for Web hosting reasons. Two of the Web host servers will be serving traffic through ColdFusion™ and ASP™ in cluster, and the third will be a dedicated SQL™ server.

## Italian products

---

### Traffic Forecast

The traffic forecast is based on increasing sessions, increasing page views per session, and increasing orders per session. The bottom line called "sell-through" is the overall dollars in order per user session, an important indicator that should be increasing over time

### 5.0 Financials

#### CASHFLOW

	<u>Value</u>	<u>Percent Change</u>				
Price (producer)	\$30,00	4,00%	<---- Enter percentages of change, if you know them, otherwise enter zeros			
Units sold (000)	37.000	10,00%				
Variable cost per unit	\$22,50	3,00%				
Development costs (000)	\$200.000					
Fixed costs (000)	\$300.000	3,00%				
Discount rate	10,00%					
Price per item		\$30,00	\$31,20	\$32,45	\$33,75	\$35,10
Years of operation	0	1	2	3	4	5
Units sold (000)		37.000	40.700	44.770	49.247	54.172
Sales (000)		\$1.110.000	\$1.269.840	\$1.452.697	\$1.661.885	\$1.901.197
Variable cost per unit		\$22,50	\$23,18	\$23,87	\$24,59	\$25,32
Total variable costs		\$832.500	\$943.223	\$1.068.671	\$1.210.804	\$1.371.841
Gross contribution (000)		\$277.500	\$326.618	\$384.026	\$451.081	\$529.355
Develop \$ (000)	\$200.000					
Fixed costs (000)		\$300.000	\$309.000	\$318.270	\$327.818	\$337.653
Profits (000)	(\$200.000)	(\$22.500)	\$17.618	\$65.756	\$123.263	\$191.703
Discounted profits	(\$200.000)	(\$20.455)	\$14.560	\$49.403	\$84.190	\$119.032
Cumulative discounted cash flow	(\$200.000)	(\$220.455)	(\$205.895)	(\$156.491)	(\$72.301)	\$46.731
Net present value	\$46.731					



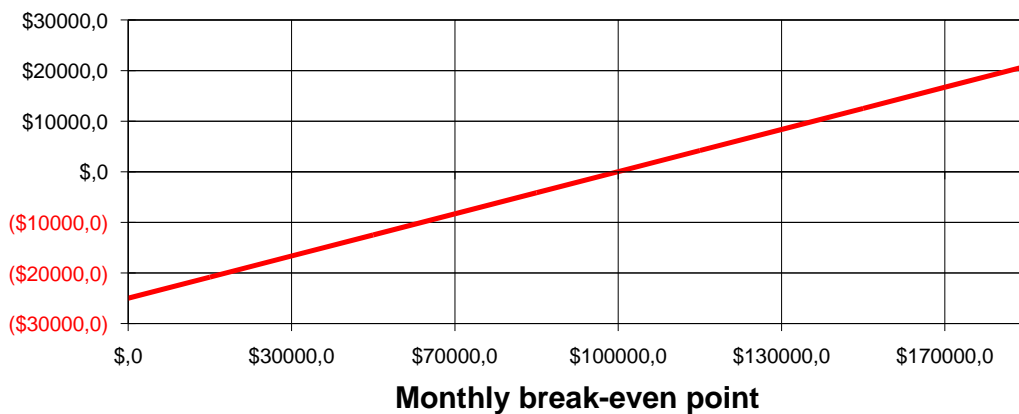
## 5.1 Break-even Analysis

Our break-even analysis is based on running costs, the "burn-rate" costs we incur to keep the business running, not on theoretical fixed costs that would be relevant only if we were closing. Between payroll, rent, utilities, inventory, and basic marketing costs, we think \$25,000 is a good estimate of fixed costs.

Our assumptions on average unit sales and average per-unit costs depend on averaging. We don't really need to calculate an exact average, this is close enough to help us understand what a real break-even point might be.

The essential insight here is that our sales level seems to be running comfortably above break-even.

### Break-even Analysis



Break-even point = where line intersects with 0

**Table: Break-even Analysis**

Break-even Analysis:	
Monthly Units Break-even	3.333
Monthly Revenue Break-even	\$100.000
Assumptions:	
Average Per-Unit Revenue	\$30,00
Average Per-Unit Variable Cost	\$22,50
Estimated Monthly Fixed Cost	\$25.000

# Italian products

## 5.2 Sales Forecast

Our sales forecast assumes change in costs or prices as per regular inflation, which is a reasonable assumption for the last few years.

We are expecting to increase sales grow from \$50 thousands at the first year opening to \$150 within the next two years. The growth forecast is in line with other reseller similar to us. In next year we expect growth closer to 60%.

For next year we plan to promote our company sending holiday gifts and coupons, which will include some other products for the same target customers. The focus will be the established customers who buy frequently our products.

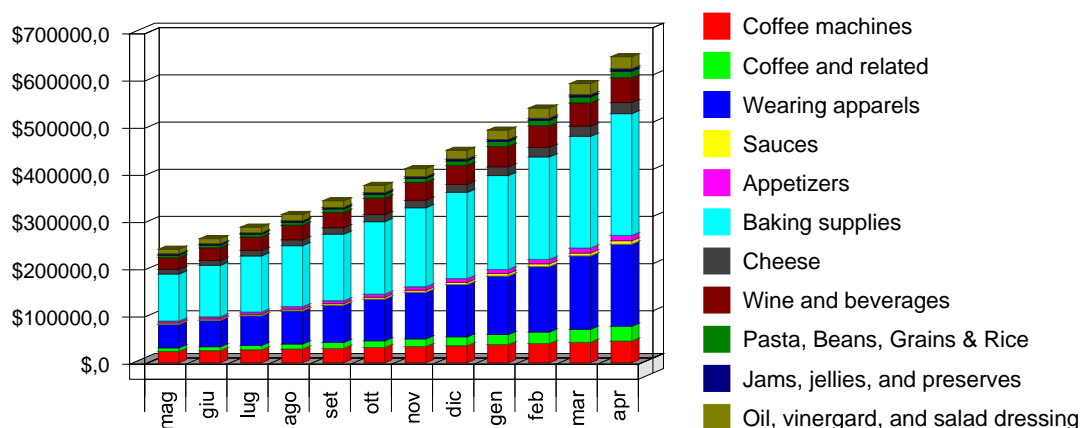
Our connections with the Italian world will allow us to get the best quality at the regular market price. We can also buy some of our product in US provided that the quality and the style is the closest to the Italian one. Since we are expecting our sales to increased over the next two years, we will be able to buy at better prices, because of higher volumes.

We work with the main brands of Italy with a particular eye for unknown productors with very high quality products at competitive prices. These manufactures will surely be best partners since we will be increasing their brand equity.

Although we aren't a major player compared to the largest online reseller, in our niche we will be the most specialized one.

We depend on the quality and the affidability of our website and our selection of both productors and shipping company used for the delivery. We must remain on top of new technologies in display, input and output, and communications.

### Monthly Sales Forecast



## Italian products

---

**Table: Sales Forecast**

Sales Forecast			
Sales	2008	2009	2010
Coffee machines	\$404.879	\$485.854	\$583.025
Coffee and related	\$204.531	\$245.437	\$294.524
Wearing apparels	\$1.206.657	\$1.387.655	\$1.595.803
Sauces	\$53.461	\$58.807	\$64.687
Appetizers	\$85.537	\$94.091	\$103.500
Baking supplies	\$2.014.072	\$2.255.761	\$2.526.452
Cheese	\$189.771	\$214.442	\$242.319
Wine and beverages	\$447.211	\$514.293	\$591.437
Pasta, Beans, Grains & Rice	\$106.921	\$122.960	\$141.404
Jams, jellies, and preserves	\$42.175	\$45.971	\$50.108
Oil, vinegard, and salad dressing	\$201.407	\$225.576	\$252.645
<b>Total Sales</b>	<b>\$4.956.622</b>	<b>\$5.650.845</b>	<b>\$6.445.905</b>
Direct Cost of Sales			
	2008	2009	2010
Coffee machines	\$318.979	\$382.775	\$459.330
Coffee and related	\$153.849	\$184.618	\$221.542
Wearing apparels	\$965.310	\$1.110.107	\$1.276.623
Sauces	\$42.799	\$47.079	\$51.787
Appetizers	\$68.478	\$75.326	\$82.859
Baking Supplies	\$1.613.056	\$1.806.622	\$2.023.417
Cheese	\$152.052	\$171.819	\$194.155
Wine beverages	\$380.130	\$437.149	\$502.721
Pasta, beans, Grains & Rice	\$80.653	\$92.751	\$106.663
Jams, jellies, and preserves	\$33.824	\$36.868	\$40.186
Oil, vinegard, and salad dressing	\$152.052	\$170.298	\$190.734
<b>Subtotal Direct Cost of Sales</b>	<b>\$3.961.182</b>	<b>\$4.515.413</b>	<b>\$5.150.018</b>

### 5.3 Expense Forecast

#### Advertising through search engines

The average cost is \$0,01 every time the search engine will receive a click on the link of our website. Calculating an average of 500,000 visits of this and provided to be in one of the first slots we may get 15,000 visits per day through the search engine. This will cost us an average of \$150 per day for every search engine we want to use. At the beginning we should start with at least the three main search engines in order to assure sufficient visibility. This expense will increase as soon as we will start being known and will probably decrease as long as the users, becoming preferred reseller for them, will use our website address directly.

#### Holiday gifts

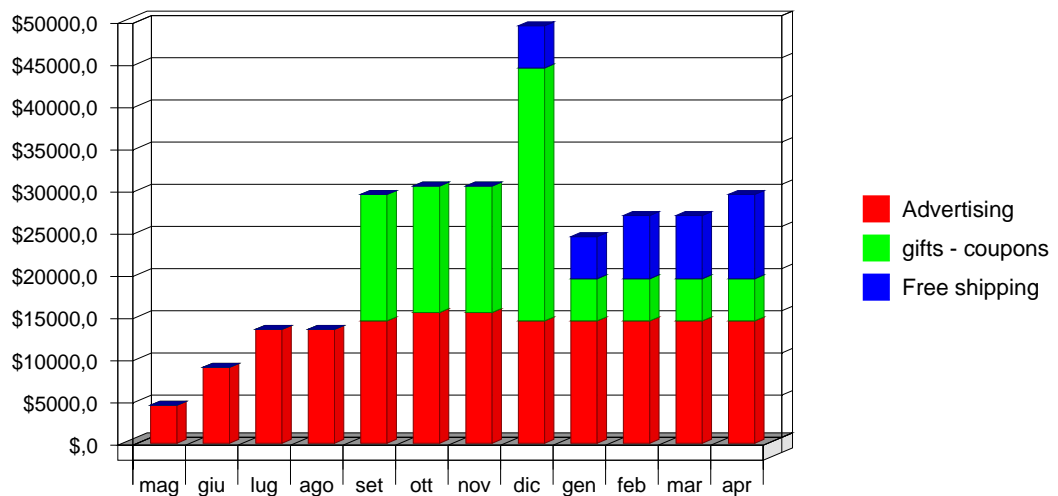
The expense is expected to start at \$0 and to be increasing during the first holiday season the company will face. During the pick of the season, the company will spend the same amount of advertising.

#### Free shipping

The company is expected to see this expense starting from \$0 and increasing with the increase of the customers. For the first year we are expected to arrive paying an average of \$10,000 per month in free shipping.

## Italian products

### Monthly Expense Budget



**Table: Marketing Expense Budget**

Marketing Expense Budget	2008	2009	2010
Advertising	\$158.500	\$174.350	\$191.785
gifts - coupons	\$95.000	\$104.500	\$114.950
Free shipping	\$35.000	\$38.500	\$42.350
<hr/>			
Total Sales and Marketing Expenses	\$288.500	\$317.350	\$349.085
Percent of Sales	5,82%	5,62%	5,42%
Contribution Margin	\$706.940	\$818.083	\$946.802
Contribution Margin / Sales	14,26%	14,48%	14,69%

## 6.0 Controls

All the tracking of our expenses and sales will be automated through a software connected with our website in order to see whether or not we are respecting the plan and if there is any product which is not generating sufficient revenue or causing customers dissatisfaction in order to take proper action instantaneously.

Controls of quality will be done in the normal daytime living since the owner of the company will be the first using it and testing it constantly. For the shipping service metrics will be taken to measure the average delivery time and see whether the service is within the quality required.

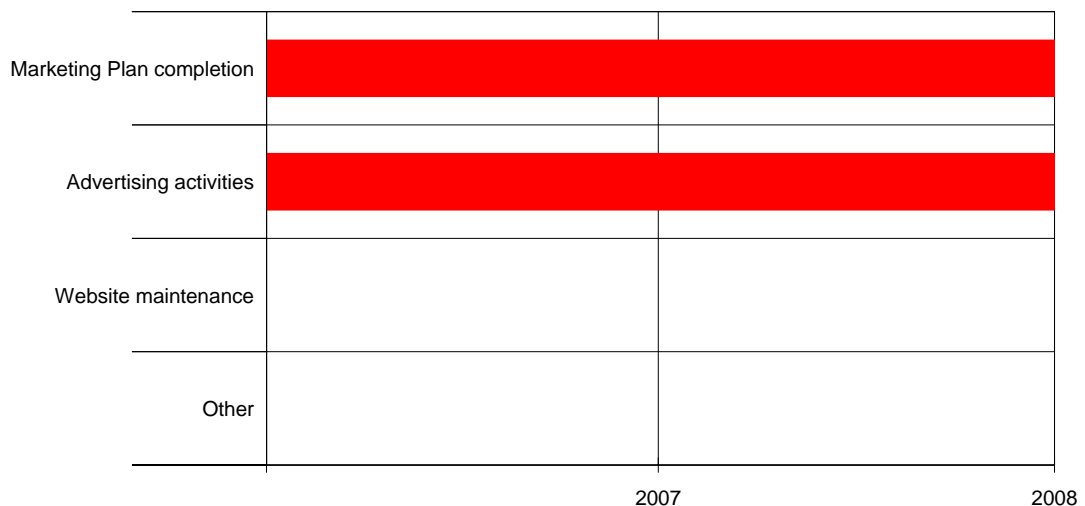
## Italian products

### 6.1 Implementation

The most important milestone that the company will have to pass is the first year, after that, with our promoting campaign, we should have passed certain numbers of sales, essentials for our survive. Once achieved these numbers we may think about improving the website capabilities and how to sustain our sales growing.

Among the possible implementations one could be to develop a tool in the website with all traditional receipts to prepare Italian meals, linked with all the products available through our website, to be displayed upon selection of the receipt. This should also show the calories and the total expense to be prepared.

#### Milestones



**Table: Milestones**

Milestones	Start Date	End Date	Budget	Manager	Department
Marketing Plan completion	5/1/2006	1/1/2008	\$0	Raffaello	Marketing
Advertising activities	5/1/2006	1/1/2008	\$28.850	Raffaello	Marketing
Website maintenance	1/1/2008	1/1/2008	\$15.000	Raffaello	Web
Other	1/1/2008	1/1/2008	\$5.000	Catia	Department
Totals			\$48.850		

### 6.2 Marketing Organization

Raffaello, President, is responsible for overall business management. He is basically taking care of finance, marketing, and sales. Raffaello has successful career in management before opening Italian Products. He is an MBA student at Hofstra.

Catia Parletta, designer, is responsible for product selection and marketing. Our suppliers have relation with Catia, she developed some products lines. She was responsible for one of the first restaurants in Florence, Italy, taking care of all the orders. She has a B.S. and M.S. in languages and traditions of Italian Culture, from Florence University.

As co-owners, Raffaello and Catia jointly develop business strategy and long-term

plans. Catia is strong on product know-how and technology, and Raffaello is strong on management and business know-how.

### **6.3 Contingency Planning**

Italian Products is unique in its discovery and sale of the high Italian quality and tradition, food and wearing apparel niche. Therefore, it is possible that with our success and superior test, other, well-established web reseller may release a competitive product line. However, another possible challenge would be the emergence of a new company in our niche. This would not be quite as threatening, as their initial market share would be minuscule, allowing for us to strategize further for continued success. Finally, an established Italian product reseller may choose to begin marketing to our target market. This would not be overly threatening because we are confident in our experience in selecting the best quality products and we will establish exclusive relationship with our suppliers. Another thing to be considered is always the rate exchange Euro versus USD. A weak dollar is unfavorable for our business.

## Appendix

**Appendix Table: Sales Forecast**

Sales Forecast													
Sales	mag	giu	lug	ago	set	ott	nov	dic	gen	feb	mar	apr	
Coffee machines	\$24.000	\$25.440	\$26.966	\$28.584	\$30.299	\$32.117	\$34.044	\$36.087	\$38.252	\$40.547	\$42.980	\$45.559	
Coffee and related	\$7.500	\$8.550	\$9.747	\$11.112	\$12.667	\$14.441	\$16.462	\$18.767	\$21.394	\$24.390	\$27.804	\$31.697	
Wearing apparels	\$50.000	\$56.000	\$62.720	\$70.246	\$78.676	\$88.117	\$98.691	\$110.534	\$123.798	\$138.654	\$155.292	\$173.927	
Sauces	\$2.500	\$2.750	\$3.025	\$3.328	\$3.660	\$4.026	\$4.429	\$4.872	\$5.359	\$5.895	\$6.484	\$7.133	
Appetizers	\$4.000	\$4.400	\$4.840	\$5.324	\$5.856	\$6.442	\$7.086	\$7.795	\$8.574	\$9.432	\$10.375	\$11.412	
Baking supplies	\$100.000	\$109.000	\$118.810	\$129.503	\$141.158	\$153.862	\$167.710	\$182.804	\$199.256	\$217.189	\$236.736	\$258.043	
Cheese	\$10.000	\$10.800	\$11.664	\$12.597	\$13.605	\$14.693	\$15.869	\$17.138	\$18.509	\$19.990	\$21.589	\$23.316	
Wine and beverages	\$25.000	\$26.750	\$28.623	\$30.626	\$32.770	\$35.064	\$37.518	\$40.145	\$42.955	\$45.961	\$49.179	\$52.621	
Pasta, Beans, Grains & Rice	\$5.000	\$5.500	\$6.050	\$6.655	\$7.321	\$8.053	\$8.858	\$9.744	\$10.718	\$11.790	\$12.969	\$14.266	
Jams, jellies, and preserves	\$2.500	\$2.650	\$2.809	\$2.978	\$3.156	\$3.346	\$3.546	\$3.759	\$3.985	\$4.224	\$4.477	\$4.746	
Oil, vinegard, and salad dressing	\$10.000	\$10.900	\$11.881	\$12.950	\$14.116	\$15.386	\$16.771	\$18.280	\$19.926	\$21.719	\$23.674	\$25.804	
<b>Total Sales</b>	<b>\$240.500</b>	<b>\$262.740</b>	<b>\$287.135</b>	<b>\$313.903</b>	<b>\$343.285</b>	<b>\$375.547</b>	<b>\$410.985</b>	<b>\$449.925</b>	<b>\$492.727</b>	<b>\$539.791</b>	<b>\$591.560</b>	<b>\$648.525</b>	
Direct Cost of Sales	mag	giu	lug	ago	set	ott	nov	dic	gen	feb	mar	apr	
Coffee machines	\$20.040	\$21.042	\$22.094	\$23.199	\$24.359	\$25.577	\$26.856	\$28.198	\$29.608	\$31.089	\$32.643	\$34.275	
Coffee and related	\$6.375	\$7.140	\$7.997	\$8.956	\$10.031	\$11.235	\$12.583	\$14.093	\$15.784	\$17.678	\$19.800	\$22.176	
Wearing apparels	\$42.500	\$47.175	\$52.364	\$58.124	\$64.518	\$71.615	\$79.493	\$88.237	\$97.943	\$108.717	\$120.675	\$133.950	
Sauces	\$2.125	\$2.316	\$2.525	\$2.752	\$3.000	\$3.270	\$3.564	\$3.885	\$4.234	\$4.615	\$5.031	\$5.483	
Appetizers	\$3.400	\$3.706	\$4.040	\$4.403	\$4.799	\$5.231	\$5.702	\$6.215	\$6.775	\$7.384	\$8.049	\$8.773	
Baking Supplies	\$85.000	\$91.800	\$99.144	\$107.076	\$115.642	\$124.893	\$134.884	\$145.675	\$157.329	\$169.915	\$183.509	\$198.189	
Cheese	\$8.500	\$9.095	\$9.732	\$10.413	\$11.142	\$11.922	\$12.756	\$13.649	\$14.605	\$15.627	\$16.721	\$17.891	
Wine beverages	\$21.250	\$22.738	\$24.329	\$26.032	\$27.854	\$29.804	\$31.891	\$34.123	\$36.511	\$39.067	\$41.802	\$44.728	
Pasta, beans, Grains & Rice	\$4.250	\$4.590	\$4.957	\$5.354	\$5.782	\$6.245	\$6.744	\$7.284	\$7.866	\$8.496	\$9.175	\$9.909	
Jams, jellies, and preserves	\$2.125	\$2.231	\$2.343	\$2.460	\$2.583	\$2.712	\$2.848	\$2.990	\$3.140	\$3.297	\$3.461	\$3.634	
Oil, vinegard, and salad dressing	\$8.500	\$9.095	\$9.732	\$10.413	\$11.142	\$11.922	\$12.756	\$13.649	\$14.605	\$15.627	\$16.721	\$17.891	
<b>Subtotal Direct Cost of Sales</b>	<b>\$204.065</b>	<b>\$220.928</b>	<b>\$239.256</b>	<b>\$259.182</b>	<b>\$280.851</b>	<b>\$304.425</b>	<b>\$330.076</b>	<b>\$357.998</b>	<b>\$388.400</b>	<b>\$421.512</b>	<b>\$457.587</b>	<b>\$496.901</b>	

## Appendix

**Appendix Table: Marketing Expense Budget**

Marketing Expense Budget	mag	giu	lug	ago	set	ott	nov	dic	gen	feb	mar	apr
Advertising	\$4.500	\$9.000	\$13.500	\$13.500	\$14.500	\$15.500	\$15.500	\$14.500	\$14.500	\$14.500	\$14.500	\$14.500
gifts - coupons	\$0	\$0	\$0	\$0	\$15.000	\$15.000	\$15.000	\$30.000	\$5.000	\$5.000	\$5.000	\$5.000
Free shipping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5.000	\$5.000	\$7.500	\$7.500	\$10.000
<b>Total Sales and Marketing Expenses</b>	<b>\$4.500</b>	<b>\$9.000</b>	<b>\$13.500</b>	<b>\$13.500</b>	<b>\$29.500</b>	<b>\$30.500</b>	<b>\$30.500</b>	<b>\$49.500</b>	<b>\$24.500</b>	<b>\$27.000</b>	<b>\$27.000</b>	<b>\$29.500</b>
<b>Percent of Sales</b>	<b>1,87%</b>	<b>3,43%</b>	<b>4,70%</b>	<b>4,30%</b>	<b>8,59%</b>	<b>8,12%</b>	<b>7,42%</b>	<b>11,00%</b>	<b>4,97%</b>	<b>5,00%</b>	<b>4,56%</b>	<b>4,55%</b>
Contribution Margin	\$31.935	\$32.812	\$34.379	\$41.221	\$32.933	\$40.623	\$50.409	\$42.426	\$79.827	\$91.279	\$106.973	\$122.123
Contribution Margin / Sales	13,28%	12,49%	11,97%	13,13%	9,59%	10,82%	12,27%	9,43%	16,20%	16,91%	18,08%	18,83%