

# Business Concept

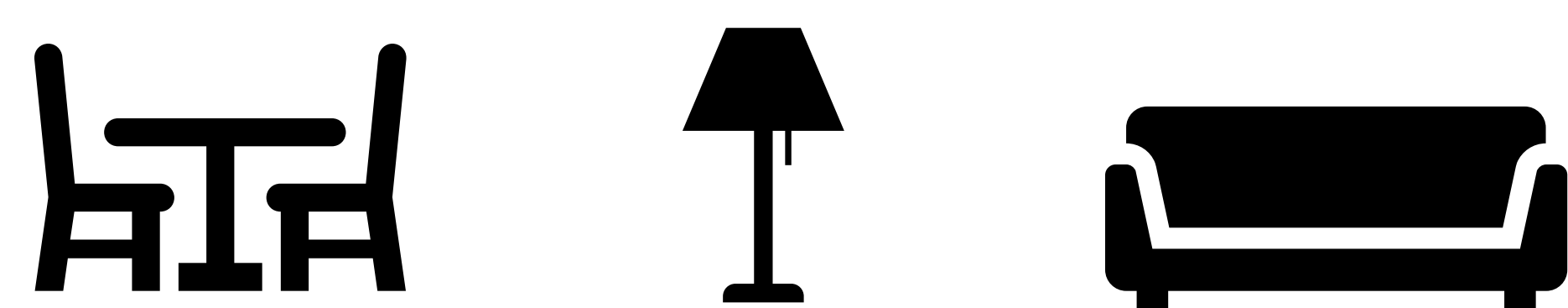
## Mission & Vision

**Mission** – To provide stylish & functional products for the home. To create spaces to live in & enjoy. To give back to our global community. To build lasting relationships.

**Vision** – To create spaces that enhance our customer’s quality of life by offering design inspiration to create a place for them to live & enjoy, while focusing our business around sustainability efforts.

## Merchandise and Services

- Home Furniture & Accessories
- Furniture take-back program
- Furniture salvation classes by local artisans



## Target Customer

### Demographics

*Age & Gender:* 25 – 34 year old males and females

*Salary:* \$50,000 - \$75,000

*Occupation:* College graduate in a business position

### Psychographics

*VALS Groups:* Innovators and Experiencers

*Attitudes:* Spontaneous, first to adopt trends, sociable, & like to experiment.

*Civic-oriented,* has spiritual values, love physical activity, draws inspiration from minimalism.

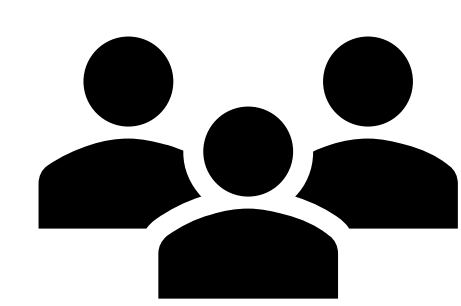
### Behavioristics

The target customer explores stores with trendy items. Their homes are a reflection of themselves. The customers are price conscious and brand loyal. They redecorate often.



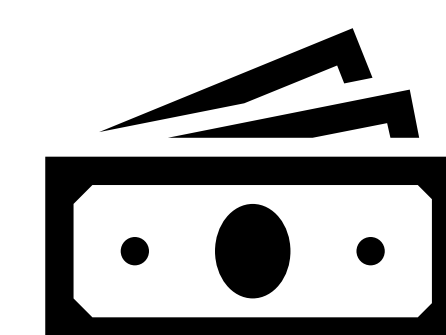
## Industry Segment & Market Analysis

- Millennials market share is worth \$27 billion and account for the largest number of households buying furniture.
- The furniture industry is expected to reach \$122 billion by 2020 (Bryne, 2017).
- Downsizing trend continues while millennials hope to keep furniture out of landfills.
- Major players are Room & Board, Wayfair, Design Within Reach, Joss & Main, and Ikea.



## People

- Annual community project to remodel local non-profits.
- Furniture donation to families in need through take-back program.
- Option for customers to donate to local charities at checkout.
- Cove provides employee benefits like paid vacation and dental insurance.
- Store design exceeds ADA requirements allowing everyone to feel welcome.



## Profit

- Local artisans teach furniture salvation classes keeping money and business in San Francisco’s economy.
- Keep retail mark-up percent low to satisfy our customers’ needs for low prices.
- Help build the economy of the United States by sourcing some products locally.
- Employ San Francisco natives to decrease local level of unemployment.
- DIRTT walls reduce remodeling costs.



## Planet

- Source from ISO 14001 manufacturers.
- Install solar panels on the roof to reduce energy consumption.
- Store flooring is Cradle to Cradle certified from Armstrong Commercial Flooring.
- Furniture Take-Back Program
- Eco-friendly merchandise
- GreenGuard certified interior materials and cleaning products.



For the modern, millennial home.

Students: Jill Mueller, Summer Palmer, Kendra Steffes, & Jazmin Fugere  
 Faculty Advisors: Linda Manikowske, Jaeha Lee, & Ann Braaten  
 North Dakota State University



## Budget

First Year Skeletal Statement		
	\$	%
Net Sales	1,052,526.30	100
COGS	578,889.48	55
Gross Margin	473,636.85	45
Operating Expenses	461,194.16	43.82
Net Profit	12,442.69	1.18

## Sourcing Structure

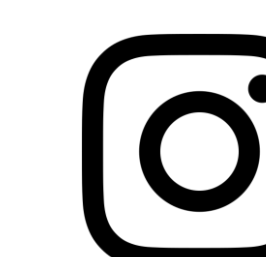
- Cove outsources from full-package manufacturers to keep costs low until we are profitable enough to move into CMT with an in-house design team.
  - Local and global sourcing helps those in developing countries as well as increases the U.S. economy.
  - Companies like All Across Africa make sure their employees are not only getting a fair wage, but are using it to invest in livestock, education, and farms.
  - GoodWeave and All Across Africa make sure they are using natural and local materials to make their artisanal products.
  - Manufacturing facilities must be paying fair wages and have adequate working conditions.
- Suppliers: All Across Africa baskets and vases, GoodWeave rugs, Xorel x Carnegie textiles, DIRTT walls.

DIRTT



## Marketing Strategy

- Use social media platforms like Instagram, Pinterest, & Facebook to inspire our customers.
- Host in-store events with guest designers.
- Loyalty programs for frequent shoppers.
- Cove website shows customers current trends and how to incorporate them into their spaces.



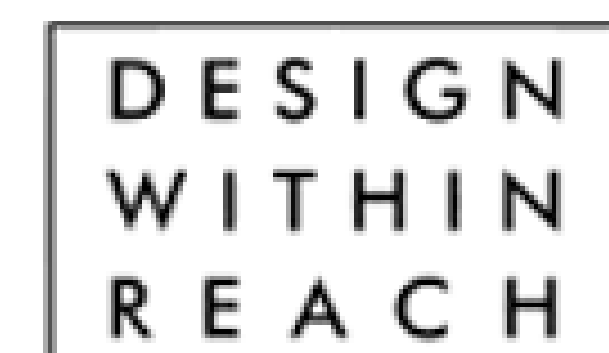
## Competitor Analysis

### Strengths

Large selection of trendy merchandise.  
 Option to customize most furniture.

Very low price-point.  
 Strong brand recognition with developed consumer base.

Brick and mortar store internationally.  
 High quality merchandise.



### Weaknesses

No international locations.  
 Do not offer “Sale” merchandise online.

Customer has to assemble furniture.  
 Low quality merchandise.  
 Furniture often damaged in shipping.

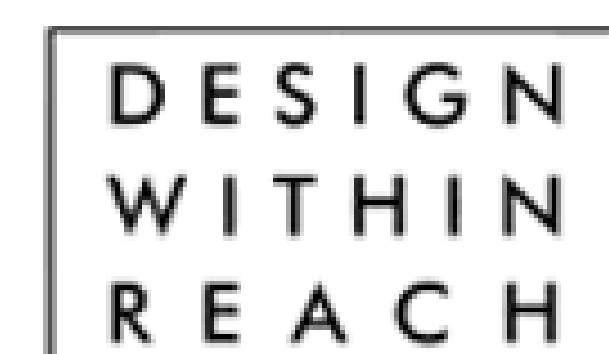
Most merchandise is in mid-century modern style.  
 High price point.

### Opportunities

Offer free interior design services.  
 Option to order online.

Online presence with international shipping.  
 Product appeals to many target markets.

Collaborations with famous designers focused on sustainability.



### Threats

Some items may be too expensive for target market.

Low quality turns some customers away.  
 Consumer trend towards buying “Made in USA” products.

Merchandise is expensive and most millennials are unable to afford it.