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BanBan 營養棒企劃書

Business plan for BanBan nutrition snack bars

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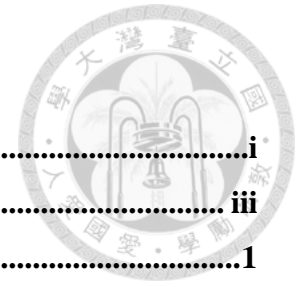
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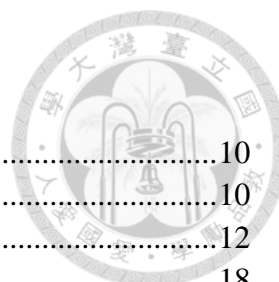
I also grateful to my family: my mom, dad and sister, who were less interested in my academic performance, but whose love and support I can feel even though we are miles apart.



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## 1.0 Executive Summary

BanBan company and its brand of snack bars is new company from Taipei, Taiwan, which plans to start operation on January 2018. In the heart of business idea lies wish of two company owners to offer healthy and functional snacks which can improve consumers' health, mood and overall life quality.

Within the last decades snack market remained among fast growing and highly attractive. In view of low entrance barriers, market flexibility and opportunities. In 2017, worldwide snack market reaches more than \$400 billion and based on some projections will exceed \$600 billion in 2020, with annual growth of 9%. USA and Europe make up the majority of worldwide snack market, while Asia-Pacific showing the fastest growth. Taiwan market, as a part of Asia-Pacific region, can be considered as one of emerging markets with projected annual growth of 7-9% and in 2020 estimated to reach \$800mln in sales.

Continuing growth in snack market can be explained by new technologies in food processing, reformulation of traditional snacks, as well as new perception of snacks among consumers. Consumers' behavior and preferences shape the market with variety of flavors, reasons for consumption and factors influence consumer's choice. Among recent trends driving the market growth are: snacks as meal replacement, demand for portable food on the way with functional ingredient, overall consumers' health concern and search for "label friendly" snacks, with short ingredient list and minimum of processing and preservatives added. These trends drive demand for single packed, healthy and nutrition snacks, and particularly, comparatively new category on the market as snack bars.

Within the last 20 years this category of snacks transformed from handful food for astronauts to practically mass market product, with variety of choices and functionality. Although, this category of snacks is not well-known in Taiwan market, Taiwan and

overall Asia-Pacific region is among the most potential markets for category growth. Among the main reasons for positive growth projections is changing people life style, long working hours, high interest and adaptively to European and American trends in food and snacking.

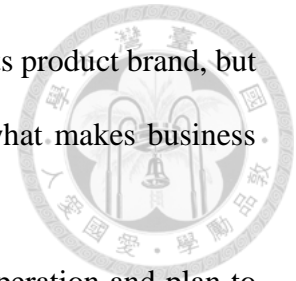


Based on Porter's Five Forces analysis, current competition in snack market is on moderate level and the highest level of threat for new entrance coming from big number of substitutes. At the same time there is practically no competition on snack bars category, where currently are only few players and absence of real competition in between. To experience first-mover advantage, BanBan decided to enter the market with fruits and nuts based bars, which are currently highly popular abroad, but are not well presented on Taiwan market. After analysis of market segmentation, as a starting point for new business was chosen target group of high-tech companies' employees. With focus on solving target group's problems, such as healthy diet, stress release and in between meal hunger, company plans to create popular and reliable brand and a top snack brand in Taiwan and potentially in Asia-Pacific region.

To reach above goals, company plans to maintain operation with the main focus on marketing and sales and to build B2B and B2C retail channels to ensure high sales and long-lasting profitable business. Such activities as production, delivery service will be all outsourced, to prevent investments in expensive equipment, which can't be 100% utilized.

The main company focus will be on product development, brand's marketing and promotion. In snack market advertisement plays a crucial role, because of impulsive nature of snack purchasing. BanBan marketing campaign will focus on position of its products as healthy must have snacks for busy people. Company will use mix of marketing channels, such as promotional sales, outside give away campaigns, in parallel with digital resources, such as company's own web site, Instagram and Facebook

accounts. In front of company will stand the task not only promote its product brand, but educate consumers about benefits of food and healthy snacking, what makes business goals even more complicated.



BanBan expects steady growth in sales start from month one of operation and plan to have at least two experienced sales people in a team to reach financial targets. In view of low margin of BanBan bars, high sales will be the most important factor of company success. Based on current financial projections company expect positive net income in the first year of operation and break even on month 15<sup>th</sup>.

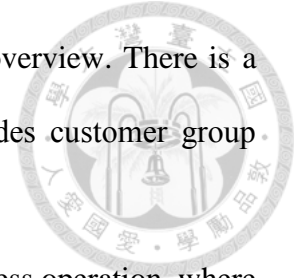
## 2.0 Introduction

This business plan is for new company BanBan, which plans to start operation in January 2018 with introduction in Taiwan market new snack bars under own brand name “BanBan”. This business plan prepared with two primary purposes. First, it should be used to provide owners with guidelines for running business with a more cohesive vision. Second, it was prepared with the purpose to raise capital for starting business and should be used in communications with potential investors.

As a start point for BanBan business was owner’s personal observations of Taiwan snack market and notice that among big variety of snacks, there is a gap in supply of healthy convenient snacks. Within the last years in Europe and USA high growth was experiencing one particular category of snacks – snack bars. Category rapid growth in mentioned markets pursued company owners to pay more attention on it and review business opportunities for this category in Taiwan.

The results of market research and analysis can be found in the first part of this business plan. It contains worldwide and Taiwan snack market overview which includes specific findings related to snack bars category. This section of business plan includes as well

such core topics as market trends, segmentation and competition overview. There is a separate part which focuses on BanBan's target group and includes customer group survey and results of focus group.



The following four sections of business plan concentrate on business operation, where attention particularly paid on company's business strategy, market plan, risk management and financial projections. This structure explains main purposes of this business plan and illustrates most important aspects of new startup business.

### 3.0 Food product development

Food product development is a complex process, requiring deep knowledge in ingredients, manufacturing techniques and processes, regulations in addition to understanding of marketing, business and strategy.

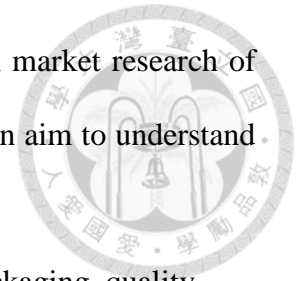
Food product development is a multiple step process, were can be outlined the following main stages:

- **Idea generation and screening.** Idea of BanBan bars is not novel and mainly came from adoption of success lunching of similar products in another regions. The main triggers for these products success in these countries, such as high demand in portable, convenient food on-the-go, busy life-style of majority of population, support feasibility of idea in Taiwan region.

- **Market research.** If idea generation is more about impulsive thinking, brainstorming or personal perceptions, the market research is the next step, on which provided detailed review of potential market, as a first step of feasibility prove. Market research in food product development consist of market trends and drivers research, analyzing of consumers behavior, competition analysis and etc. In addition to mentioned, in majority of cases it also required consumer's survey and product testing.



Within BanBan product development process was arranged both market research of secondary data, as well as consumer survey and product testing, in aim to understand consumer's acceptance of product taste, texture and appearance.



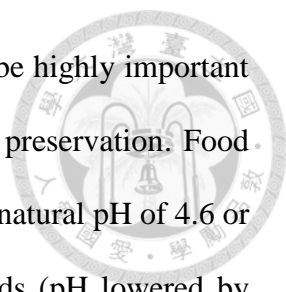
- **Product specifications:** may include processing methods, packaging, quality assurance and control, product shape, characteristics, ingredients. Some of BanBan characteristics, including packaging, processing method, shape, ingredients will be detailed reviewed in the 4<sup>th</sup> section of business plan.

- **Feasibility study:** conducted to answer on two main questions: 1) if product will be profitable for the company; 2) if manufacture is technically possible the same way it was originally planned, or if formula adjustment is required to meet all regulations and to ensure safety. BanBan economic feasibility is reviewed in the last section of business plan – financial projections. The technical feasibility has not been evaluated and will be outsourced to one of food testing labs, such as SGS or will be done through Food and Drug Administration.

- **Production Process Development.** Food production should follow standard SOP and ensuring compliance with quality and safety standards. Production of BanBan bars will be outsourced to manufacturing company specialized on production of vegetarian snacks, including nutrition bars. Production facilities have bars production line, which is not required any additional adjustment for BanBan production.

- **Prototype development.** Can be arranged in a small and big scale. For BanBan bars prototype development will take place in the same production facilities as further mass production.

- **Testing of product prototype.** On this stage product become a subject of laboratory testing, sensory testing and packaging testing. During this step prototype is tested to ensure it meets country food safety standards. As BanBan bars are positioned



as a natural snacks without any additives, for product safety will be highly important measures of acidity and pH, which plays a primary role in food preservation. Food products fall into one of three pH classifications: acid foods (with natural pH of 4.6 or below), low-acid foods (pH between 4.6-7.0), and acidified foods (pH lowered by adding acid foods). Higher pH means better environment for microorganism growth, what is potentially very dangerous. For products such as BanBan which included ingredients such as apples, peaches, grapes, plums level of pH should be low, that makes possible production of bars without additional processing. Another critical factor for safety is water activity, which refers to the water in a food that is available for microbial growth. Water activity in fruit bars is high, that is why one of the production stage is 8-10 hours drying of bars before final packaging.

Although it is not required, BanBan is going to incorporate into its product development principles of HACCP, which included:

- 1) Conduct a hazard analysis of the food product.
- 2) Identify critical control points within the process.
- 3) Set limits for the critical control points.
- 4) Establish how the critical control points will be monitored.
- 5) Determine corrective actions that will be taken in the case of limit failure.
- 6) Establish means of verifying the system is in compliance.
- 7) Establish record keeping for the system.

Critical control point (CCP1) will be added on the first stage of production process: dry ingredients receiving and will consider X-ray scan of fruits and nuts to prevent physical hazards of accidental objects in raw materials.

Next critical control points (CCP2) will be added on the station before finished

goods packaging and will consider sampling testing of water activity and acidity in production facility lab.

The third CCP3 will be on the package station and will be arranged to make sure that packaging is vacuumed and don't have any leaks. Depends on equipment availability in OEM the method will be either by using Vacuum Leak Tester or by storing products for 1-2 days, after which selected samples will be checked manually to feel if there were any soft bags and air leaks.

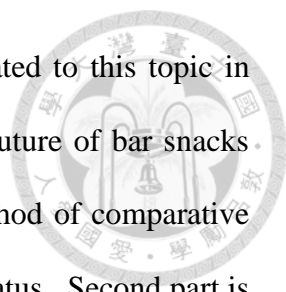
For further guarantee of product quality, BanBan is going to obtain TQF product certificate.

- **Product entrance to the market, marketing plan.** The last step of food product development is aiming to answer on the question how product is going to reach its customer target group and ensure companies estimated earnings and profits.

Current business plan reviewed majority of above steps, but excluded those that required involvement of certification or other food authorities, as well as production of prototype. It is explained by the early stage of the project and mostly business focus of this business plan, at the same time company owner is planning to go through all product development stages and considered them in business plan as those that will be done with the help of qualified for this people.

## 4.0 Market analysis

This section of business plan will look in depth at worldwide and Taiwan market of bars snack and future market projections. The market analysis section is divided into three broad parts. The first part provides definition of snack market and particularly market of bar snacks; it is also covers worldwide, Asia-Pacific and Taiwan market trends and size. In view of products such as BanBan are new for Taiwan market, similar as bar snack



category overall. There is very limited number of resources dedicated to this topic in Taiwan both in research papers and mass media. To estimate the future of bar snacks market in Taiwan, in the first part of this section will be used method of comparative estimations: comparison of worldwide trends with Taiwan market status. Second part is dedicated to competition and included competitors overview together with analysis of level of competition in the industry by using Porter's Five Forces analysis. Third part of market analysis is focused on market segmentation and on target market group and using information acquired through observation and survey to get more in depth understanding of targeting group life style and purchasing behavior. In this part will be discussed result of consumer survey, which provides supportive data to collect in the first part of this section information and gives more specific knowledge about consumer behavior trends.

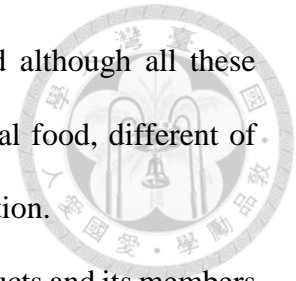
#### **4.1 Market definition, overview of snack market and snack bars category.**

BanBan designed as an affordable food-on-the-go product and based on its functional characteristics belongs to the products of snack industry. Although word “snack” do not required specific explanation and familiar to majority of people, there is no single understanding of snack industry. This section of business plan provide definition of snack market and include part dedicated to one of industry category – bar snacks.

##### **4.1.1 Snack food market definition**

The snack food market is made up of manufacturers and suppliers of snack foods. Snack foods are generally understood to be foods that do not make up a component of a main, necessary meal and include everything from potato chips and peanuts to fruit snacks, cookies, cakes, dried meat products, and candy, and vary greatly by country. Snack foods can come in a variety of forms, including frozen foods, dried products, and

even liquids. (wiseGEEK). Snack market is very much broad and although all these products are combined under the same perception of non-main meal food, different of them target different customer segments with specific value proposition.

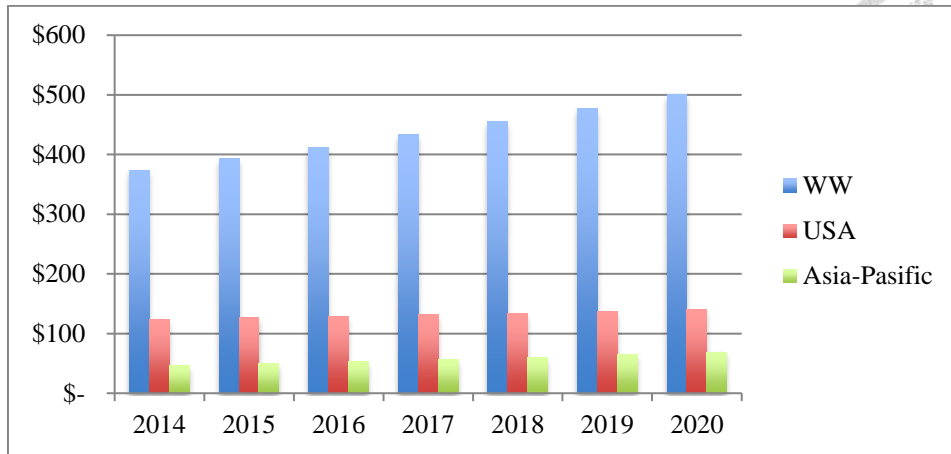


Snack market is highly competitive in view of high variety of products and its members rely heavily on marketing and advertising because their goods are often more of an impulse purchase than a necessary one.

As a part of food market, snack market is typically regulated by government in terms of ingredients and manufacturing techniques, safety and healthy standards.

#### **4.1.2 Overview of worldwide snack market. Market drivers.**

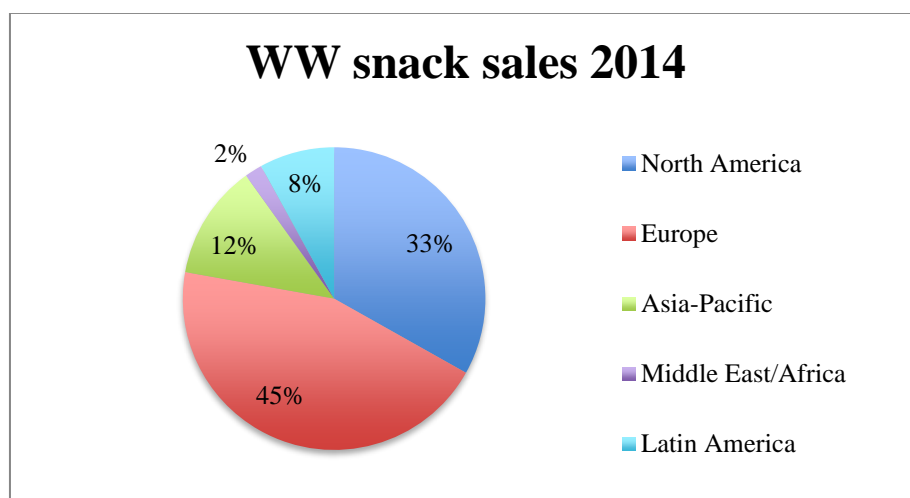
Referring to report of Global Industry Analysts (GIA) Incorporation of global Snack Foods market, by 2020 Snack Food global market is projected to exceed \$630 billion, which is two times more than snack market global sales in 2014 (totaled \$374 billion ) (Nielsen, 2016) and considered worldwide market growth 9% annually(GIA Inc,2016). The difference in growth projections in multiple reports dedicated to snack market research varies from 2% to 10% of annual market growth for the industry. To make projections more conservative and reliable in this business plan will be used annual 5% growth for worldwide market and 7% growth particularly for Asia-Pacific region. Using these estimations in 2020 worldwide snack market will exceed \$500 billion and Asia-Pacific market can reach \$70 billion (Figure 1).



**Figure 1: Worldwide snack market projections 2014-2020 (billion USD)**

Source: Own

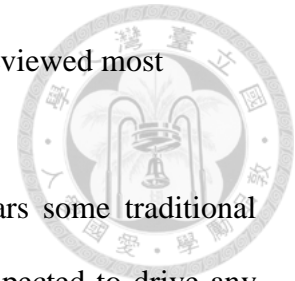
Two regions traditionally make up the majority of worldwide snack market: Europe (\$167 billion, 2014) and North America (\$124 billion, 2014). While annual snack sales in Asia-Pacific (\$46 billion), Latin America (\$30 billion) and the Middle East/Africa (\$7 billion) are significantly lower than in the other two regions, annual market changes in these largely developing regions experienced much higher growth: 7% in Asia-Pacific, 9% in Latin America and 5% in the Middle East/Africa (Nielsen,2016). Please refer to Figure 2 for details of market share in 2014.



**Figure 2: Worldwide snack sales by regions**

Source: Nielsen, 2016.

To understand high growth rate in snack industry below will be reviewed most significant drivers of snack market.



**Reformulation of traditional snacks:** Within the last few years some traditional snacks that entered stage of stagnation in the past and were not expected to drive any growth got “new life” and increase in sales by adjusting formulas to the new market needs. For example, potato chips which considered as not healthy snacks, within the last years not only decreased salt and oil level in its products, what makes them now more attractive snacks, but also widen variety of potatoes by starting to use more healthy alternative such as sweet potato, not mentioning fruits and vegetable chips available on the market.

**Technology:** technological strength, presence of innovating companies resulted in introduction of variety of different snack, which meet consumer's most special needs, help to decrease production cost and make snacks more accessible.

**Changing life style:** Rise of personal income, all along with decrease of unemployment rate, changing people's life styling and eating habits. More people stocked to long-working hours and switch family meals for simple food on the way.

**Health conscious:** High volumes are expected to be driven by demand for functional snacks, organic, all natural snacks. Rising health conscious, problems of obesity and other eating disorders.

**Snack perception:** In addition recently changed a lot perception of snack. If before snacking was a bad habit, now snacking considered as a part of a healthy dieting.

**Drivers specific for emerging markets and particularly Taiwan, as a main focus of this business plan:**

- The booming retail sector
- Increasing penetration of international brands supported by the shift from traditional food to Western diets



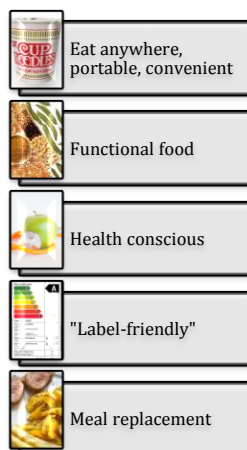
- Growing trend of gifting snack foods
- Efficient distribution

In another words, because of busy on-the-go life style, consumers started to trade off long-lasting meals on simple/quick foods. If before their first choice was fast food, now thanks to adjustment in formulation, more advanced technologies of snack production, more benefits and less harm to their health, consumers prefer to choose products from snacks, what makes this category to experience high rise in sales year after year.

#### 4.1.3 Global snack market trends

To understand the future of particular market is very important to find market trends. This section of business plan will be focused on specific trends in global snack industry, which are believed to be drivers in the industry at least in the future 5-10 years and should be used as a primary information for business strategy preparation in current business plan.

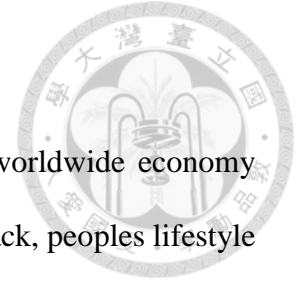
Figure 5 shows the main global trends in snack market, which is described in details in this section. The list of trends is not limited to covered in the chart, but only listed are considered as the main and widely accepted by industry experts.



**Figure 3: Worldwide snack market trends**

Source: Own





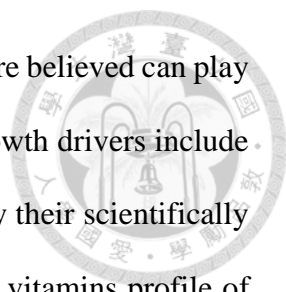
✓ **Eat anywhere, portable, convenient**

Snacks market is growing together with overall economy. As worldwide economy started to recover from the latest crisis, more people got their jobs back, peoples lifestyle experienced big changes. If before in majority of industries employees still kept life-work balance, recently work started to occupy much more time, became more demanding in terms of time, physical and emotional efforts. The problem of overtime work alerted in all world regions, including US, Europe and Asia. With decrease of unemployment rate increased number of 24/7 working people who are looking for single-serve, eat-anywhere, portable convenient food, what drives demand for snacks in single-serve package such as bars, chocolate, cookies. This trend required from manufacturing companies come out with new packages for existed food to make it convenient to eat. Good example of this trend illustration is single serve sushi rolls, widely presented in Taiwan market, their 4 steps specially created package allowed snacking with sushi roll everywhere and any time.

✓ **Functional food**

Majority of reports in snack market analysis agreed that future growth in the market will be driven by robust demand for functional snacks, including bars, chips, cookies and yogurt. Functional food (snacks) – are processed foods containing ingredients that have a potentially positive effect on health beyond basic nutrition. The term functional food was firstly introduced in Japan in the mid-1980s and to-date Japan is only one country that has a specific regulatory approval process for functional foods (known as Foods for Specified Health Use (FOSHU)). Currently, 100 products are licensed as FOSHU foods in Japan (Institute of Food Technologists, 1998).

Snacks and bars fortified with functional ingredients are expected to witness notable expansion in terms of demand fulfillment, as an effective solution for disease prevention, weight control, sports, and muscle improvement. Among most noticeable functional

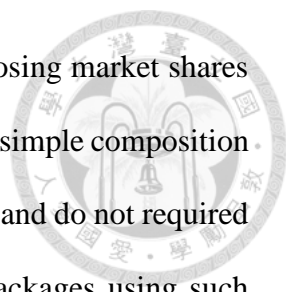


foods are: oat, soy, tomatoes, broccoli, and citrus fruits. All of them are believed can play preventive function of cancer and other disease. Other important growth drivers include demand of snack nuts, dried fruits and vegetables, what explained by their scientifically proven health benefits, unique nutrients, minerals, antioxidants, and vitamins profile of various nuts, fruits. To meet demand for functional foods manufactures prefer to use plant-based protein particularly from vegetable sources, such as soy, pea, lentil and beans, ancient grains is also trust to be trending ingredients because consumers perceive them to be more complete nutritionally and more flavorful, and they deliver unique texture compared to wheat, rice and corn. (Institute of Food Technologists, 1998).

Rising health conscious along with craving for snack foods is expected to drive dynamic demand for so-called better-for-you snacks: low-fat, low-sugar, low-carbs, low-calorie, what can be reached by using of natural sweeteners, such as agave nectar and raw honey, using plant-based ingredient as a snack main ingredient. According to the press release accompanying Nielsen Food, Drug and Mass Merchandiser sales tracking report, companies, which sell better-for-you products has higher sales growth (70% vs 30 % within period from 2007 till 2011), higher operating profits and overall company better reputation (Hudson Institute).

✓ **“Label friendly”**

Various fruits—including whole, pieces, purees and concentrates—not only provide a functional boost in bars and snacks, but also provide a clean-label appeal to both consumers and manufacturers. Today consumers want to recognize the ingredients and to know where they came from, what gives a big push for another trend: “label friendly” ingredient lists. Snacks with all natural ingredients are rated very important by global consumers, as well as the absence of artificial colors, genetically modified organisms and artificial flavors. This trend is well visible in bar snacks category, where traditional bars,



such as muesli bars or granola bars with a long list of ingredients losing market shares to new 100% natural bars produced from nuts and fruits with the most simple composition of 3-4 ingredients that can be easily putted on a front side of package and do not required from customer reading of ingredients list. Increasing number of packages using such wording as: "... and that is all", "just 3 ingredients: ...", "100% natural" confirm this trend as well, one of the most important in industry.

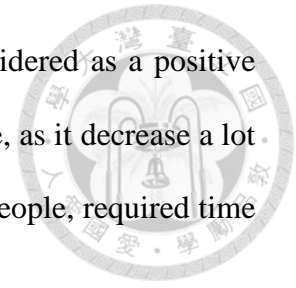
✓ **Health concern**

Health conscious is one of the trends found not only in snack market, but overall industries. A lot of studies proved that people life-style and eating habits can significantly influence human's health. People use this knowledge as preventive actions, as in comparison with pricy health treatment services it is more accessible by majority of population. The wave of food scandals, health conscious of consumers are driving new habits in consumers purchasing behavior: reading ingredients list, choosing private brands vs global brands, as private companies believed to be more dedicated and honest with their customers. Consumers are looking for snacks low in soy, gluten, low in fat and beneficial for their health. Health conscious is one of the reasons of high demand in functional food.

✓ **Meal replacement**

Another global trend is snack as meal replacement. Traditionally, snacks have been considered as in between meals food; but busy, on- the-go lifestyles often dictate a need for quick meals that can be low in calories with health benefits what makes snacks more and more often the main meal option for many people. Based on the industry experts there is a massive untapped opportunity to gain market share in the nutritious, portable and easy-to-eat meal alternative market that snack manufacturers could fill. Currently this trend is actively taking place in developed countries in Europe and North America,

particularly in breakfast category. Although this trend can be considered as a positive from one side, from another perspective it can be harmful for people, as it decrease a lot socializing aspect of meals, which are normally shared with other people, required time and dedication.



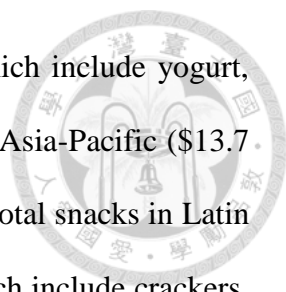
Consideration of all reviewed trends can explain popularity of such snack category as bar snack. In next section of business plan will be provided in-depth overview of this group product.

#### 4.1.4 Overview of consumers' behavior

As was mentioned snack market represents big variety of products, but even so, there are some patterns applicable in different regions in terms of snack consumption, favorite choices and snack preferences. Below will be reviewed some of these patterns, which can help create better understanding of snack market, as well as consumers behavior. This section of business plan will combine information, which is not considered as a essential for market analysis, but can provide more in-depth understanding of the industry, consumers and was considered during this business plan preparation.

##### **Preferences by regions:**

Various types of snacks driving sales in different regions. It is simple to explain by different flavors preferences for unlike nationalities. Thus, confections—which include sugary sweets, such as chocolate, hard candy and gum—comprise the biggest sales contribution to the overall snack category in Europe (\$46.5 billion) and the Middle East/Africa (\$1.9 billion). Competition to confectionary in Middle East/Africa started to create meat snacks, which include jerky and dried meat with annual growth 25%. While dips and spreads, particularly salsa and hummus, continue growth in 6.8% in Europe. Salty snacks contribute more than one-fifth of snack sales in North America (\$27.7



billion), with 15% growth in meat snacks. Refrigerated snacks, which include yogurt, cheese snacks and pudding, comprise almost one-third of snacks in Asia-Pacific (\$13.7 billion). Cookies and snack cakes make up more than one-fourth of total snacks in Latin America (\$8.6 billion), at the same time sales of savory snacks, which include crackers, rice cakes and pita chips, increased 21% in 2014 in this region (Nielsen, 2016).

Above mentioned data reveals interesting observation, that in each separate region snacks, experiencing the highest growth, traditionally belong to another region. For example, by taking Asia-Pacific market, refrigerated snacks such as yogurt, cheese are most likely were adopted from Europe, as any of milk products can't be considered Asian traditional food. Similar case is growing demand in Europe for dips like hummus, which was adopted from Middle East or growing sales of dried meat snacks in America, which typically considered as an Asian snacks.

In the future can be expected that this trend will continue to take place and different snacks will migrate through continents and looking for new business opportunities and markets. Although above mentioned examples are more relevant for traditional and “exotic” foods, this can be applicable to category of trendy snacks as well, which at first gain certain level of popularity in one region and then spread all over the world. For this business plan the importance of this trend can be explained by potential application of bar snacks market entrance and growth in another regions as USA, Europe to the market of Taiwan. Taiwan market same as Asia-Pacific market overall tends to have high interest in European and American goods, although they are not belong to traditional Asian flavors.

After understanding of main snacks categories in different regions is interesting to focus on more specific consumers' needs and habits in snack consumption. Onwards will be reviewed such questions as what exactly consumers choose for snacks, do they usually

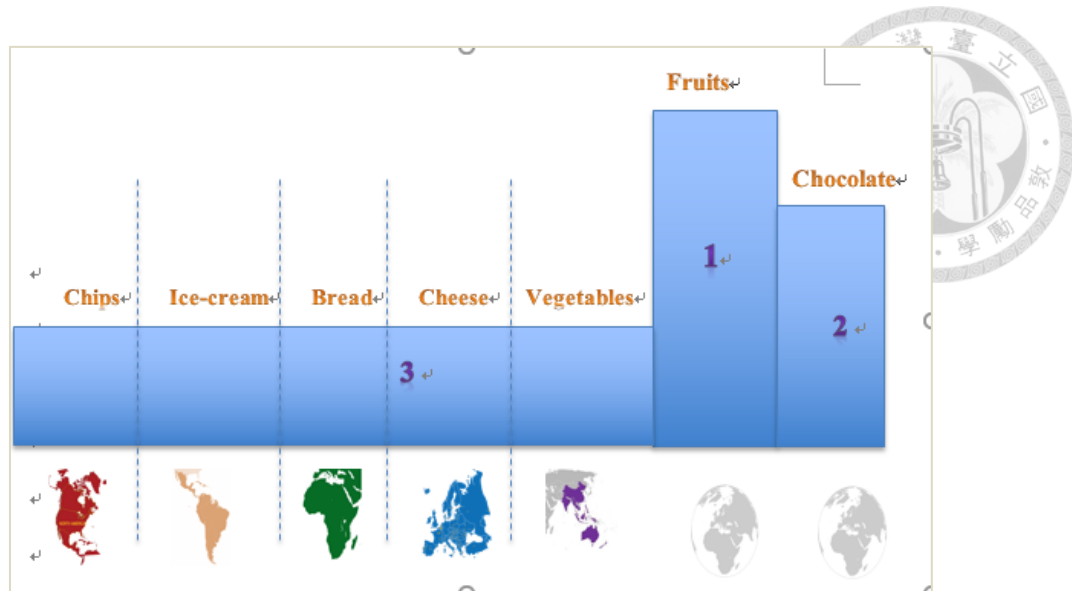
loyal to brands and snacks choices, when and why they usually snacking.

### **Snack choice: single vs variety**

According to the Nelson survey snacks is food category, where consumers don't make a choice of single snack and always have variety of them in daily or weekly base. New snack types, flavors are added to existed variety, but don't replace other types of snacks or taking other food market shares, as the choice of snack varies from day to day.

At the same time there are snacks that consumers choose as favorite. The leading role around the world belongs to fresh fruits. Almost 18% of worldwide respondents chose fresh fruits as a favorite snack, followed by chocolate (15%). Both of choices are scored more than double or triple the responses for other snacks as yogurt (6%), bread (6%), cheese (5%) and etc. This choice suggests that for snacking options consumers like to have something sweet in flavors and possibly healthier, refer to the fact of high popularity of fruits.

Taste preferences for snack options are noticeably different around the world. Refer to Nielsen survey besides fresh fruit and chocolate, large percentages of respondents also snack on vegetables in Asia-Pacific (57%), cheese in Europe (58%), bread/sandwiches in the Middle East/Africa (47%), ice cream/gelato in Latin America (63%) and potato chips/tortilla chips in North America (63%) (Nielsen, 2016). In Figure 3 presented most popular snacks in different parts of the world.



**Figure 4: Worldwide most popular snacks**

Source: Own

Although consumers have their own favorite snacks they prefer variety in consumption. In the span of 30 days, at least half of global respondents said they ate chocolate (64%), fresh fruit (62%), vegetables (52%), cookies/biscuits (51%), bread/sandwich (50%) and yogurt (50%). More than four in 10 respondents consumed cheese (46%), potato chips/tortilla chips/ crisps (44%) and nuts/seeds (41%). One-third chewed gum (33%) and devoured ice cream/gelato (33%). Softer offerings like dumplings (26%) and instant noodles (26%) were also popular with a quarter of respondents (Nielsen, 2016).

#### **Factors influence consumer's choice:**

*Taste.* The most important factor influencing snacking choice is snack taste. Consumers are not ready to trade off taste either for low calories or any health benefits. Thus, based on Nielsen report, 51% of consumers agreed that taste is more important than health for snack products. For snack market players is highly important to find the way to balance good taste with health benefits of snacks, because the next important factors, are related to health conscious.

*Health conscious factors.* Nielson consumer's survey also point out health conscious trends in snack market. Below in Table 1 will be provided some of most important aspects,

with percentage of respondents rated them as very important:



**Table 1: Health conscious factors in snack market**

Factors	Rated as highly important by respondents
All natural ingredients	45%
The absence of artificial colors	44%
The absence of genetically modified organisms	43%
The absence of artificial flavors	42%
Caffeine-free	23%
Gluten-free	19%

Source: Nielsen, 2016.

Data provided in Table 1 extracted from Nielson survey 2014 and although it is currently 3 years old, all these factors remained among the top high ranked by consumers. Although to make data more complete need to mention that in recent years was also added important factor of consideration: **the absence of soy** in snacks. Latest studies showed that soy is not as healthy, as people used to think before, soy contains large quantities of natural toxins, high level of phytic acid in soy blocks the uptake of the essential minerals calcium, magnesium, copper, iron and especially zinc, in addition 99% of soy is genetically modified and it also has one of the highest percentages of contamination by pesticides of any of foods. Obviously that nowadays this trend is mostly related to USA and European consumers, but consider influence of these markets' trends on Taiwan, can expect that in the future Taiwan consumers will become more conscious about soy products as well.

*Dietary related factors.* As a part of daily food consumption, different people should





consider different factors related to their diets. Overall worldwide trends that consumers are looking for fiber, protein and try to avoid sugar and fat, as well as high calories (Nielsen, 2016). Please check Table 2 for full list of dietary related factors.

**Table 2: Dietary related factors**

	Rated as highly important
Low in sugar	34%
Low in salt	34%
Low in fat	32%
Low in calories	30%
Low or no carbohydrates	30%
High in beneficial ingredients	Fiber (37%) Protein (31%) Whole grains (29%)

Source: Nielsen, 2016

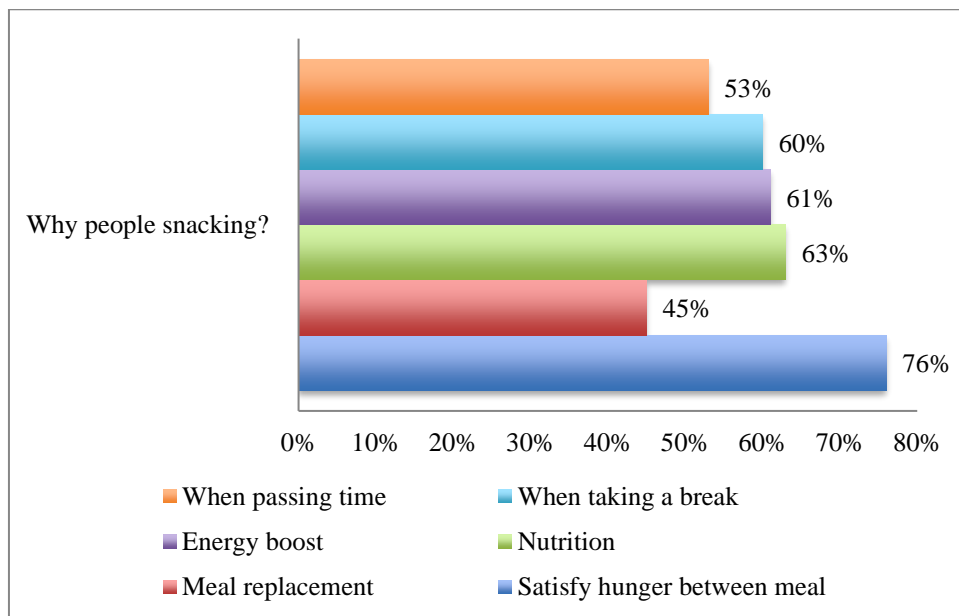
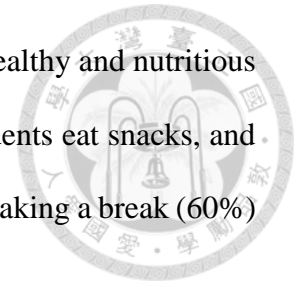
*Other factors.* Environmentally conscious consumers believe it is very important that snacks include ingredients that are sourced sustainably (35%), are organic (34%) and use local herbs (25%) (Nielsen, 2016).

Majority of worldwide respondents prefer local brands for their snacks choice, with more localized ingredients and flavors. The exception is only one snack category where consumers choose global brands rather than local is chocolate/sweets. This can be explained by specific of this category with long traditions in manufacturing, flavors and quality standards.

**Reasons for snack consumption:**

As can see from Figure 4 more than three-quarters of global respondents (76%) eat snacks often or sometimes to satisfy their hunger between meals or to satisfy a craving, but fewer (45%) global respondents consume snacks as a meal alternative—52% for breakfast, 43% for lunch and 40% for dinner. Middle East/Africa (58%) and Latin America (55%) respondents exceed the global average for eating snacks as a replacement meal. The trend to use snacks as a meal replacement is one of the growing in the industry,

what explained by on-the-go lifestyle and demand in portable, but healthy and nutritious easy-to-eat meal. Nutrition is the reason why 63% of global respondents eat snacks, and 61% snack to get an energy boost. Many also consume snacks when taking a break (60%) and when passing the time (53%) (Nielsen, 2016).



**Figure 5: Reasons for snacking**  
Source: Nielsen, 2016.

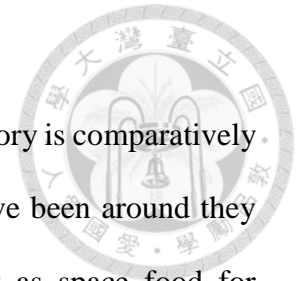
Above provided data suggest that in snack industry although there are some regional preferences in snack categories it is difficult to find most and least favorite. Consumers like to have various snacks and don't choose the same snack all the time. Recently consumers became more health conscious, as well as better educated in food processing and recognition of ingredients. Although the main reason for snacking remained hunger, consumers now tend to be pickier and wish to have additional benefits, like functional foods inside or some extra protein or fiber. For new products there is high opportunities in healthy snack category, in new flavors and textures development. It is important to consider taste and flavors preferences and even for imported goods create special formulas with local ingredients inside.

#### 4.1.5 Overview of snack bars category

BanBan bars belong to snack bar category of products. This category is comparatively new in snack food industry. “In the short time that energy bars have been around they have transcended from one identity to another. They started out as space food for astronauts, morphed into fuel for athletes (1986), and now they’re used as a healthful food-on-the-go, able to replace entire meals” (ErinNudi.com). It is interesting to mention that in 2016 NASA started to create again special breakfast bars for members of Orion crew, which aimed to safe space in space craft, but at the same time offer nutrition, healthy diet alternatives for astronauts. Bars are created in different flavors with using of fruits and vegetables as main ingredients and each has 700-800 calories per serving.

Health benefits are proved to be the foundation for category’s rapid transformation in the 2000s, when consumers different with sportsmen start to buy this category of snack, as additional foods in between meals. Today, many consumers are reaching for energy and nutrition bars to supplement their regular diet, while some consumers even substitute a bar or two for an a breakfast or an entire meal.

Since the early 1990's when PowerBar brought mainstream recognition to the energy/nutrition bar category, market introduced assortment of specialized products to address the needs of the various bar consumers. Since then were introduced bars with special profiles, such as high carbohydrate, high protein, low fat, soy, women-focused, senior-focused, memory enhancement, diabetic, herbal supplement, high calcium, heart-focused, diet and many more (Nutraceuticals World). Overall snack bars consumers are seeking increased energy, extra protein and the nutritional benefits of super foods, among other attributes can be mentioned special and exotic flavors, certain level of customization.

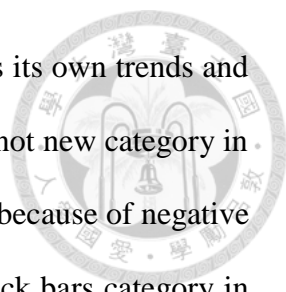


That creates great diversity in the sizes, flavors, textures, coatings of the hundreds of available bar brands.

According to Euromonitor snack bars category reached 6% value growth in 2012 and is forecasted to grow by an average of 4% from 2013-2017. The growth can be attributed to the consistent shift in the life style of many consumers, advocating of snacking between meals concepts in different diets: many energy and nutrition bars have added nutrients, allowing consumers to make up some dietary deficiencies in their own diets. Snack bars are considered by consumers as a natural snacking solution, which come in a variety of flavors and basically can meet multiple requirements of consumers. Another reason of recent growth in this market segment is responsiveness of bars snack brands to consumer trends such as demand for nutritious snacks, functional snacks, low-carb snacks, label friendly. Snack bars have also responded to diet trends such as gluten-free and Paleo diets, and offer grain-free and even meat-based snack bars.

All of above mentioned trends, such as food-on-the go, better-for-you snacks and even meal replacement make snack bars an extremely viable option and explained their high potential in snack industry.

Based on Morder Intelligence report focused on worldwide snack bars market, the US remains the largest market for snack bars with the highest sales accounting for 42% of the global sales and keeps this leading role since early 2013. Similar to situation in overall snack market, Asia-Pacific region considered as one of the fastest growing in this category as well. It is specifically mentioned that even taking into account that currently in the region snack bars considered more like a niche product and have low awareness, within next 5 years under the influence of western culture and trends this scenario should be changed. Analysts from Morder Intelligence forecast annual 5.7% growth for snack bars category in Asia-Pacific for the period of 2017-2022.







For sure Asia-Pacific region is big and each particular country has its own trends and specific market characteristics. Thus, Australia, where snack bars is not new category in the market, now experience shift toward more wholesome products, because of negative health aspects associated with conventional snack bars. Sales of snack bars category in Japan continually driven by busy lifestyle and searching for easy dieting solutions. Otsuka Holdings continued to lead snack bar market in Japan with a retail value share of 36% for holding brands Calorie Mate and SoyJoy. SoyJoy bars are as well presented on Taiwan market and are among leading brands in this category. Snack bars continued to have only low sales in China, mainly due to limited product awareness but as was mentioned before it is expected to grow exponentially in the forecast period 2017 – 2022 (Mordor Intelligence).

Taiwan as a part of Asia-Pacific region wasn't specifically mentioned in the report, but similar to China the category of snack bars has not reached high level of awareness, but has high potential for growth because of increase in families income, changes in lifestyle and influence from America and Europe from one side and Japan from another side, where category of bar snacks already reached certain level of awareness.

The snack bar market is segmented based on type and ingredients. There are various products available as snack bars such as breakfast bars, energy bars, fruit bars, granola, nutritional bars and others.

**Table 3: Snack bars category overview**

	Fruit bars	10% growth in 2016
	Nutritional bars	34% growth in 2016

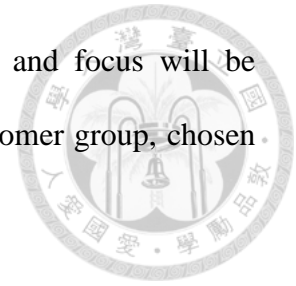
	Breakfast bars	11% growth in 2016
	Granola bars	3.8% growth in 2016

Source: Own

Among all the available options, granola bars accounted for the highest sales followed by breakfast/cereal bars. Although it is the main sales category, it doesn't have such a good rise in sales. Mainly high volumes explained by long-time existence of this category on the market, big choice of brands and well awareness among customers. The sales for the granola bar only increased by 3.8% in 2016 worldwide and make up for three-fifths of the snack bars market. Fruit-based snack bars are playing a big role in this category as well. This format utilizes fruit as binder and sweetener agent, enabling the snack bars to make "no added sugar" products for increasingly sugar-wary consumers. A new bidder in snack bar market is nutrition bars which grew 34% reaching \$2.2 billion in 2016 and had a market share of 39.6% in USA. Rise explains by consumers conscious about health, as well as most natural and beneficial ingredients of nutrition bars, as well as additional functionality to filling function, such as energy or power gaining, mood stabilizing and etc. (LinkedIn, 2015)

In terms of ingredients and composition snack bars category follows the same trends as whole snack or food market: consumers' preference is in protein-rich healthy ingredients, in particular ingredients such as coconut oil, super fruits, whole grains and hydrogenated oils.

By this chapter will be finished review of worldwide market and focus will be redirected on Taiwan market and potentially on specific target customer group, chosen by BanBan based on market and competitors analysis.

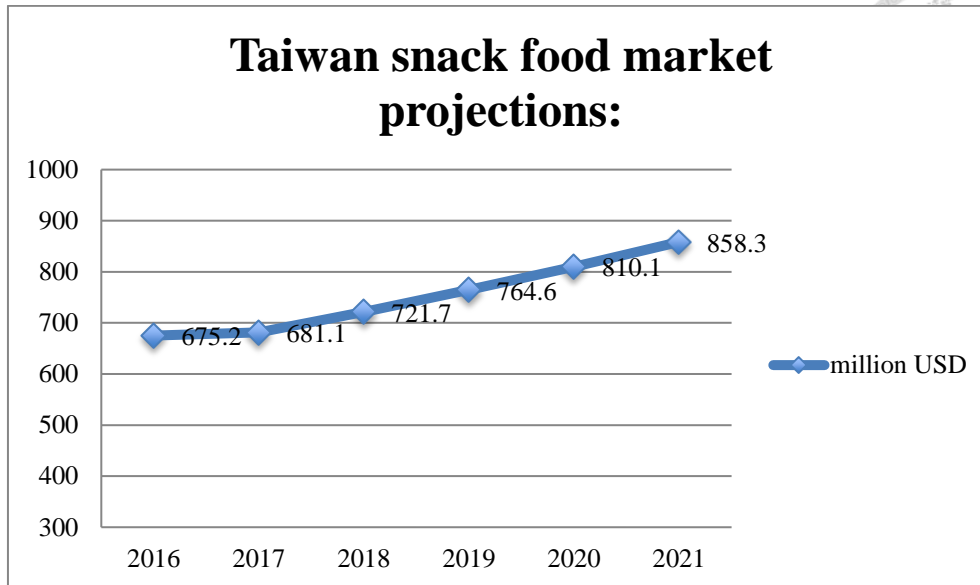


## 4.2 Taiwan snack market

Based on US Global investment and Business center report the snack market in Taiwan had been expanded growing at a rate of approximately 10-15% in 2011-2013 years. Growth in snack market mentioned as well in Taiwan local resources. According to information on web-site of Taiwan Confectionary, biscuit and floury food industry association snack market of biscuits and candies in 2013 accounted for NTD4.6 billion and showed consistent yearly growth of 10% within the last few years and expected annual growth of 7-10% within next 5 years.

Based on report in 2005 snack foods markets in Taiwan was NTD5 billion with domination of candies in the snack foods market with 52% of overall market share, followed by cookies (22%), processed fruits and nuts (17%) and chips (9%). Collected data is similar to worldwide, where among top choices of snacks are chocolate and confectionary. In 2012 snack food market was reaching a value of NTD3.6 billion and the industry is forecasted to have a market value of NTD4.2 billion in 2013. Taiwan's thriving metropolitans – Taipei, Taichung and Kaohsiung hold the highest sales potential for snacks due to higher standards of living and higher disposable incomes.

Different reports suggested different growth rate for snacks market, to make some market volume projections in business plan will be used the lowest growth rate 5.95% based on USDA 2016 annual report, as the most up-to-date information (USDA).



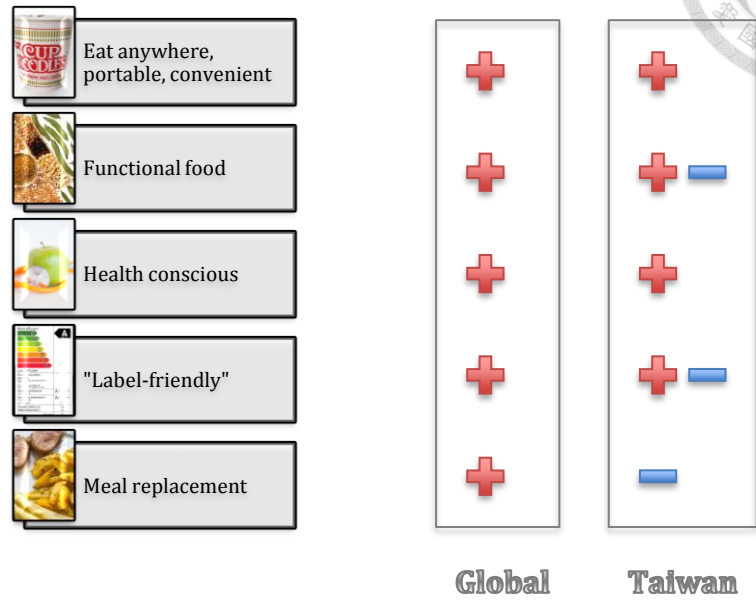
**Figure 6: Taiwan snack market projections**

Source: Own

As showed in Figure 6 with 6% growth in sales snack market in Taiwan will reach more than USD850 million (NTD25 billion) in 2021, what give big opportunities for new and existed products. Based on current market observation and comparison with worldwide market, snack industry status in Taiwan is much similar to those that was in leading markets of Europe and America 5-10 years ago. The industry is quickly growing, with more new brands, products are entering the country. At the same time looks like market and its future is much underestimated in Taiwan. For this business plan preparation was reviewed big number of English and Chinese resources, but only limited number of them dedicated to snack market. It is related to both: government information recourses, as well as simple mass media articles and reports. In this conditions to understand the possible scenario of Taiwan market growth in below section of business plan will be review what of worldwide trends are applicable to Taiwanese market, how they can shaped market demand and consumers behavior now and in the nearest 5-10 years plans.



#### 4.2.1 Taiwan snack market trends

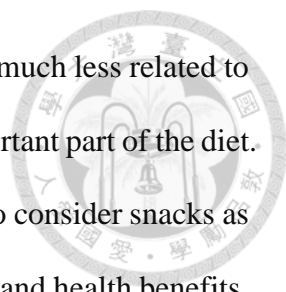


**Figure 7: Taiwan snack market trends**  
Source: Personal collection.

As was already mentioned Taiwan market trends will be reviewed through comparison with worldwide trends, what should give some inputs regarding future opportunities for growth and development of Taiwan market. In Figure 7 provided results of mentioned comparison.

One of undeniable trend is **demand for portable, convenient snacks on the go**. Similar to global status this trend explained by changes in life style and people overwhelming business. Taiwanese are well known for long working hours, high dedication to their work and exactly this drives demand for snacking within the day. As a supportive fact can be mentioned big number of convenient stores all around the island with the density higher than in any other country in the world, what prove high demand for convenient, easy accessible food and snacks.

Next two trends: **health concern and functional ingredients** are as well take place in Taiwan market, but with less importance as in USA and Europe. Although Taiwan people



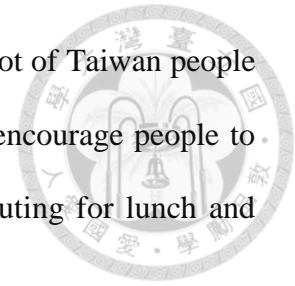
care about health and functional ingredients in their main dishes it is much less related to snacks. Snacks are mostly considered for enjoyment, rather than important part of the diet. So there is potential learning curve, before Taiwan people will start to consider snacks as a part of healthy diet, will pay more attention on snacks functionality and health benefits. For Taiwan snack market players is important to educate people, make snacking a part of daily eating routine. Trend of healthy and functional snacks already well promoted in sport industry, but there is wide misperception of snacks by majority of others consumer groups.

**Label friendly** – same as above-mentioned, this trend is more common for Europe and America rather than to Taiwan. People in Taiwan has no culture of cooking at home, especially for young working generation in double income families, what is very common in Taiwan. Big choice of restaurants for different tastes makes Taiwanese unaware of anything about foods nutrition, ingredients and food labeling. People simply don't read labels, because they have no idea about meaning on them. At the same time, recent food scandals made consumers more conscious about food they are eating, so more people start to look for home cooking opportunities, learning things about food and ingredients and with high possibility very soon trend of clean and friendly labels will move to the front positions in Taiwan as well.

The last trend – **snacks as a meal replacement** unlikely applicable to Taiwan market and most likely will not be a trend in the nearest future.

Taiwan people have very strong culture of having breakfast, lunch and dinner meals within the day. There is a big choice of breakfast stores open from early morning, where everybody can get affordable breakfast on-the-go. During lunchtime a lot of companies totally stop operation and encourage employees to have their lunch. Thanks to big choice of small private run businesses, which offered simple meals 24 hours, there is no such

demand as in USA or Europe to find substitutes for main meals. A lot of Taiwan people live in big families, together with parents and grandparents, what encourage people to dedicate their time to families, what very often happened while outing for lunch and dinner.

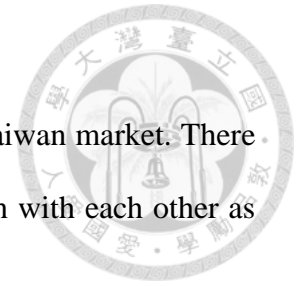


From comparison of worldwide and Taiwan markets can make conclusion that in some level practically all worldwide trends applicable to Taiwan market. Another possible trend that should be added as specific for Taiwan marker is high interest in import goods, especially from Japan and USA, what can be explained by long-lasting cultural or political ties with these countries. Although not all of imported products in a result will fit in Taiwan, in the beginning they are all well welcomed by consumers. Considering above mentioned in nearest future can be expected big and quick growth of snack industry in Taiwan and projection of 6-7% annual growth looks reliable and correct. There are a lot of uncovered opportunities for healthier, functional snacks, but current and future suppliers should continue to educate people about importance of snacking for daily diet, about possible impact of different snacks on consumers' health and mood. Similar trends and drivers for Taiwan market with worldwide trends also can suggest that snack bars will be among top picks for consumers in the nearest future, as these category of snacks meet practically all of customers' demands, like healthy, nutritious, single packed snack. Because of fully absence of any information related to snack bars category in Taiwan, in this business plan nothing can be added except of assumption that this category should experience growth in the future similar to what it now experiencing in USA and Europe, because of similar trends and drivers and high interest to products originated in USA. Some additional information that can support this assumption will be as well provided in next part of business plan dedicated to competition overview. Through learning about competitors' success and sales, can be estimated snack bars growth opportunities.

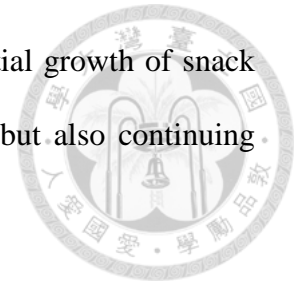
#### 4.2.2 Competition overview

As was mentioned snack bar is comparatively new category in Taiwan market. There are only few brands available and they are not in direct competition with each other as targeting different customers group.

One of the most successful brands currently available on the market is SOYJOY. A new type of nutrition bar made using only soybean dough (wheat- free) and various other ingredients. Brand belongs to Japanese company Otsuka Group, was invented in 2006 year and currently experienced high growth both in Japan and abroad. In Taiwan this brand was introduced in 2007 and refer to company yearly report, they expect steady growth of this product in average of 10% net sales in the nearest 5 years. Otsuka recommends SOYJOY as a snack for busy people to deal with hunger and maintain their health. From company yearly report: “It is essential for busy people to take care of their own health, especially when they are working hard. It can be eaten easily in the office without attracting attention, and is a low-glycemic index food which is less likely to cause weight gain since the carbohydrates are absorbed slowly” (Otsuka Group). Snack bar presented in 6 different flavors in Taiwan, has very wide retail network, including convenient stores, pharmacies, as well as super markets. Price: NTD35. In 2010 monthly sales of SOYJOY in Taiwan were 148 000pcs. Based on information provided by the company, brand awareness among female age 20-40 reached more than 90%, while in male category only 70%, what can be considered as another growth possibility for the market. Although company do not positioning itself as a snack for sportsmen’s, its convenient package and nutrition factors makes this product highly attractive to sportsmen. From convenient stores information, sales of SOYJOY increase twice while marathon periods.



Success story of SOYJOY is another reason to believe in potential growth of snack bars category in Taiwan. Not only SOYJOY high sales revenue, but also continuing investment from Otsuka Group in snack bars category proving this.



**Figure 8: SOYJOY snack bars**  
Source: Otsuka Group, 2017

There are as well few brands of muesli and granola bars in Taiwan market. This group positioned in low price range: 40NTD per bar, mainly presented in super markets, such as Carrefour and Johnsons. Traditionally it is considered as a breakfast snack, not very healthy, as contained a lot of sugar or sugar substitutes.



**Figure 9: Muesli and granola bars in Taiwan market**  
Source: Own

Next group is energy and nutrition bars which target specific customer groups such as active people or work-out people, ladies who are dieting and etc. This group of snack bars

presented in supermarkets and convenient stores. Depends on sales chain price varies from NTD50 (local brands in convenient stores) till NTD180 for import products in supermarkets or such locations as gyms, sport centers.



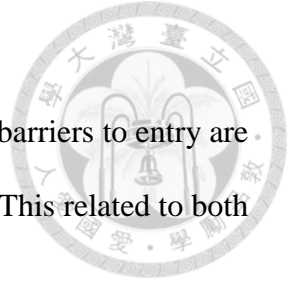
**Figure 10: Nutrition bars in Taiwan market**  
Source: Own

From competitors overview is visible that market of snack bars is not yet well developed. There is no big choice as can see on shelves of American or European supermarkets. At the same time success of SOYJOY in Taiwan can suggest that there is potential for growth in this category and BanBan can take advantage of entering this market on the stage of introduction and growth and be among first companies which will create market shapes and trends.

#### 4.2.2.1 Five Forces Analysis

To analyze current level of competition in the industry and get some guidelines for further business strategy was chosen Porter's five forces analysis framework which identifies and analyzes 5 competitive forces that shape every industry, and helps to determine an industry's weaknesses and strengths, help to analyze competition within an industry and business strategy development.

In the following analyzing will be used snacking industry overall with particular focus on snack bars as a part of this industry.



### **Threat of New Entrants: Moderate**

There is a moderate threat of new entrants into the industry as the barriers to entry are not high enough to discourage new competitors to enter the market. This related to both snacks industry, as well as snack bars products.

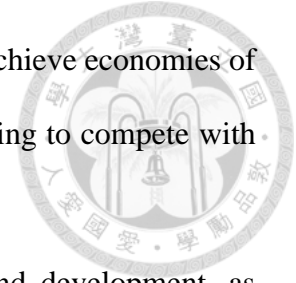
- (*Snack market*) The industry's saturation is moderately high with a monopolistic competition structure. Among main competitors on snack market I-Mei, Uni-president, PepciCo.

(*Snack bar category*) In snack bars category the main competitor for BanBan is SOYJOY, and just recently Starbucks introduced new bars, which makes potential threat for BanBan.

- For new entrants, the initial investment is not very high as companies can outsource production, don't necessary own retail stores, lease warehouses, overall operate at a moderate level of investment.

(*Snack bar category*) Specific for snack bars category low investments can be explained by simplicity of the product and manufacturing processes. It doesn't require big investments in product development and even can be manually produced without using production lines. In America there is company YouBar which offers custom protein bars with price start from less than USD0.69 (Youbar, 2017), what shows that actual cost related to production of snack bars is very low. Main expenses for new businesses will be driven by operation, marketing and advertisement.

- Among main threat for new entrants is to be able to achieve economies of scale within shortest period of time, otherwise it is challenging to compete with existed monopolists in terms of price and products variety.
- Another threat is necessity to invest in research and development, as creating of new snacks required new ideas, recipes.



*(Snack bar category)* As was previously mentioned it is less related to snack bars category, as research and development in this type of products should not be very expensive.

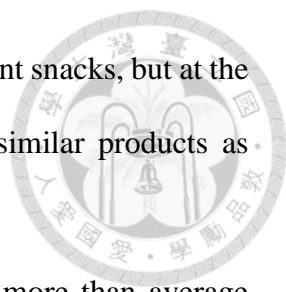
- Snacks is a part of food manufacturing industry and it is also regulated by government laws, which has high quality and safety standards. Although manufacturing processes can be outsourced, but company should still invest in obtaining of quality certificates.

#### Threat of Substitutes: High

- There are many substitutes for snack and snacks bars and they are widely presented with lower to moderate costs.
- Consumers can also prepare such snacks as bars at home, without buying them outside.
- There are no switching costs for the consumers for switching to substitutes, which makes the threat high.
- In addition BanBan product is comparatively new for the market, while majority of substitutes are well known for consumers, what makes threat of substitutes even higher.

#### Bargaining Power of Buyers: Moderate




- 
- There is no switching cost for buyers to choose different snacks, but at the same time there is no companies on the market with the similar products as BanBan.
  - Customers are price sensitive, but are ready to pay more than average when offer is special, meet their flavors expectations. Range of products on the markets has price, but analogues of BanBan with similar products characteristics cost more.
  - There are a lot of substitutes on the markets, so it is difficult to keep buyers and expect their loyalty to the products. As was also mentioned in the first part of this business plan section, snack consumers prefer variety in snacks and don't used to stick to single snack for their daily choice.

#### Bargaining Power of Suppliers: Moderate

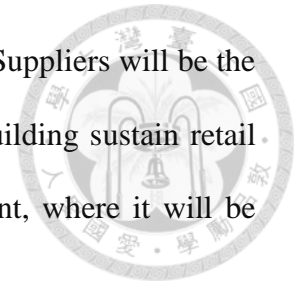
- The Main suppliers of such products as BANBAN are nuts and dried fruits, there are a lot of suppliers of these raw materials and switching between them should not drive a lot of additional costs. At the same time suppliers of high quality ingredients can be limited by volumes, as well as price. What makes power of suppliers moderate.
- Another issue is that prices of raw materials directly related to volumes and for small business as BanBan will be difficult to maintain big supply chain, so most likely they will need to have only one, maximum two vendors to ensure high orders quantities in return of good prices.

#### Competition in the industry: Moderate

- 
- There are quite a lot competitors on the market in snack category, at the same time only few of them are in snack bars category, what makes competition level in snack bars market in low level.
  - Competitors on bars markets are not aggressive, do not make any special advertising or promotional campaigns, what makes believe that snack bars category still not very well-known by consumers.
  - There are some big companies in the industry, including Otsuka Corp. in snack bars category, which can be a real threat for the company in terms of low pricing or aggressive marketing activities in response of new company entrance to the market. It is not expected high competition from European and American brands, because of their price, as well as passive advertisement campaigns. It makes believe that goods were imported by some companies for which snacks bars are not main business focus.

Based on Porters five forces analysis, we can make conclusion that that the strength of forces and overall competition level in snacks industry is on Moderate level. It will require from BanBan more investments and more specific strategy to enter and reach revenue targets. Although entrance on the market do not present a big threat, BanBan will need to refine its strategy in aim to survive in this business. For example BanBan will need to prepare more specific marketing strategy to be able to stand off among substitutes. BanBan will compete with products entered market long time ago and reached certain level of awareness among consumers, it will also compete with less healthy, but possibly more flavored products. BanBan as kind of new product will need to raise attention of customers in aim they can make their first time choice for BanBan product, and then through its good health beneficial ingredients and flavors make these customers loyal to BanBan and BanBan. Another important goal will be to build trustful/beneficial relations

with supplies, in aim to secure best ingredients with the best price. Suppliers will be the key partners for the company. Another big challenge will be in building sustain retail channels both in B2C and B2B market, especially in B2C segment, where it will be related to building of recognizable brand.

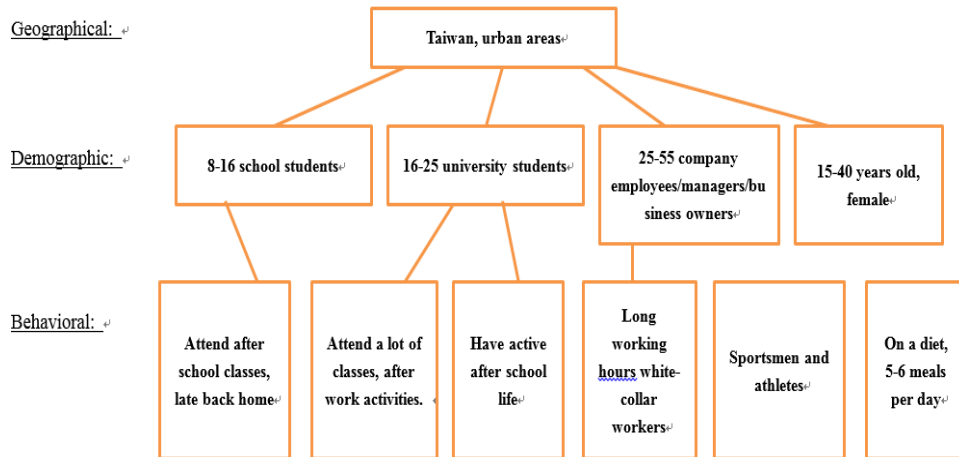


#### **4.2.3 Market segmentation and target customer group of BanBan.**

From the description and purpose of snacks the snack market can be called mass market, but different category of snacks in some way target different customer segments. Thus, such snacks as chips and nuts originally target sports fans, which like watching games on TV. Chocolate targets women or kids, who are most likely have sweet tooth, or young people, who are looking for source of energy (Mars or Snickers chocolate bars).

Inside snack bars market there are also different categories with different market segments and targeting groups. Refer to description and purpose of snack bars potentially demand should be found in population from 8 to 60 years old, who are leaving active life and need some convenient snack on the go to gain some energy, fight hunger between meals or simply passing time or having a break. From geographical point of view most likely demand is driven by big cities. Behavioral aspect of segmentation suggest us such possible groups as: people who have busy and active life (and this behavior can be found in different demographic groups, such as 8-16 years old active student, who have some extra classes after school and need to prepare food, or 16-25 years university students, who spend long hours preparing reports, doing research or simply has nights without sleep before exams and for sure working population, especially those who spend days in the office), sportsmen and athletes, who need snacks before and after work-outs and looking for such snacks functionality as muscle growth. Another potential segment is ladies in age of 15-40, who are sitting on a diet, strictly control daily calories and mostly

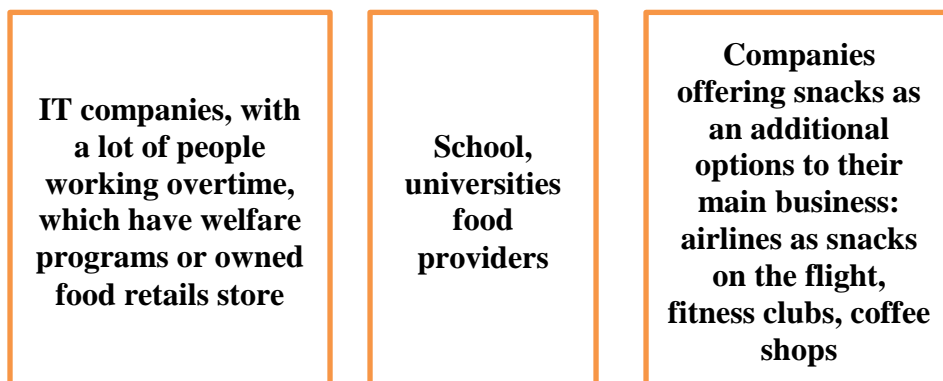
likely eating 5-6 times per day, with high demand in snacks between meals, which should be low in calories, but be beneficial for health.



**Figure 11: Market segmentation**

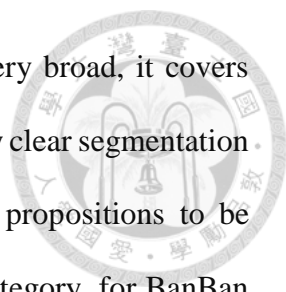
Source: Own

From B2C market review can make conclusion that snack bars has good opportunities in B2B market as well. Such businesses as schools, universities, offices can be potential customers for snack bars. Any businesses where snacks can be complementary options to main service or product. One of good example is airlines. Taiwan has 2 big national airlines companies, which potentially can bring snack bars as a part of their own flight meals or menu. Another example is car salons or any businesses of this type, where customers will be offered tea/coffee with small bites while waiting or passing time.



**Figure 12: Opportunities in B2B market for snack bars category**

Source: Personal collection

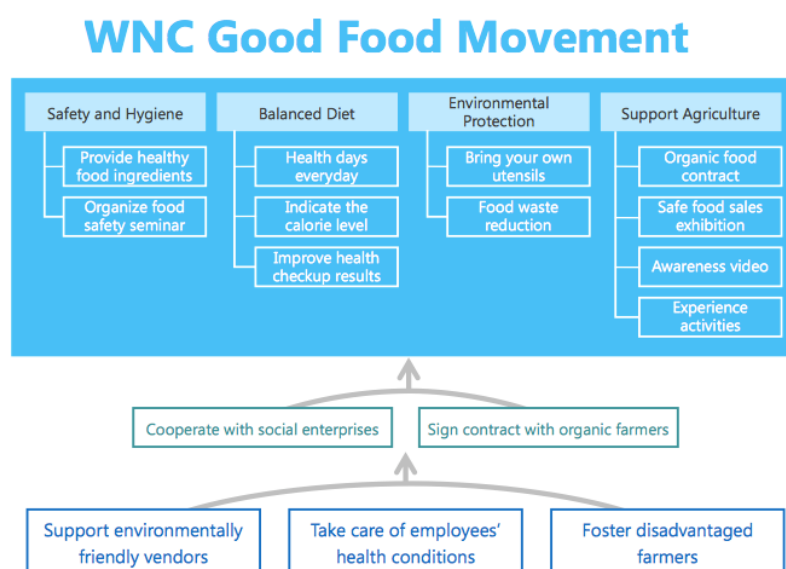


From above analysis is visible that snack bars target group is very broad, it covers customers of different age, occupations. At the same time there is very clear segmentation inside target market, with different problems and different value propositions to be addressed. As a new comer in the industry with only one product category, for BanBan the most beneficial strategy will be firstly focus on specific target group and consider another segments as potential growth opportunity.

### **BanBan target group**

As a target group for BanBan products to enter the market was chosen category of white-collar workers of high tech industry. Company assumed that this group will have high demand in products and focus on it can be very beneficial. BanBan as a healthy, nutritious snack targets active people, who need snacking along the day, because of busy schedule. To this group can be related sportsmen, young people and students or business people. Sportsmen is most specific group among mentioned, with higher requirements to formulation and at the same time the best covered by existed vendors. Young people are attractive group, but there is risk that this group don't have enough money or will not willing to spend NT\$55 for snack, as there are more cheap alternatives. So, it left business people as the best choice. Another very specific to Taiwan marker reason: is that this group has close attention from press and overall Taiwan society. High tech companies often makes the first lines of news with their abnormal working hours issues, cases of sudden death of employees after overtime work. This problem is well aware and well addressed in Taiwan. So, if BanBan will focus on this group it will most likely find demand and support from target group, as well as nationwide. BanBan plan to start market penetration with B2B sector and company's owner relations with Taiwan high-tech sector can help to reach certain level of awareness among employees of this industry through

cooperation on B2B level. A lot of high-tech companies such as Wistron, Pegatron have special welfare programs for their employees, which are part of companies CSR policies. There programs considered gifts for employees on such holidays as Chinese New Year or Dragon Boat Festival, retail of products and services with special discount on corporate sites. BanBan as a product targeting to improve physical and emotional status of busy office workers should find high interest and attention among high-tech companies, who are offering such welfare programs to employees. For example below will be reviewed Wistron corporation special “good food movement” which targeting to take care of companies employees, in order to build a healthy, friendly work place. Good Food Movement consisted of series of events to provide employees with healthy cuisine, build good eating habits, and actively contribute to a healthy, happy work environment. Part of this program also considered cooperation with local farmers on supply of organic products, as well as support of other local businesses. BanBan can be successfully implemented as a part of any of these events.



**Figure 13: Wistron Good Food Movement**  
Source: Wistron NeWeb, 2015

BanBan potentially can target any of similar welfare programs, because address exactly the same problems: health, employees' productivity, high stress level and etc.

Below will be provided some other data related to chosen customer group. In 2016 total number of employees in electronic industry of Taiwan counted for 778,854 people. Those who are devoted to R&D and technology development account for approximately 40% of overall workforce, with another 30% taken by people engaged in management, marketing and other business related operation. What makes BanBan's potential target group close to 600 000 people. Typical high-tech industry employees have very busy working schedule, with 6.25 hours spent on their desk within the day, 45% of them eat at their desk four to five times a week. Taiwanese office workers are also among least exercised in Asia, 75% of employees exercised only once per week. The reason for this believed to be high stress and employees thinking that they are too busy and don't have time to exercise.

From above description can make conclusion that these target group is perfect for BanBan product, as it doesn't focus on active people, but want to offer energy boosting or emotional recharge on a moderate level by using beneficial mix of fruits, vegetables and nuts.

#### **4.2.4 Consumer survey**

For better understanding of chosen target group's behavior was arranged survey among employees of Neihu Industrial park residence and Pegatron Corporation. Survey included 15 closed-ended questions, including basic question of gender, age and occupation. In survey took part 150pcs respondents, who were questioned directly face to face. This was one of the reason why survey was organized in such short manner and have only 15

questions. Without particular targeting of this group of people, the majority of survey participants were engineers.

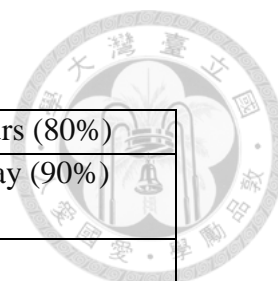
The main purpose of survey was to figure out snacking behavior of target group, their purchasing behavior and purchasing incentives, interest in healthy alternative products. Another group of questions was focused on understanding of working conditions, working life style, in aim to use this information in BanBan sales and marketing strategy.

The following findings were made based on data collected by survey, the full list of questions of which can be found in appendix.

Without special targeting 85% of respondents were engineering of age group 31-40 years old, 75% were male and 25% female.

The first group of questions was focused on life and working style of respondents. Typical high-tech industry employee is working long hours, does not have free time after work, as very often need to work overtime. During working hours top 3 experienced by employee emotions/feelings are tiredness, anger and stress (from most to least popular). No matter of overall level of business high 90% of respondents have 3 meals per day and if they skip one it is dinner. This survey data confirmed importance of having lunch and breakfast in Asian culture. As was mentioned already, a lot of companies has special lunch hours, when in the office will be turned off light and all people will be encouraged leave their places and go to have a lunch. Companies will facilitate in their properties cafes and restaurants, where employees can have their meals. A lot of companies offer to employees some amount deduction from their meals total price, when employees using their ID card. For example this widely used in HTC and Pegatron, as well as in Acer and Asus. This is a part of high tech welfare programs, what believed focused on employee's health and work conditions satisfaction.





**Table 4: Consumer survey: life and working style**

Life-work balance	Long overtime working hours (80%)
Eating habits during working days	Have all 3 meals within a day (90%)
Emotional status at work	Tiredness (65%) Anger (50%) Stress (45%) Brain burn (30%)

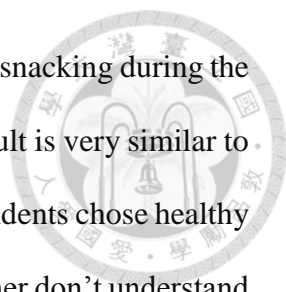
Source: Own

Another part of survey questions was focused on snacking habits of this customer group.

**Table 5: Consumer survey: snacking habits**

Snacking frequency	2-4 times (65%) 1 time (25%) Snacking all the time (9%) Don't snacking (1%)
Reason of snacking	Hunger (65%) Stress relief (25%) Take a break (10%)
Calories/Nutrition	Care (10%) Don't care (90%)
Main aspect of snack choice	Healthy (45%) Well-advertised (40%) Sweet (10%)
Snacks options	Fruits (80%) Bread (65%) Chocolate (65%)
Purchasing location	CS (85%) Prepare at home (10%)
Price	40-60 NTD (90%) 60-80 NTD (10%)
Better-for-you snack	60-80 NTD (70%) 80-100 NTD (20%) 100 up (5%)

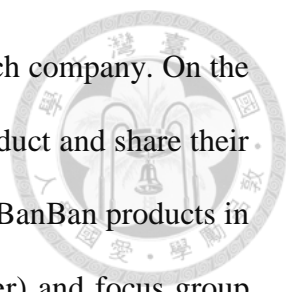
Source: Own



Practically 100% of respondents positively confirmed that they are snacking during the day. Hunger was the main reason of snacks consumption and this result is very similar to Nielsen report of worldwide snacking habits. Although 45% of respondents chose healthy aspect as one of the main choice reason it is obvious that customer either don't understand the meaning of nutrition and calories or simply doesn't consider them as important aspect. Among top snack choices are fruits, bread and chocolate. Customers prefer to buy snacks in convenient stores, what can be explained by more emotional way of purchasing, rather than well planned. From question related to price can make conclusion that customers are ready to pay more for healthy alternatives of snack, but preferred price is still within 40-80 NTD range.

Overall survey results can suggest high demand in snacks in this customer group. Most consumers' behaviors are similar to worldwide, what specified in Nielsen report in the beginning of this business plan. From survey also can see trend of increasing demand in healthy snacks, but at the same time nutrition balanced, as one of the main reason of snack consumption in hunger. In addition for more successful positioning of product in the market should be considered factors of high pressure, tiredness and other emotional distress of employees, as addressing of these problems and offer of solution can be the way to reach majority of target group.

Although survey gave some ideas and inputs about target group for BanBan, as newly created company with comparatively unique product was necessary to understand more about customer group taste preferences, that is why was made decision to have another survey: BanBan prepared prototypes of products and organized small focus group. The main target of focus group survey was to understand if BanBan concept can be accepted by Taiwanese customers, what mix of flavors are more suited for them.



Focus group was consisted from 5 employees of the same high-tech company. On the first stage of survey they were offered to try samples of BanBan product and share their feedback about product. Next stage of survey offered 12 variants of BanBan products in 3 different categories (energy booster, brain activator, hunger fighter) and focus group had to choose 2 from each category.

**Table 6: The results of focus group survey**

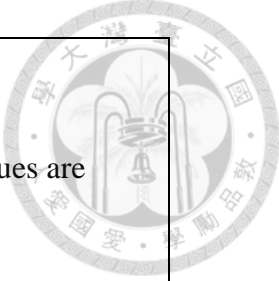
Energy booster	Brain activator	Hunger fighter
Ginger (superfood)-lemon (vitamin C, antioxidants)-cashew	Apple-walnuts (top nut for brain health, thanks to high concentration of DHA, a type of Omega-3 fatty acid)-cinnamon	Popcorn-banana-dates (dates have high level of carbohydrates –good source of energy )
Almond (high vitamin E, improve memory)-mango-cayenne pepper	Blueberry-peanuts (high in niacin, niacin deficiencies correlated with a higher incidents of cognitive decline and Alzheimer’s) -lemon	Figs (A,B vitamins, source of fiber)–apple-quinoa (contains 9 amino acids, has complete protein, gluten-free)

Source: Own

Below is provided sample of nutrition facts of BanBan bars, on the example of Apple-walnuts-cinnamon bar:

**Table 7: Nutrition Facts (BanBan bar Apple-walnuts-cinnamon)**

<b>Nutrition Facts</b>	
Serving Size 1 (50g)	
Calories	212
Calories from Fat	90
Total Fat	10g
Cholesterol	0mg
Sodium	5mg
Carbohydrate	24g
Dietary Fiber	5g



Sugars 18g  
Protein 4g  
Calcium 4%, Iron 4%, Magnesium 10% (\*Percent Daily values are based on a 2,000 calories diet).

Source: Own

Total 6 flavors were chosen based on focus group feedback, which were preliminary discussed and approved by professional nutritionist about product composition, as the main goal to make products not only taste good, but also offer balanced snacks with the best mix of healthy fats, carbs and proteins and thanks to functionality of ingredients help to make consumers life better.

Based on market analysis BanBan see high opportunities for success in Taiwan market. By offering healthy snack on the go, with simple composition, addressing people's health and dietary concerns, BanBan should become trending snack with high sales and perspective growth. To reach its revenue and market penetration goals, company prepared operation model and marketing strategy, which will be described in details in the next part of business plan.

## 5.0 Company Products and Strategy

Second part of business plan will focus on company and product introduction, and ideas behind the company and its product. Big portion of second part of business plan will be dedicated to overview of business operation model, as well as company's marketing plan. Based on company owners' believes marketing plan will be 80% of business success: in the market with huge number of substitutes and high competitors it is important to find the way to stand off. It is important to use correct communication channels, as well as clear and direct messages, good advertisement materials, as without

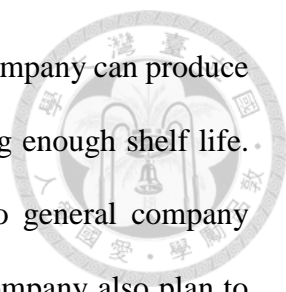
product promotion it will be difficult to reach enough awareness among customers and let them make a choice in favor of BanBan instead of any other snacks, including those that are on the market for a long period of time and well known to consumers. Remained 20% of success depends on company operation model, owners' patience and engagement in business processes.

In this section of business plan will be described concept of chosen brand name for snack bars and will be included some graphics, as a prototype for BanBan logo and packages.

One of the important parts of this section will focus on potential risks and obstacles for BanBan. For the new established company risk consideration should be an important part of business strategy, as it can guarantee significant minimization in potential loses. The final section of business plan will focus on financial projections, as well as break-even analysis.

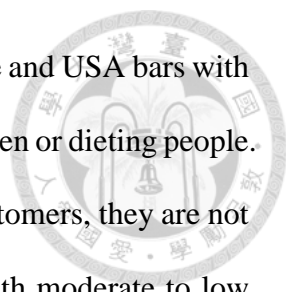
## 5.1 Company and product introduction

BanBan Co. is a new company which has not started operation and preparing business plan as a strategy to enter Taiwanese market with its first product in a line of healthy snacks – nutrition bars under brand name «Banban». BanBan plan to start operation in August 21, 2017. It will be a family business, owned and operated by Anastasiya Kurlenia and Eric Chang. It will be registered as Limited Liability Company (有限公司), with the main business activity as wholesales and sales of finished goods through internet store. Company plan to hire at least 3 more people: web-designer/marketing specialist, food technology engineer and experienced sales person. Designer will be responsible for web page content update, design of various brochures, company packaging and advertisement. Food technologist will be in charge of all manufacturing and quality processes in the



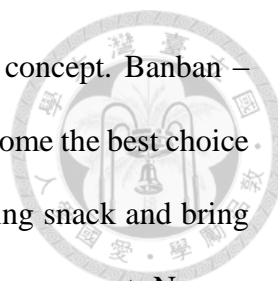
company and will focus on technology development to ensure that company can produce healthy snacks without preservatives, but at the same time with long enough shelf life. Both owners will be focus on sales and marketing, in addition to general company management. Company office will be located in Taipei, Taiwan. Company also plan to rent warehouse from where will be arranged all shipments to final customers and which will be set up in Yuanlin. BanBan plan to focus on Taiwan domestic market and looking forward to become one of top nationwide suppliers of healthy snacks.

Idea of business went back to 2016. One of the members of owner's family is a foreigner. When she came to Taiwan in a surprise of her Taiwanese friends, she met a lot of difficulties in adaptation to local food. Although there are a lot of restaurant, small shops and convenient store across the island, choice of healthy, vegetarian alternatives is very limited, especially in a snack market. This issue became critical when Anastasiya entered one of Taiwanese high-tech company: long-working hours, job under time pressure required from her snacking on her working place or on the way to/from office. That time she was found that choice of vegetarian snacks in Taiwan is limited by bread, cut fruit, chocolate and cookies. Except of fruits, neither option can be considered as a part of healthy diet and fruits do not fill up enough. After months of intensive working schedule and daily consumption of chocolate and bread, her weight raised a lot; she was emotionally and physically depleted. It was obvious that her eating habits do not help to improve her overall body conditions, but worsen it. In exhausted working conditions, as in Taiwan high-tech companies, healthy nutrition balanced diet is highly important. Not only food can be a source to fight hunger, it also can help to improve employee's productivity, mood and health. On Taiwan market practically don't exist nutrition balanced snacks, as also confirmed by survey in the first part of business plan, not a lot of people are aware of importance of balanced and healthy food habits. Currently,



available on the market products are limited by imported from Europe and USA bars with comparatively high prices and target such customer groups as sportsmen or dieting people. Although these products meet many of requests of their targeting customers, they are not considered as a good option for target group, as working people with moderate to low physical activity and who are looking for snacks as simply food between main meals. So was made decision for searching opportunities for local production of healthy bars snacks here in Taiwan. Research shows that this snack category already very popular abroad, not only among sportsmen or dieting women, but among busy, often travelling people. Through searching similar products in Internet was found a lot of examples when celebrities were brining similar bar snacks in their bags, on the flight, during hiking and etc. Inspired by examples of foreign brands was made a decision to create similar product, made from local ingredients, for local people. Owners background in high-tech industry, obvious concern of population about overloaded job, not balance life-work lifestyle influenced decision to focus on the most vulnerable peoples group here in Taiwan – employees of high-tech industry, particularly those who used to work long working hours and have very big stress. Current target group count of around 600 000 people and for sure potentially not limited by them.

**Company mission** is to become one of the top suppliers of healthy, vegetarian snacks in Taiwan market and through company products to improve people's health and overall life quality. BanBan will be the 1st product in a line of vegetarian, all natural snacks, in the future company plan to develop such products as cheeses, candies and for sure wide assortment inside BanBan groups with new flavors, textures. Later company plan to grow its target group and sees big potential for similar products as BanBan for kids, as well as such businesses like airline companies, school and kindergarten.



Below will be reviewed some detailed about the product and its concept. Banban – healthy, fruits, nuts and vegetable based nutrition bars. Created to become the best choice for between meals snack, BanBan created as nutrition balanced, filling snack and bring additional benefits to consumers, such as mood or concentration improvement. No any preservatives, sugar or some additional supplements are using in production. Each bar packs a lot of vitamins and minerals with low sugar level. Product will be in a middle price range of NTD55 per piece and will be sold in single, as well as wholesale package (12pcs per carton).

BanBan target to solve some daily base problems of office workers using functionality of all natural ingredients. Among most common problems of this customer group: stress, luck of energy/power, hunger, beauty and bad mood and depression.

It is scientifically proved that human’s health directly related to eating habits (WHO, 2014). Functional foods can significantly improve health, mood and overall life quality.

To come out with possible flavors of BanBan energy bars it was arranged survey of natural ingredients, which can help to solve one of the above-mentioned problems. Although a lot of people are not aware of such amazing functions of different products, this knowledge already actively using in health care, Indian philosophy for centuries.

Below are listed some of ingredients based on their functionality:

**Table 8: functional ingredients**

Good mood	Bananas, berries, sweet potato, chocolate, Carbs: oat, rice and etc., spinach
Stress relief	Berries, pistachios, dark chocolate, avocadoes, green tea, oatmeal, oranges, walnuts, cashews, chamomile tea
Energy/power	Strawberry, spinach, honey, rice, popcorn, brown rice, sweet potato, banana, apple, yogurt, almonds, peanut butter, eggs, beans



Filling	Greek yogurt, apples, popcorn, oatmeal, figs, bananas
Brain activator	Nuts and etc.
Beauty	Apple, avocado, kiwi, lemon, papaya, pomegranate, plum, pineapple, ginger, coconut, sesame, strawberry

Source: Own

Fruits and vegetables are necessary and beneficial for healthy daily diet and BanBan products offer an opportunity to get them easily from energy bars.

To make the impact of BanBan products even bigger was decided to add some additional value to the bars: special consumer experience with each purchasing.

Thus, for «good mood» bars there will be a short funny joke on each of bars packages, with some bigger text on a wholesale box. Consumers will have opportunity to focus on something different rather things bothering them at that time, simply got a smile, what can be a changing moment for their mood.

For «stress relief» bars there will be information of some stress relief techniques, similar to «1 minute breathe» by Apple, or some brain tasks to let consumer brain switch from one thing to another: it can be short crossword question or puzzle.

For the future growth company planning to growth horizontally and introduce other products, such as special energy bars for men with spicy notes inside, energy bars for often flyers and a lot more.

Both owners see huge opportunities for BanBan products. Their own experience as a part of target group give them better understanding of customer needs, and through addressing them BanBan bars should be able to become number 1 choice among high-tech employees in the market. Discussion of business idea with their friends and coworkers just support its feasibility and shows overall interest from the target group.

## 5.2 Business operation strategy

In this section of business plan will be reviewed company business model of entrance Taiwan market. For this purpose was chosen Business Model Canvas, which will help overview and visualize company structure, as well as main activities, partners and overall operation. The Business Model Canvas was proposed by Alexander Osterwalder and included 9 blocks, which together provide coherent view of a business' key drivers.

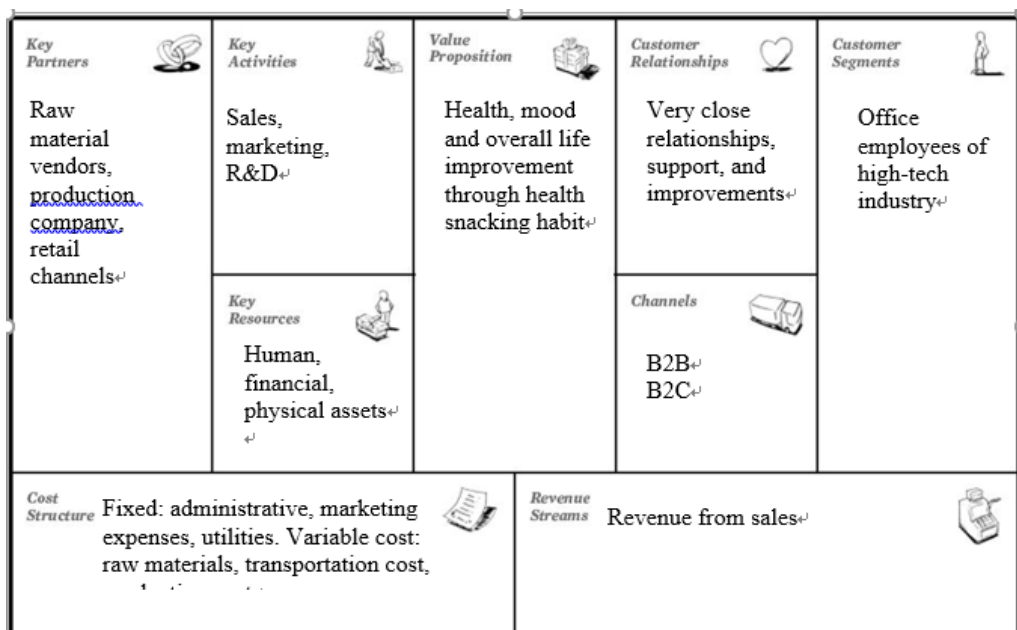
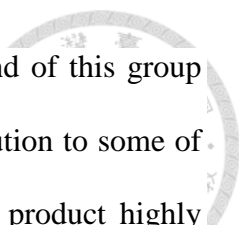


Figure 14: Business Model Canvas  
Source: Personal collection

### 1. Customer segments

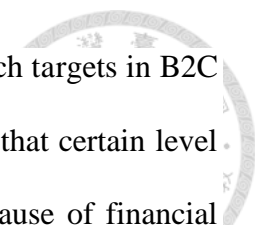
As a customer segment for BanBan snack bars was chosen group of high-tech companies' employees. Based on market analysis from the first part of business plan this group of people used to have long-working hours, no time or wish for proper working out, used to have a lot of snacks within a day. This group as well very vulnerable to bad eating habits, as without correct dieting in stressful working conditions, it is very easy to gain overweight, is very difficult to be always on track, have enough energy to do job properly. At the same time this group looks uncovered on the snack market, there is no



any specific goods targeting exactly this category, but potential demand of this group should be very high. By targeting this group through offering them solution to some of their problems, without actual influence of their life style, can make product highly attractive to this customer group.

In the beginning of operation BanBan plan to focus on B2B segment. It was previously mentioned in the first part of business plan related to market segmentation that Taiwan high-tech companies are well-known by different kind of welfare programs focused on employees health and life-work balance. Companies encourage employees to do daily workouts by offering them free access to gyms, organize sport competition inside the company and once per year whole company family gathering, at the same time many companies offer to their employees choice of healthy food options in companies' canteens. So, it will be correct to say that these companies are really take care of people's health no matter because of personal interests to have on board healthy and productive working force or as a part of their social responsibility programs. And exactly this makes these companies one the most important target group for BanBan. Through high-tech company's welfare programs BanBan will be able not only make its first sales, but also to promote products to target customer group, through direct and indirect advertisement, product sampling and etc. In return companies as customers for BanBan snacks will be able to improve employee's productivity, overall satisfaction, what should have positive influence on companies' operation and revenue stream.

After introduction of BanBan to B2B clients, company will expand its operation directly on B2C customers. To successfully enter B2C market, company will need to focus on its brand promotion, creating awareness and customers loyalty. It will need to find ways how to enter retail channels, how to ensure good sales to be able to remain in the market and continue growth. It will be a big challenge, because small business as



BanBan is limited with resources and budgets. As a first priority to reach targets in B2C sector, BanBan will focus on its product branding. Company believes that certain level of brand awareness can open doors to many of retails channels. Because of financial constraints, BanBan plans to maximum leverage brand's elements to enhance business awareness and image. First element of new brand is its name - "BanBan". The ideas behind the name were already described, but in terms of brand creation important to mention that name is memorable, meaningful and easy to pronounce both for English and non-English speakers. Company believes that this name together with specially created company slogans will create catching associations for consumers. Another brand element is packaging. Creative, innovative packaging can not only substitute expensive advertisement campaigns, but also directly be a catching point for impulsive snack purchase. BanBan packaging created as an important element in company's branding: it will not only communicate what the product is, but will also have some elements of cuteness, which so many Taiwanese are looking for. Logos, slogans will all be prepared with consideration of BanBan value proposition and will be among the most important elements to BanBan differentiation.

In text book "Marketing Management an Asian Perspective" were mentioned another two ways of branding small businesses and they are well applicable to the BanBan case. The first one is creation of buzz and loyal brand community. BanBan can reach this target, through social media platforms, such as Instagram and professional forums, or by utilizing its own web page to create community. Loyal community will be as well created on the first stage of operation, when products will be retailed though B2B channels. As an example of brand community building, BanBan can publish answers on "brand activation" questions from packaging or give more advices on stress handling, what in

return will encourage people to participate in discussions and become a part of newly created community.

Another suggestion from the textbook is to leverage secondary associations, such as places, people or things. For BanBan secondary associations can be businessmen, who will simply post photo of BanBan on working desk on Facebook page or GMBA alumnus: ambitions young people, who are hard-working future leaders. Some of this technics will be later describes in more details in marketing plan section.

## 2. Value proposition

Value proposition of the company is to offer to target customer group health, mood and overall life improvement through healthy snacking habits. People are spending hours in their working places, in Taiwan these hours reach 10 to 12 hours per day. Job in high-tech companies always required from employees working under pressure, without proper rest and life-work balance. To reach success in their jobs people are working overtime, take more tasks and responsibilities. For all these employees need life energy, good health and mood and this is what employee of many Taiwanese companies are luck of. But this is definitely what they want and need. At the same time a lot of them are not ready to make a lot of changes in their lives, for example have daily exercising routing or prepare nutrition balanced food menu for every day. By understanding of employee's needs, wishes and factors stopping them from improvement, BanBan was created as a product to address all these needs and offer healthy, nutrition balanced snacks, which can help consumers to become more productive, happy, and healthy, without any extra attempts from their side. No preservatives, sugar or other unnecessary ingredient, all are natural, vegetarian, and simply amazing snacks for every day. BanBan will offer choice of flavors in aim to meet people's preferences, as well as potentially offer different product for different days of the week. Company wants to make BanBan snack a number one choice

among target group and looking forward to make difference in Taiwan society and particularly targeting community of high-tech employees.

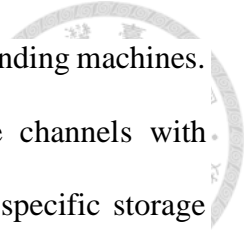


### 3. Channels

Ahead mentioned in the beginning company will start introduction of BanBan product to the market though B2B segment. A lot of high-tech companies have special welfare programs for their employees. The scope of these programs varies from offering gifts for Chinese New Year, Dragon Boat Festival and etc., to subsidizing lunch/dinner in company canteen. BanBan plan to use all of these opportunities and through companies' supply department offer BanBan for realization in corporate web-sites, companies' canteens, as a best gift solutions for employees on any possible holidays. Although there is quite high competition between potential vendors, thanks to BanBan product exclusivity, its customer group focus and direct benefits for companies' operation, should make BanBan one of the most attractive choices.

Another channel related to the same segment will be word of mouth: using owner's connections in the industry, company will promote products among high-tech companies and their employees.

Another promising channel for BanBan products are convenient stores. The way of entrance shelves of convenient stores is multilevel. At first potential supplier should pass evaluation in a corporate supply chain, after this product/vendor will be added in a list of authorized vendors. As soon as company and products will be added in database, stores around the country will be able to make orders, but each store should make its own purchasing decision. So, to reach sales channel of convenience stores is necessary already have some awareness among customers, that is why BanBan will target convenient store on later stage of operation.



In B2C segment company plan to use own web site for online sales, vending machines. BanBan considered vending machine as one of the easy accessible channels with projected high conversion rate. As BanBan bars do not required any specific storage conditions, they can be sold out in vending machines together with another confectionary goods.

#### 4. Customer relationships

Company looking forward to set up close and trustful relationships with customers, for this purpose will be offered online platform for questions and recommendations. For corporate clients will be offered customization in case they want to have their own brand name on the packages.

Company will support products with some merchandizing units for better promotion of BanBan and for sure will facilitate online resources, including official web page, Instagram and line accounts for promotion of healthy life style and healthy snacking habits.

Company plan to have different CSR projects, for B2B and B2C customers it will hold special sales, when part of revenue will go for support of those who are in need. Company believe that this movement will make it a part of something big and will value in eyes of its customers.

#### 5. Key activities

Company's key activities will focus on making BanBan Taiwan first choice snack among active country population. Driven by this goal, company will focus on research and development of new recipes and new snacks under the same brand name.

The key activities will be marketing and sales. BanBan company plan to have at least 2 sales and 1 marketing specialist, who will be in charge of creation advertisement materials, web-page update, social-media.

In front of company was a choice of outsourcing production versus own production facilities. Decision analysis included different aspects of this question and below are provided details.

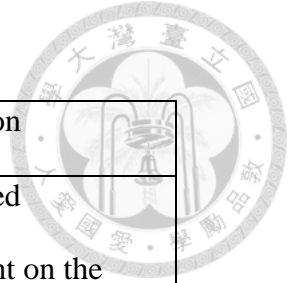
Production technology of snack bars is comparatively simple. It usually includes following stages: preparation of the mixture (mix of nuts, vegetables, any other required ingredients), forming of mixture into specific shape, cutting, cooling or/and drying for about 20-24 hours, packing. To prolong shelf life of snack bars most often using drying technology. On the market available number of equipment vendors which offer full cycle bar production lines, as well as separate stations of these lines. Originally vendors will offer proper level of customization, in aim to meet different customer requirements. As a Figure 15 is provided a sample of complete bar production plan. At the same time facilitating of such production line required at least 2 skilled production line operators, as well as engineers and for sure space, where production line can be installed. All these factors were reviewed and considered as a part of outsourcing vs own decision. Below provided decision process overview (please refer to Table 8).



**Figure 15: Sample of snack bars production line**  
Source: Papa Machinery, 2016



Table 9: Outsourcing vs own decision analysis



Outsource decision	Own production decision
Outsourcing is available on the cost of «NTD12»/per unit	Own production required purchasing of equipment on the cost of USD50 000 (NTD1.5mln), rent space for production USD10 000 (NTD300.000), production line employees 2*NTD30.000/per month, what significantly increase required start capital. Additional certification of production facilities.
Production capacities of outsourcing factory are flexible, from 10 000 to 150 000 per months	Production capacity of own production line can reach 10000/per day. First few months of operation estimated volumes are within 10.000units per month, what will make equipment idle for majority of the time.
Outsourcing should be to company which produce similar bar products, which is direct competitor to BanBan. There is high risk of stolen recipes and other technologies secrets.	Own manufacturing can guarantee that all production secrets are remained in-house and competitors will need long time in to copy ideas.

Source: Own

In the end of analysis was made decision to outsource production to company in Yunlin, which produce nutrition bars and offer OEM services: Hung Yang Foods Co., LTD.

## 6. Key Resources

As described above company main activities required a lot of resources and assets. Among main resources are human resources: food technician – who will be in charge of manufacturing and quality control, as well as future product development related questions. To be able produce goods with high safety standard, long shelve life, food technician will be required to manage all aspects of product development and production, even with outsourced production to 3d party, it will be required his or her expertise to make sure that manufacture is following standards and requirements of BanBan company.

Another not less important people are members involved in design, sales.

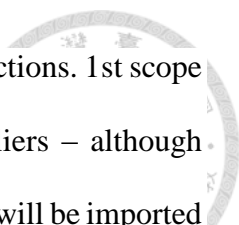
Physical assets: raw materials, warehouse, and office.

Intellectual resources: main intellectual resource for company will be BanBan trade mark. Company will not be able to obtain patents on recipes, but potentially can consider patents for new technologies, as it plans to continue research and developments in production of high quality healthy food without any preservatives, but with possible long shelf life.

Financial resources are obviously company main resources, which will be both owner's money, as well as outside investments.

## 7. Key partnership

Company believes that good partnership is required condition for success. BanBan company plan to focus on the beneficial ties with its partners and looking forward for long-lasting relations with local Taiwan businesses.



Business specific required from BanBan partnership in 2 different directions. 1st scope is partners, which will be involved in production. Raw material suppliers – although company is going maximum targeting local producers, some of materials will be imported from abroad. For example majority of nuts available on the market are imported from USA or China. BanBan is not going to be involved in international trade activities and will purchase all imported raw materials through wholesales companies. Dry fruits will be used both local and imported. Although there is a big choice of dry fruits and nuts suppliers, BanBan targeting only the best raw materials for its products. There are specific requirement especially for dry fruits: dried without additional sugar, soft texture. In Taiwan a lot of vendors offer sugary dried fruits what is totally unacceptable by BanBan concept, so created ties with local vendors of dry fruits are very important for stable operation and growth. BanBan in the beginning of operation made partnership with 2 vendors, which are able to offer high quality dry fruits from South of Taiwan and including in their assortment imported dry foods as well, such as figs, dates, which will be actively used in BanBan production.

Another important partners are manufacturing company and package supplier. BanBan has specific requirements to package vendors, as package will support long shelf-life for its product. Packaging should be cold-seal, with printed design on it, laminated with aluminum foil that provides high barrier against moisture, oxygen and other contamination. There are a number of Taiwanese companies, which can offer required packaging on the reasonable price with MOQ start from 50 000pcs.

Another group of partners, are those that are involved in products sales. Here should be mentioned: transportation company, with which BanBan will cooperate for on-time delivery of bars through the country, BanBan retail channels, such as high-tech

companies supply chain departments, convenient stores and etc., depends on operation stage.

#### 8. Cost structure

Cost structure of BanBan products will be similar to products of the same type.

Fixed cost: administrative expenses (including salary), marketing and advertisement, utilities. Company will consider marketing and advertisement as part of fixed costs, but this will be probably changed after operation start and company owners will understand specific requirement for investment in marketing and advertisement.

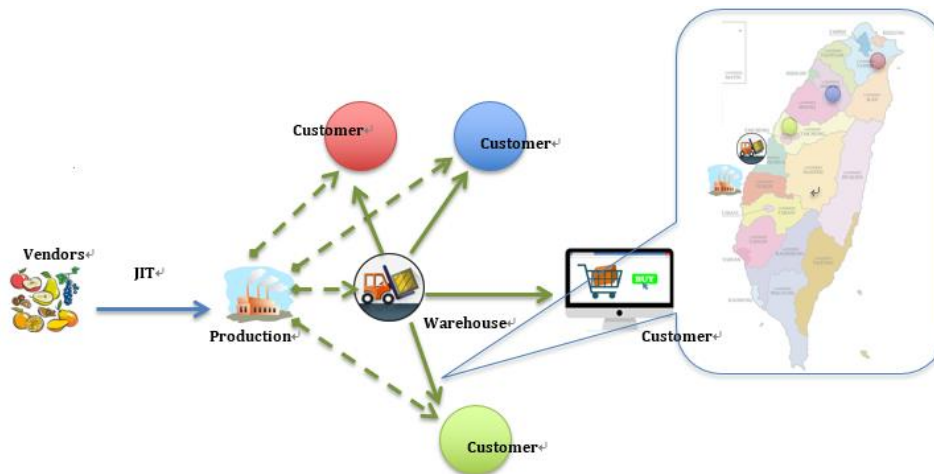
Variable cost: production cost, raw materials cost - the most expensive portion of cost structure. Company target to continue decrease both manufacturing cost through volumes and raw materials cost through well cooperation with vendors. Transportation is also among variable cost.

#### 9. Revenue streams

Main revenue stream of BanBan will be from sales. There is no any other revenue streams planning at this moment.

To summaries business operation model for BanBan was prepared below scheme, which illustrate all stages of operation from raw materials supply to finished goods delivery: 1) from raw materials vendors fruits and nuts will be delivered to manufacturer (all materials will be supplied based on JIT principles (Just-in-time)). Based on current projections monthly sales of BanBan cars in the beginning of operation will be no more than 10.000, what is around 1-2 days of production capacitors. After production will be scheduled for the certain days of the month, raw materials vendors will be instructed to arrange shipments with ETA factory facilities 1 day priory production, for passing income quality control and pull in production line. 2) After production finished goods will be


shipped to B2B customers or to BanBan warehouse. Manufacturer is 40 minutes driving distance from warehouse. Warehouse will be located in Yuanlin (Changhua), the reason for location decision explained by multiple reasons: a) available men power resource to arrange shipments on request from warehouse with hourly based payroll; b) comparatively cheap renting fees; c) close geographical location to manufacturing side; d) as well as central position in terms of potential clients. Even with consideration that in the beginning of operation target market group will be in these 3 cities (Taichung, Hsinchu, Taipei), it is more reasonable to set up warehouse in central part, rather than in Taipei, because manufacturing site located in central part and road between manufacturer and Taipei goes through all listed cities, what makes delivery from manufacture to warehouse in Taipei and from Taipei to customers less effective in terms of cost and time.



**Figure16: Business operation overview**  
Source: Own

### 5.3 Marketing plan

As was previously mentioned marketing and advertisement play a key role in snack market. It can be explained by very high competition among substitutes, as well as impulsive nature of snacks purchasing. BanBan targets to implement marketing plan that



can help to introduce and promote health life-style, importance of functional foods, as well as BanBan products. Below will be described in details marketing plan for company based on 4Ps model - the way in which company plan to take a new product to the market with focus on **Product, Place, Price, Promotion**. BanBan plan to have marketing campaign that will not be expensive and will prepared based on company's budget, the main target of marketing campaign should be focus on brand awareness and brand purchase intention

In marketing campaign BanBan will be positioned as a product to help busy people to finish their job quicker, be more productive, and give them some energy and release stress. Healthy aspect will not be specifically advertised, but will be mentioned in some of advertisement materials. Below provided some slogans for company to use in its advertisement and promotion.

Product selling point and differentiation:

Specific uncovered target group: office employees. Through understanding of target group problems, such as tiredness, emotional exhaustion, BanBan snack bars offer snacking solution with natural, simple ingredients list. No controversial ingredients such as oat, rice or soy are added in BanBan bars. This will help to differentiate BanBan bars from competitors, such as SoyJoy or local muesli bars producers. BanBan will also advertise functional aspect of bars, reached through such ingredients as nuts, fruits and berries.

有BanBan沒有事情那麼難！不用想快去買！

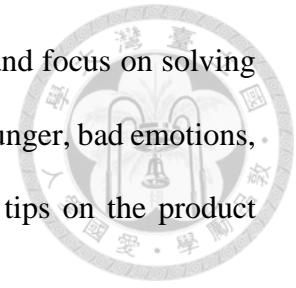
有BanBan 每個公事快做完！

BanBan 使你最棒！

又累，又生氣 — 有BanBan都沒關係！

**Product/Service:**

Company will offer snacks that will be nutrition balanced, tasty and focus on solving one of the main issues which busy people facing on their daily life: hunger, bad emotions, anger, stress and etc. BanBan will have special features, as some tips on the product package that will bring important messages to the consumers.

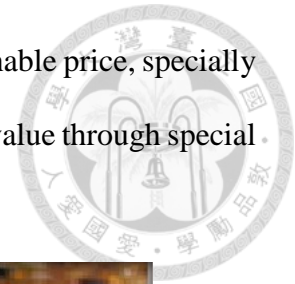


Product will have colorful package, with important such on it as: «healthy», «no sugar added», list of ingredients (3-6 ingredients per bar). By this company will try to catch up with “label friendly” trend. Product will have single package and wholesale package. It will be easy stored without necessity to keep in the fridge, but will be recommended for storage outside of direct sun light.

Product name – BanBan. The name came from idea of mixture of nuts and fruits, as a base for all BanBan products. BanBan is from Chinese 半 – what means “half”, so half and half. It is also easy to pronounce and remember, what can have positive impact on brand recognition among customer. There are another aspects of name BanBan such as “wholesome”, which can be reached by adding two half together and idea of partnership between 2 people as a start for BanBan business.

Design of BanBan bars will target to attract attention of male and female customers and will use specially created characters Mister Nut and Miss Fruit. Idea of usage characters rather than just pictures of ingredients or simply wording supported by Taiwanese love of cuteness, Japanese cartoons and comic books. Figure 17 presented concept of BanBan packaging design. The final version for packaging will be prepared by professional design agency, Package for BanBan products is very important, the latest concept targets few goals: the first is to introduce main ingredients and each of their functions, the second, to have some product preview, because similar products are not exist on the market it is important to provide customers with some visual associations with the product.

Products will be differentiated from competitors by offering reasonable price, specially invented flavors for local market, healthy ingredients and additional value through special experience for consumers.



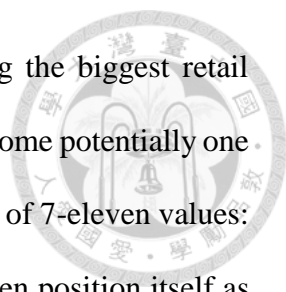
**Figure 17: Sample of package design (draft version)**  
Source: Personal collection

## Place

Company will start introduction of the product through big companies and their own corporate sales channels. Through contacting companies' supply chain department focused on internal purchasing company plan to reach targeted customer segment.

Through corporate sales or through corporate web page BanBan can reach required level of awareness. Need to mention that inside this channel, there are multiple places where can be presented products. For example company's web page, through which products sell to employees. Another example is companies' canteens, where BanBan bars can be offered as snacks options after main meals. BanBan bars will be as well great option for corporate presents for employees, as well as business partners. Another places for product sales are vending machines installed inside the companies. As BanBan do not required to be refrigerated, it can be a good product for vending machines, similar to such products as chocolate snacks, nuts. BanBan company is not going to own any of vending machines, but will use contracts with 3d parties, which own and service vending machines to sell BanBan bars. Sales through high-tech companies considered as the most beneficial, as product will reach directly target group attention with potentially high conversion rate.



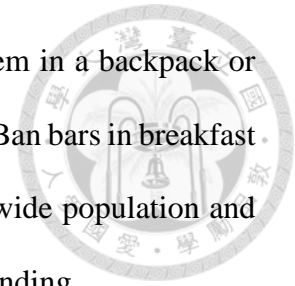


BanBan is also going to target another retail channels, including the biggest retail channel in Taiwan: 7-eleven. Company believes that 7-eleven can become potentially one of the main sales channel for BanBan, as product concept meet many of 7-eleven values: snacks is food of emotional purchasing on-the-go, in addition 7-eleven position itself as a place of selling a lot of Taiwanese brands and focus on foreigners as potential customers (for example milk tea, tea eggs and etc.) and although majority of products belong to parenting company Uni-president, BanBan can become a great addition to this product line – as locally invented product, promoted local ingredients and brands. To attract attention of potential consumers BanBan should be positioned somewhere near of coffee makers or cashier and use advertisement stands with catching-eye information to attract more attention of visitors.

BanBan understand the challenges behind entering convenience stores and expect that entering this retail channels should be after certain of product introduction to the market. That is why in the beginning of B2C launching activities BanBan will target more small retail channels, such as coffee shops, where BanBan product can be introduced to smaller number of potential customers, but were it can have space for proper visual introduction, some in-store activities. This channels will also help to understand the consumer's interest to the product, give input about further business development and as expected create a buzz about the product.

Another interesting channel is breakfast stores. It is a little bit experimental way, because traditionally breakfast stores offer only breakfast options and BanBan bars positioned themselves as a snacks, but at the same time daily breakfast stores visited majority of Taiwan population, among whom is BanBan target group, who most likely after having breakfast will move to their offices. So, there is a good reason for them to buy snack for their long working hours right in the breakfast store before moving to the

office. Bars are small, light, so it will not be a problem to bring them in a backpack or bag to the office. At the same time even with bad sales, carrying BanBan bars in breakfast stores will bring certain level of awareness for the product among wide population and this is important in view of limited advertisement and marketing spending.



Online sales – company plan to have own web page shared with online store. Web page will be used for introduction of the product, benefits of each of using ingredient, as well as promotion of healthy life style. On web page consumers will be able to order products with delivery to any place in Taiwan by minimum order quantity – one wholesale box (12pcs). Web page will be as well use as promotion for employees’ healthy life-style, tips of managing work-life balance, communication platform for BanBan customers. Company’s web-page will using as a platform for building community of BanBan existed and future customers.

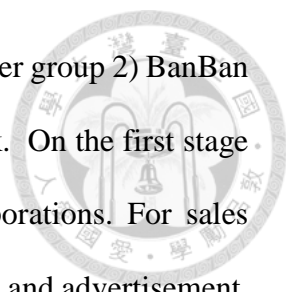
**Price:**

Company will offer single SRP (suggested retail price) for all of its retailers. It will be NTD55 per unit. Customer sale price (CSP) will be set up as NTD45. What makes product in middle price range in comparison with its competitors. This price was chosen based on minimum profit margin, which can be interested to potential BanBan clients and price consideration from perspective of end users.

For different retailers CSP will vary depends on volumes and conditions of cooperation, for example for volumes of 4000pcs per order will be offered 5% discount. For corporate clients will be offered as well 5% discount, as company will consider this retails channel as a source of indirect advertisement and raising awareness.

**Promotion:**

Market doesn’t have seasonality for BanBan product, so there is no any specific time for project launch as well as promotion. BanBan advertisement and marketing will be



focused on few aspects of BanBan products: 1) specific target customer group 2) BanBan is solution for daily issues 3) BanBan is healthy and beneficial snack. On the first stage of operation main business partners for BanBan will be big corporations. For sales through this channel, BanBan is not going to invest a lot in marketing and advertisement. Promotion will be mainly through partnership with high-tech companies, where BanBan bars will be sold out. Company will support products with detailed introduction of company's mission, ingredients, brand and benefits for company to sell BanBan products to their employees, and rest information that can get interest of purchasing department. BanBan will support its products with advertisement materials, such as digital images, or for companies supported video streaming in their offices will be offered short videos. If company will sell products in their canteens, BanBan will provide banners or installations to display products and give important messages to customers.

On 2<sup>nd</sup> stage of operation when company enter B2C market, BanBan will need to add more activities in its marketing plan, but at the same time keep marketing budget on low level. It will be challenging, but possible to be done.

In its promotion BanBan will mainly focus on below modes of communication mix:

Sales promotions: BanBan company will consider some sampling activities in Hsinchu Industrial Park, Neihu Technological Park area. As it will be new product, it is highly important to have proper introduction to customers, without this there is chance that customers will afraid to try something new and stick with their old preferences. So sampling should be a good way for product introduction. To make it more beneficial sampling activity also can be used for gathering some data for consumer survey. For each received sample person will be offered to proceed to company web site and by fill in short questionnaire about the product get 10% discount for the first time purchase. In this way company can get such important data for analysis, as conversional rate of customers for

this street activities, consumers' feedback about product flavors and texture, which were previously received only from small focus group.

Limited advertisement: limited to printed booklets and banners for products demonstration in the stores. BanBan want to have “wow” effect when people firstly see products in the stores. For in store demonstration will be used banners, colorful, informative and eye-catching packaging.

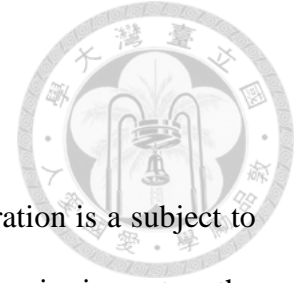
Word-of-mouth marketing. This communication channel can be well leveraged by BanBan thanks to owners' connections with high-tech companies. They can use their friends to help them spread the message about BanBan bars, their benefits and ideas behind brand and the product.

BanBan plan to have promotion among GMBA students as well. A lot of GMBA students are business owners, or office employees. Company will provide free samples of BanBan products to students and will have some promotional brochures that can be left in student lounge or on Facebook page of GMBA students or alumni.

For promotion will be used as well various social networks: company web page, company Instagram and Facebook account. In 2016, 81% of Taiwan population was active social media users. The most popular social networks in Taiwan are: Facebook, LINE, Instagram. Company is not going to use Twitter in view of low penetration rate among Taiwanese users, or Line as a platform for advertisement of its product. If there will be any possibilities BanBan plan to use in its social campaign some celebrities from Taiwan. Because of financial limits currently owners try to find some contacts with celebrities through their friends and relatives.

Overall marketing plan will be focused on creating product image, as very personal thing for target group. To let employees of high-tech companies fill that somebody care and understand them and have ready solutions.

## 5.4 Risk management

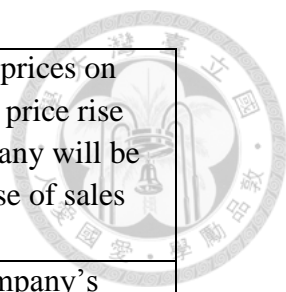


BanBan products performance and overall BanBan business operation is a subject to various risks. Below will be reviewed risk factors that could cause a major impact on the company performance and financial position, along with action plan of company management as a response on them. This list is not limited to mention below and for all unpredicted cases, company management will be required to take actions immediately to find prompt solutions or at least lower potential damages to the company.

**Table 10: Risk management overview**

Risk	Likelihood	Impact	Action plan
Luck of finance to start business	Likely	High	Originally owners planned to rely on personal funding of business, but based on financial projections they will require to have outside investments. Company will use this business plan to attract potential investors, use crowd funding or bank loan.
Risk related to food safety	Unlikely	High	Company is focus on consumer's health, so food safety is highly important. To prevent any safety issues, company will have periodical onsite checking and validation of its vendors as well as manufactures. Company will apply for TFQ certification to make sure that products are fully safe to consumers.
Risk related to consumers trend	Likely	High	BanBan is comparatively new category of snacks and market projections are all done based on potential consumers trend, rather than current trends. In case projections were done incorrect, the sales will not be able to reach projected financial numbers within the first year of operation company most likely will close operation. As company will not

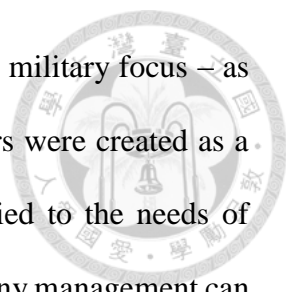
			owned production or other high value assets it will be more reasonable to stop operation in case of unsuccessful launch in the beginning of operation, that is why as a check point was chosen 1 year period.
Risk related to shut down of manufacturing side	Unlikely	High	As company will outsource production, factory shut down will cause a huge problem for further operation. After success launch of the product, BanBan will consider to build own factory, which can be used for BanBan production, as well as new products introduced by BanBan. This decision should be done right after success launch, at least after 1 year of operation. In case of production shut down, BanBan can consider as well purchased owned by manufacturer equipment and move to own facilities.
Risk related to team qualification	Likely	High	Both owners don't have background in food industry, as well as business operation. For business of such scope business knowledge received through GMBA program should be enough to cover operation question, but in questions of food technologies, production company will fully rely on hired people. To hire correct person, who will be dedicated to company and its values, BanBan will arrange few step interviews and for successful candidates will be offered attractive compensation package. Company want to have stable team with zero turnover rate for at least 3 years of operation.
Risk related to rise of raw material prices	Likely	High	Worldwide economy, global warming all potentially can influence prices of raw materials. To lower impact company plan to maintain relations with different vendors and



			try to keep raw materials prices on the same level. In case of price rise among all vendors, company will be required to response in rise of sales price for its products.
Company bankruptcy	Unlikely	High	In case of bankruptcy company's debt should not be too high, as it will not owned a lot of high value assets. In case of bankruptcy company owners will back to companies on left positions or even higher, as they believed that experienced received as entrepreneurs is very valuable and can be successfully implemented in their original high-tech companies. There is high possibility that owners will try to open new business in aim to close debts within shortest time.
Copy Cat Competitors	Likely	Moderate	Risk of copycat competitors among the most likelihood. Company management accept the fact that there is going to be imitation and start from very beginning thinking about new possible service and products, which will be added to its product lines. Thus, company plan to introduce snacks for another customer groups, such as children, as well as planning to implement another products, such as healthy breakfast options. BanBan also going to introduce new flavors, to make variety of choices for its customers, what is expected will create loyalty to the brand. Another actions are highly possible as well, depends on competitors strategy. BanBan is not planning to compete on price, as considered this way as least effective from all available.

Source: Own

There are potentially other less likely risks for business such as war in the region or reallocation of business owners to another country. Both of these events will most likely



resulted in business closure or in case of war switching from civil to military focus – as was mentioned in the first part of business plan originally snack bars were created as a convenient food for astronauts, so they can be successfully modified to the needs of soldiers, as convenient snacks. In case of owners Reallocation Company management can be transferred to relatives who will continue to stay in Taiwan and will be able to manage company in the way, which was originally put-up by owners.

## **6.0 Financial plan**

Financial plan is the last part of business plan. In it will be reviewed three financial aspects of BanBan business. At first it will be estimated required capital for business start. Business owner's savings will cover partially starting capital, but as the rest amount should be covered by investment or loan it is important to estimate correct amount of funding which should be available for smooth operation of newly established entity.

Then will be calculated revenue projections for the next 5 years, including monthly based projections for the first 1.5 years and yearly for following 3.5 years of operation. The last in this chapter will be provided break-even point analysis, to estimate when company can start to earn money and what should be company's sales plan for beginning of operation.

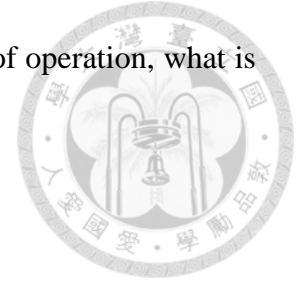
### **6.1. Starting capital**

To estimate starting capital will be considered not only expenses related to real operations, but as well expenses incurred before operation start.

To the first group of expenses, which are expected before real operation (preliminary expenses), embraced expenses related to below listed business activities. Preliminary



expenses will be deferred in financial statement from the first year of operation, what is suggested by accounting principles.



Preliminary expenses:

- Company registration (NT\$10.000)
- Trademark registration (NT\$8.000)
- Logo and package design (NT\$15.000)
- Web-site building using fully managed, drag&drop website builder Wix (which actually cost \$0) +designer charges to create a content for web-site (NT\$15.000)
- Nutritionist and food science expert's charges– which required for finalizing the formula for BanBan products (NT\$6.000)
- Office and warehouse renting fees 3 months required prepayment (NT\$195.000)
- Stationary and furniture (NT\$30.000)
- BanBan product category does not required HACCP certification, but to meet and guarantee food quality standards BanBan volunteered to process with TQF Product Certification Scheme. Certification and consulting services through SGS. (NT\$30.000)
- Company owners are not going to expect salaries before operation start and are not going to hire any new team members before operation.

Total amount of startup capital required before operation start (NT\$309. 000).

In addition to mentioned NT\$309.000, based on current financial projections company plan to prepare at least NT\$200.000 as reserved capital to ensure smooth operation before

facing positive net income in month 10<sup>th</sup> of the first year of operation.

Total starting capital for BanBan: NT\$509.000



## 5.2 Cost structure

Before review of company financial projections, below will be provided overview of product and operation cost structure.

Variable costs (COGS) associated with each unit of finished goods were already mentioned in the beginning of this chapter and represented by: manufacturing cost, raw materials, package and transportation costs. From below table can see that variable costs of BanBan are very high and count almost 69% of product price. This can be explained by specific of this product and low profit margin per unit. So, company need to focus on decrease of variable costs, what can be done by: a) decrease of manufacturing cost by increase of order volumes or investment in own product lines; b) decrease of raw materials cost by increase of volumes, as well as maintaining long-lasting relations with vendors or establishing direct purchasing activities from manufacturers and foreign vendors.

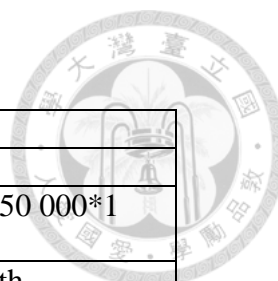
**Table 11: Product cost structure**

COGS per Unit	Manufacturing	NT\$12.00
	Raw material	NT\$16.00
	Package	NT\$2.45
	Transportation	NT\$0.60
	<b>TOTAL</b>	<b>NT\$31.05</b>

Price	NT\$45.00 (100%)
COGS	NT\$31.05 (69%)
Gross Profit	NT\$13.95 (31%)

Source: Own

BanBan operating expenses and taxation assumptions are provided in table below:



**Table 11: Operating expenses**

Office and warehouse renting fee	65 000/per month
Utilities	3000/per month
Employees' salaries	46 000*3 /per month + 50 000*1 per month
Marketing and advertisement expenses*	20 000-30 000/per month
Income taxes	17%
Payroll taxes	5%
Other expenses**	5000/per month
Accounting and legal service	3000/per month

Source: Own

\*Marketing and advertisement expenses are fixed costs for BanBan, as expenses of this group will be considered in company budget without direct correlation to sales of finished goods. Company expects to spend no more than NTD20.000/month for the first 6 months of operation and raise marketing and advertisement expenses till NTD30.000 per month start from month 7. Company managers assume that for business growth in B2B it is not required invest a lot in advertisement and marketing, as majority of contracts are concluded through personal relations, face to face meeting. But after starting penetration of B2C market expenses related to marketing and advertisement will increase.

\*\*Other expenses combine expenses related to business trips; domain hosting and other business related spending.

### 6.3 Revenue projections

To prepare 5 years revenue projections will be used qualitative methods to estimated revenue, as company don't have any historical data for its product in Taiwan. Company will use historical analogy and visionary forecast in the very beginning, but later on will implement market research techniques to make first made projections more correct and

reliable. Company plan to arrange first revenue projection review and adjustment 6 months after operation start.

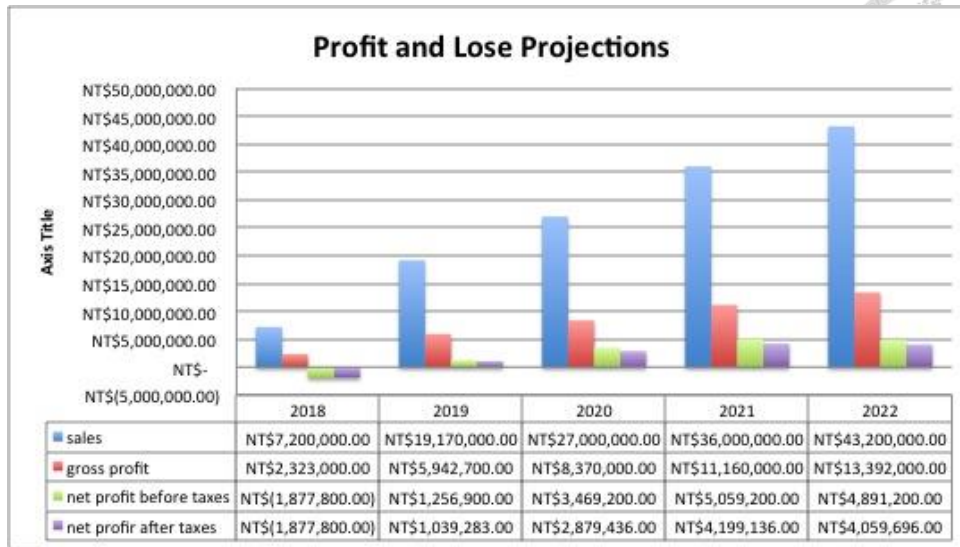
Target market of BanBan product is nearly 600.000. To estimate potential starting sales was considered two aspects of company operation: B2B approach in the beginning of operation and sales acknowledgment of similar product in Taiwan market SoyJoy with monthly sales 140.000. As was mentioned in first part of business plan, SoyJoy has well developed retail channels, including all convenient stores around Taiwan and highly competitive price. As a result 100.000 sales will be BanBan target projections for 5<sup>th</sup> years of operation, when company will maintain brand awareness and develop B2C sector and will focus on cooperation with such retail channels as 7-11, Family Mart and etc.

To predict first months of sales through B2B customer segment was used below formula: expected that B2B customers will purchase products in wholesale boxes (12 bars per box), BanBan will start approaching customers from Neihu Industrial Part, where total number of resident companies around 4000, with 56 among which companies' headquarters. Total number of employees in Neihu Industrial Park - 100.000 people. Consider size difference of companies, BanBan estimates that it will be able to reach at least 25 companies and in average sell 20 boxes to each. 25 companies from 4000 is less than 1%. Till the end of month 6<sup>th</sup> company target to build customer's portfolio of around 200-250 companies, what should be totally doable with 2 sales managers in a team.

After 6 months of operation, when company finally starts to develop B2C segment, monthly growth estimated in around 2000pcs per month. By this prediction company will be able to reach 100 000 units in sales in 5<sup>th</sup> year of operation (2022), what will count for 18% of total target market.

Detailed 5 years revenue projections are attached in appendix to business plan.

Below is provided summary of 5 years profit and loss projections only.

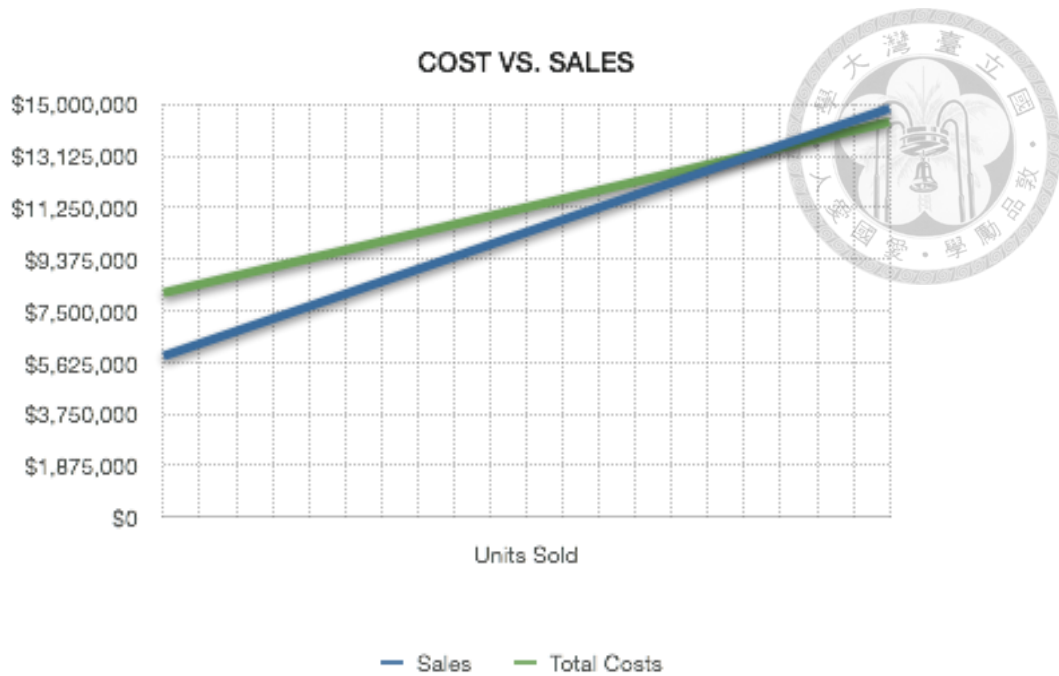


**Figure 18: Profit and Loss 5 years' projection**  
Source: Own

## 6.4 Break-even analysis

Specific cost structure of BanBan bars suggests that to break even company sales should reach high 294,609 units in sales. Based on current sales projections, company will reach break-even on 15th month of operation and after break even can expect stable profit in the range of NT\$200.000 per month within next few years of operation.

Fixed Costs	\$4,109,800
Variable Cost per Unit	\$31
Unit Price	\$45
Break-even point	294,609



**Figure 19: Break-even point in units of sales**

Source: Own

Above financial projections were made based on fixed assortment of BanBan products (6 bars), with introduction of new flavors no later than on year 2. Company plan to introduce new flavors each year and estimates additional expenses of NT\$120,000 on R&D and marketing for each new flavor introduction campaign.

Need to mentioned that although financial projection shows comparatively high profits for BanBan products, need consider that company will need to invest some of its profits to research and development of new products in category of healthy and beneficial snacks, but which are not in the scope of this business plan.

Consider both, 5 years projections and break-even analysis, the highest risk of business success related to sales volumes. If projections made in this business plan will be overestimated, it can cause big issues in terms of company profitability and return of investment. BanBan should pay a lot of attention on projections and actual sales and try to reach highest 100% attainment rate of sales plan.

## 7.0 Conclusion

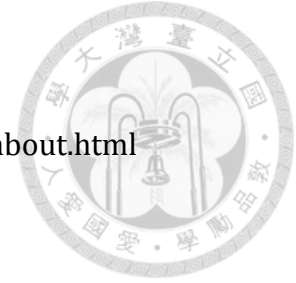
This business plan shows big opportunities for new comers in growing snack market. By identification of worldwide market trends and comparison with current Taiwan snack market were made assumptions about potential high demand in healthy, portable snacks in reviewed region. Such category as snack bars, which is very popular abroad, but is not well known in Taiwan, is among the most potential categories for high growth and demand in the nearest future.

Starting business in mentioned category do not required high investment and low level of competition makes it even more attractive. This business plan also specify, that strategically correct choice of target group and right positioning of goods in the market can ensure for new businesses sustain growth and profits within short period of time.

BanBan sees big opportunities for its products in Taiwan market. Chosen by company business and marketing strategy should help company to enter the market with low risks and open doors for further growth and brand building along with customer loyalty. Although, BanBan Company initially established as a small family run business, by using its brands elements, such as unique and creative packaging, slogans, web-page design, company plan to build strong and well-known brand in Taiwan and reach its goal: to become top supplier of healthy snacks in domestic market.



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## 9.0 Appendix

### Exhibit 1: Customer survey



1) Please select your gender:

F  M

2) Please select your age group:

16-20  21-30  31-40  41-50  51-60   
60 or  more

3) What is your current job position:

Sales (including account managers)  Engineer  Manager(lead,  
head of department)  Others

4) What statement best describe your life style:

I'm always very busy. My working hours are long; I practically don't have free time

I'm busy during normal working hours (8 hours). I don't need/practically don't need work overtime.

I don't feel too busy during the day I have plenty of free time.

5) What emotions/feelings do you experience most often during working day:

1) stress  2) tiredness  3) happiness  4) brain burn   
5) anger  6) sadness  7) full of energy

6) How many times per day do you have snacks between main meals?

1  2-4  snacking something all the time  don't have any snack



7) What are the main incentives to have a snack?

Want to take a break  hunger  when feel stress I need to eat something

8) Do you care about calories /nutrition facts when choosing snack?

Yes  No

9) What snack do you usually have? Can choose multiple answers:

a) bread/sandwich  b) nuts  c) cookies  d) energy bars

e) fruits  f)chocolate  g) fruits  h) don't eat snacks

i) others ( please specify \_\_\_\_\_)

10)What is the most important aspect when you are choosing a snack?

a) it should be healthy  b) should be well advertised

c) it should be sweet  d) can be easy found near my office

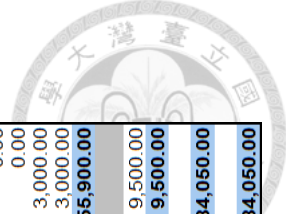
11) Where do you usually buy snack ?

café  convenient store  prepare at home in advance

12) What price for snack you are willing to pay:

40-60  60-80  80-100  100 up

Exhibit 2: 5 years financial projection



Financial projection BanBan							
	2018/1	2018/2	2018/3	2018/4	2018/5	2018/6	2018/7
<b>Sales (units)</b>	6,000.00	8,000.00	8,000.00	9,000.00	10,000.00	11,000.00	13,000.00
<b>Unit price</b>	45.00	45.00	45.00	45.00	45.00	45.00	45.00
<b>Revenue:</b>							
Gross Sales	270,000.00	360,000.00	360,000.00	405,000.00	450,000.00	495,000.00	585,000.00
Less: Sales Returns and Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cost of Goods Sold:</b>							
Materials	186,300.00	248,400.00	248,400.00	279,450.00	310,500.00	341,550.00	403,650.00
Other direct expenses	110,700.00	147,600.00	147,600.00	166,050.00	184,500.00	202,950.00	239,850.00
	75,600.00	100,800.00	100,800.00	113,400.00	126,000.00	138,600.00	163,800.00
<b>Gross Profit (Loss)</b>	<b>83,700.00</b>	<b>111,600.00</b>	<b>111,600.00</b>	<b>125,550.00</b>	<b>139,500.00</b>	<b>153,450.00</b>	<b>181,350.00</b>
<b>Other Income:</b>							
Discount received	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rental income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gain (Loss) on Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest received	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Gross Income</b>	<b>83,700.00</b>	<b>111,600.00</b>	<b>111,600.00</b>	<b>125,550.00</b>	<b>139,500.00</b>	<b>153,450.00</b>	<b>181,350.00</b>
<b>Expenses:</b>							
<b>Financial expenses</b>							
Bank Charges and commissions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Personnel expenses</b>							
Wages	197,400.00	197,400.00	197,400.00	197,400.00	197,400.00	197,400.00	249,900.00
Payroll Taxes	188,000.00	188,000.00	188,000.00	188,000.00	188,000.00	188,000.00	238,000.00
	9,400.00	9,400.00	9,400.00	9,400.00	9,400.00	9,400.00	11,900.00
<b>Other Operational Expenses</b>							
Amortization	96,000.00	96,000.00	96,000.00	96,000.00	96,000.00	96,000.00	106,000.00
Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marketing	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	30,000.00
Miscellaneous	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Office expenses (others)	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Permits and Licenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rent	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00
Telephone	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Accounting and legal services	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
<b>Total Operational Expenses</b>	<b>293,400.00</b>	<b>293,400.00</b>	<b>293,400.00</b>	<b>293,400.00</b>	<b>293,400.00</b>	<b>293,400.00</b>	<b>355,900.00</b>
<b>Non-operating expenses</b>							
Startup cost	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00
<b>Total Non-Operating Expenses</b>	<b>9,500.00</b>	<b>9,500.00</b>	<b>9,500.00</b>	<b>9,500.00</b>	<b>9,500.00</b>	<b>9,500.00</b>	<b>9,500.00</b>
<b>Net income (before taxes)</b>	<b>-219,200.00</b>	<b>-191,300.00</b>	<b>-191,300.00</b>	<b>-177,350.00</b>	<b>-163,400.00</b>	<b>-149,450.00</b>	<b>-184,050.00</b>
<b>Income tax (17%)</b>							
<b>Net income (before taxes)</b>	<b>-219,200.00</b>	<b>-191,300.00</b>	<b>-191,300.00</b>	<b>-177,350.00</b>	<b>-163,400.00</b>	<b>-149,450.00</b>	<b>-184,050.00</b>

Financial projection  
BanBan

	2018/8	2018/9	2018/10	2018/11	2018/12	2019/1	2019/2	2019/3	2019/4	2019/5
	14,000.00	16,000.00	19,000.00	22,000.00	24,000.00	26,000.00	28,000.00	27,000.00	30,000.00	37,000.00
	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00	45.00
	630,000.00	720,000.00	855,000.00	990,000.00	1,080,000.00	1,170,000.00	1,260,000.00	1,215,000.00	1,350,000.00	1,665,000.00
	630,000.00	720,000.00	855,000.00	990,000.00	1,080,000.00	1,170,000.00	1,260,000.00	1,215,000.00	1,350,000.00	1,665,000.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	434,700.00	496,800.00	589,950.00	683,100.00	745,200.00	807,300.00	869,400.00	838,350.00	931,500.00	1,148,850.00
	258,300.00	295,200.00	350,550.00	405,900.00	442,800.00	479,700.00	516,600.00	498,150.00	553,500.00	682,650.00
	176,400.00	201,600.00	239,400.00	277,200.00	302,400.00	327,600.00	352,800.00	340,200.00	378,000.00	466,200.00
	195,300.00	223,200.00	265,050.00	306,900.00	334,800.00	362,700.00	390,600.00	376,650.00	418,500.00	516,150.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	195,300.00	223,200.00	265,050.00	306,900.00	334,800.00	362,700.00	390,600.00	376,650.00	418,500.00	516,150.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	249,900.00	249,900.00	249,900.00	249,900.00	249,900.00	249,900.00	249,900.00	249,900.00	249,900.00	249,900.00
	238,000.00	238,000.00	238,000.00	238,000.00	238,000.00	238,000.00	238,000.00	238,000.00	238,000.00	238,000.00
	11,900.00	11,900.00	11,900.00	11,900.00	11,900.00	11,900.00	11,900.00	11,900.00	11,900.00	11,900.00
	106,000.00	106,000.00	116,000.00	166,000.00	136,000.00	136,000.00	106,000.00	106,000.00	106,000.00	136,000.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	10,000.00	30,000.00	60,000.00	60,000.00	30,000.00	30,000.00	30,000.00	60,000.00
	30,000.00	30,000.00	30,000.00	30,000.00	60,000.00	60,000.00	30,000.00	30,000.00	30,000.00	60,000.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
	355,900.00	355,900.00	365,900.00	415,900.00	385,900.00	385,900.00	355,900.00	355,900.00	355,900.00	385,900.00
	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00
	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00	9,500.00
	-170,100.00	-142,200.00	-110,350.00	-118,500.00	-60,600.00	-23,200.00	34,700.00	20,750.00	62,600.00	130,250.00
	-170,100.00	-142,200.00	-110,350.00	-118,500.00	-60,600.00	-23,200.00	5,899.00	3,527.50	10,642.00	22,142.50
	-170,100.00	-142,200.00	-110,350.00	-118,500.00	-60,600.00	-23,200.00	28,801.00	17,222.50	51,958.00	108,107.50

**Financial projection  
BanBan**

	2019/6	2019/6-2019/12	2020	2021	2022
	38,000.00	240,000.00	600,000.00	800,000.00	960,000.00
	45.00	45.00	45.00	45.00	45.00
	1,710,000.00	10,800,000.00	27,000,000.00	36,000,000.00	43,200,000.00
	1,710,000.00	10,800,000.00	27,000,000.00	36,000,000.00	43,200,000.00
	1,179,900.00	7,452,000.00	18,630,000.00	24,840,000.00	29,808,000.00
	701,100.00	4,428,000.00	11,070,000.00	14,760,000.00	17,712,000.00
	478,800.00	3,024,000.00	7,560,000.00	10,080,000.00	12,096,000.00
	530,100.00	3,348,000.00	8,370,000.00	11,160,000.00	13,392,000.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	530,100.00	3,348,000.00	8,370,000.00	11,160,000.00	13,392,000.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	249,900.00	1,814,400.00	3,628,800.00	3,628,800.00	3,628,800.00
	238,000.00	1,728,000.00	3,456,000.00	3,456,000.00	3,456,000.00
	11,900.00	86,400.00	172,800.00	172,800.00	172,800.00
	146,000.00	636,000.00	1,272,000.00	2,472,000.00	4,872,000.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	10,000.00	0.00	0.00	0.00	0.00
	60,000.00	180,000.00	360,000.00	720,000.00	1,440,000.00
	0.00	0.00	0.00	0.00	0.00
	5,000.00	30,000.00	60,000.00	120,000.00	240,000.00
	0.00	0.00	0.00	0.00	0.00
	65,000.00	390,000.00	780,000.00	1,560,000.00	3,120,000.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	3,000.00	18,000.00	36,000.00	36,000.00	36,000.00
	3,000.00	18,000.00	36,000.00	36,000.00	36,000.00
	395,900.00	2,450,400.00	4,900,800.00	6,100,800.00	8,500,800.00
	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
	134,200.00	897,600.00	3,469,200.00	5,059,200.00	4,891,200.00
	22,814.00	152,592.00	589,764.00	860,064.00	831,504.00
	111,386.00	745,008.00	2,879,436.00	4,199,136.00	4,059,696.00