



BusinessPlanMyWay
January 2007

1.0 Executive Summary

The goal of this Integrated Marketing Communications (IMC) Plan is to outline the strategies, tactics, and programs that will make the sales goals outlined in the JavaNet business plan a reality. This IMC plan includes a promotions opportunity analysis, corporate strategies, IMC objectives, and the advertising, promotion, sponsorship, personal selling, and database programs to be used. Methods for evaluation of these activities are also described.

JavaNet is in a unique position to build and expand its business. The combination of a high-quality cafe with Internet access, as part of a network of stores presents the opportunity to take advantage of economies of scale in purchases, plus consistent positioning in our advertising and promotion efforts. The potential for growth through company-owned stores, as well as franchises, is strong.

JavaNet will serve unique sets of customers with individual needs, but enough common interests to help us maintain a consistent image and operation. Friendly and helpful people will serve great coffee to customers in a place where they can enjoy high-quality technology. Novice users make up the first customer group. These individuals are primarily senior citizens wishing to learn how to use the Internet and take advantage of email. Heavy users may be broken down into two additional consumer groups. The first is teenagers and college students, who are looking for a place to meet, socialize, and use the Internet. The second group consists of business people.

The traits of the business people group include:

1. Work near a JavaNet cafe and want to visit over the lunch hour or after work to read email and relax with a beverage;
2. Are visiting business people who want to access email while taking a break or need to conduct business with customers or their home office;
3. Are business executives who can utilize JavaNet's meeting rooms and technology to provide a quality atmosphere in which to meet employees, customers, suppliers, and others.

The growth of JavaNet will come from expanding the number of visits from all of these groups in conjunction with opening new stores. Advertising, sponsorships, and other promotions should help us build a strong image and position in the years ahead, helping JavaNet maintain a strong share of the Internet coffee market each year.

2.0 Promotion Opportunity Analysis

JavaNet, unlike a typical cafe, provides a unique forum for communication and entertainment through the medium of the Internet. JavaNet is a response to an increasing demand.

A JavaNet customer is someone who wants:

1. Access to the methods of communication and volumes of information now available on the Internet;
2. A place to socialize and share these experiences with friends and colleagues.

JavaNet currently has four cafes located in Boston, Washington D.C., Savannah, and Charleston. The first three are company owned; the unit in Charleston is a franchise. Current plans are to add

four new locations each year; two will be company-owned stores and two will be franchise operations. To take advantage of economies-of-scale in communications, the IMC umbrella plan will be developed at corporate headquarters in Boston. Each store will have some autonomy in implementation of the plan.

While the target market mix will vary, the primary markets for JavaNet are college or university students, office workers, seniors, and teenagers. In locating each facility, feasibility studies will be conducted to discover the availability and proximity of the facility to each of these four target groups. The relative mix will vary from location to location. Therefore it is important for the marketing team at each facility to identify and market all four groups. It is unlikely that only one or two groups would be sufficient in size to support a facility and to optimize space utilization.

This section of the IMC Plan describes the communication strategies of current firms in the industry, the identities of competitors, and the intended target market for JavaNet. An analysis of our customers and our market segmentation strategy completes this section.

2.1 Communications Market Analysis

JavaNet began operations a little over one year ago in Boston. The Washington D.C. and Charleston facilities opened six months ago; the Savannah unit opened two months ago. Business has been good at all four locations. JavaNet's customers have been impressed with the set up at each outlet. It is important to focus our efforts on implementing the strategies, programs, and tactics outlined in this IMC plan in order to be able to turn a profit.

The Internet-services side of the business is rapidly being accepted by the local communities. Memberships are meeting the projections outlined in the business plan, and sales of Internet services are meeting the goals forecast. Students love to gather for late-night sessions, nearby seniors are getting a glimpse of what the Internet offers, and local business people enjoy stopping by for a quick bite to eat while checking their emails.

As would be expected, communication strategies vary within the Internet cafe industry. Many competing cafes rely on word-of-mouth communications and location to build the business, and engage in very little formal advertising.

2.1.1 Competitive Analysis

The dual product/service nature of JavaNet's business faces competition on two levels. JavaNet competes with coffee retailers and with Internet service providers. The good news is that JavaNet does not currently have any major competition from other cyber cafes in its existing local markets, with the exception for Washington D.C. There are two cyber cafes, the Cyber Stop Cafe, Kramerbooks, and Afterwords Cafe in Washington. In Boston, the only cyber cafe competitor is Designs for Living. Charleston and Savannah currently do not have cyber cafes.

Expansion plans for the next two years should take place with relatively little competition. Cyber cafes are a relative new phenomenon. Therefore, it is difficult to project potential competitors beyond the next two years. Expansion next year will be into Richmond, Virginia; Raleigh, North Carolina; Miami, and Tampa Bay, Florida. Currently there are no cyber cafes in Richmond and Tampa Bay. Raleigh has one and Miami has two. In the next few years, plans are to expand to Nashville, New Orleans, Cleveland, and Detroit. In these cities, the only ones which currently

have cyber cafes are New Orleans with two and Cleveland with one.

At the same time, there is heavy competition between coffee retailers. Retail coffee is an industry in which all firms pay the same costs. That is, there is a positive relationship between the price and the quality of coffee. Some coffees retail at \$8 per pound, while other more exotic beans may sell for as much as \$16 per pound. Wholesalers sell beans to retailers at an average of a 50% discount. For example, a pound of Sumatran beans wholesales for \$6.95 and retails for \$13.95. And, as is the case in most industries, price decreases as volume increases. By expanding JavaNet through company stores and franchises, it will be possible to take advantage of quantity discounts which will allow our units to compete with other local coffee retailers. This will also allow for a higher margin than other cyber cafes, which are independently owned and thus are not able to take advantage of quantity discounts.

The competitive analysis below compares JavaNet to Designs for Living in Boston, CyberStop Cafe in Washington D.C., Kramerbooks and Afterwords Cafe & Grill in Washington, D.C., Cup A Joe in Raleigh, and Spirit Net Cafe in Miami. Each criterion is evaluated on a scale of one to five, with five indicating excellent and one indicating poor. The first column is an analysis of JavaNet.

As can be seen from the following table, the most serious competition comes from CyberStop and Spirit Net Cafe. Both have been around longer than JavaNet. CyberStop's weakest areas are its selection of products and appearance. However, both should improve, especially with the arrival of JavaNet in their territory. CyberStop is also developing a franchise plan. While the company is more aggressive in terms of soliciting franchisors, it is not as attractive to potential operators and investors. Spirit Net Cafe is a well-run operation with no major weaknesses other than they do nothing in the business-to-business sector. Sprint Net Cafe concentrates heavily on young people, especially college and university students.

Competitive Analysis						
Competitor	#1 JavaNet	#2 Designs Living	#3 CyberStop	#4 Kramerbooks	#5 CupaJoe	#6 Spirit Net
Product and/or Service	JavaNet	Designs Living	CyberStop	Kramerbooks	CupaJoe	Spirit Net
Quality	4	5	4	4	3	4
Selection	4	4	3	5	4	4
Price	5	4	4	5	5	4
Service	4	5	4	3	3	4
Location and Physical Appearance	JavaNet	Designs Living	CyberStop	Kramerbooks	CupaJoe	Spirit Net
Traffic	4	4	5	3	4	4
Appearance	5	5	3	4	3	4
Visibility	3	4	4	4	5	4
Convenience Factors	4	4	5	4	4	4
Proximity to Target Markets	4	2	5	3	4	4
Added Value Factors	JavaNet	Designs Living	CyberStop	Kramerbooks	CupaJoe	Spirit Net
Pre and Post Sales Service	4	4	5	4	4	4
Experience	3	4	5	3	2	5
Expertise	4	4	4	4	3	5
Reputation	3	3	5	5	2	4
Brand Image	2	3	4	4	2	4
Stability	3	3	4	5	2	3
Business-to-Business Ventures	3	1	3	4	0	0
Channel Relationships	3	2	4	5	2	4
Franchise Opportunities	5	0	3	0	1	2
Other Marketing Activities	JavaNet	Designs Living	CyberStop	Kramerbooks	CupaJoe	Spirit Net
Integrated Marketing Plan	5	3	4	2	1	4

IMC Budget Allocations	5	3	4	3	2	4
Advertising	4	2	3	2	2	3
Sales Promotions	3	4	5	5	4	5
Personal Selling	3	3	5	3	4	5
Public Relations Efforts	2	3	4	4	3	5
Sponsorship Programs	4	2	3	2	1	4
Database Programs	3	1	2	4	0	4
Total	96	82	104	94	70	101

2.1.2 Opportunity Analysis

JavaNet has the exciting opportunity of being the first-mover in many of the local cyber-cafe markets the company will enter. The consistent popularity of coffee combined with the growing interest in the Internet has proven to be a winning concept in other markets. This should produce the same results in the cities targeted for expansion by JavaNet.

All three target markets for the JavaNet service are growing at a relatively fast pace. JavaNet can serve a large number of potential customers with a highly desirable product/service combination.

Historical sales data indicates that there is a continuing high demand for coffee which should remain constant over the next five years.

The rapid growth of the Internet and online services that has been witnessed worldwide is only the beginning of a long-lived trend toward an economy based, in part, on the infrastructure of the Internet. The potential growth of the Internet is enormous. It may reach the point at which one day, a computer terminal with an online connection will be as common and necessary as a telephone. This point may be five or ten years into the future, however, for the next five years, the online service provider market is sure to experience tremendous growth. Establishing itself as the first cyber cafe in many areas means JavaNet will enjoy the first-mover advantages of name recognition and customer loyalty. Initially, JavaNet will hold a 100 percent share of the cyber-cafe in at least half of the markets and share the market in other areas with only one or two firms. In the next five years, more competitors will enter the market. JavaNet has set a goal to consistently maintain a market share of at least equal to or greater than any competitor in its local market.

These opportunities include, but are not limited to, a growing population of daily Internet users combined with the growing social bonds fostered by the new Internet communities.

1. **Growing population of daily Internet users.** The importance of the Internet is approaching that of the telephone. As the population of daily Internet users increases, so will the need for the services JavaNet offers.
2. **Social bonds fostered by the new Internet communities.** The Internet is bringing people from across the world together unlike any other communication medium. JavaNet will capitalize on this social trend by providing a place for smaller and local Internet communities to meet in person. JavaNet will grow some of these communities on its own by establishing chat areas and community programs. These programs will be designed to build customer loyalty.

The retail coffee industry experienced rapid growth at the beginning of the decade and is now moving into the mature stage of its life cycle. Many factors contribute to the large demand for good coffee. The student population at universities is a main source of demand for coffee retailers, the cold and damp climate of the north is extremely conducive to coffee consumption, and current trends in the east reflect the popularity of quality coffee and specialty drinks.

The popularity of the Internet is growing dramatically. Those who are familiar with the information

superhighway are well aware of how the Internet can be both fun and addictive. Those who have not yet experienced the Internet need a convenient, relaxed atmosphere where they can feel comfortable learning about and utilizing the current technologies. JavaNet seeks to provide its customers with affordable Internet access in an innovative and supportive environment.

2.1.3 Target Market Analysis

The Internet has become a point of conversation in many social groups. Friends talk about sites they visit, business people talk about Internet-based businesses, and kids share information about the latest Internet clubs and chat rooms. Many people enjoy recounting their Internet experiences with friends, colleagues, and family. Still, it can be difficult to do while in front of a computer terminal at the office or in the family study. A comfortable place to gather and share these experiences meets a new need.

JavaNet will provide:

- A meeting place for business people interested in Internet-based business activities.
- A social hub for students and young people interested in enjoying a beverage while talking about Internet experiences with friends.
- A place for nearby seniors to gather and learn about the powers of the Internet and its communication methods.
- A stopping point for travelers in need of an Internet connection.

A market survey was conducted four months ago. Key questions were asked of 400 potential customers. Some key findings include:

- 35% of the subjects said they would be willing to pay for access to the Internet.
- \$2.50 an hour was the most popular hourly Internet fee suggested.
- 24% of the subjects use the Internet to communicate with others on a regular basis.

JavaNet intends to cater both to people who want a guided tour of the Internet and to experienced users eager to indulge their passion for computers in a social setting. Furthermore, JavaNet will be a magnet for local and traveling professionals who desire to work or check their email messages in a friendly atmosphere. These professionals will either use JavaNet's PCs, or plug their own notebook computers into Internet connections. JavaNet's target market covers a wide range of ages: from members of "Generation X," who grew up surrounded by computers, to seniors from local retirement centers.

Our primary target markets include:

- **Students.** The large student population will become an important part of the JavaNet customer base. The student population continues to grow at most universities. Evening entertainment, access to the Internet, and the upscale ambiance will be attractive to this demographic group.
- **Business people.** Downtown business communities are the areas in which JavaNet is

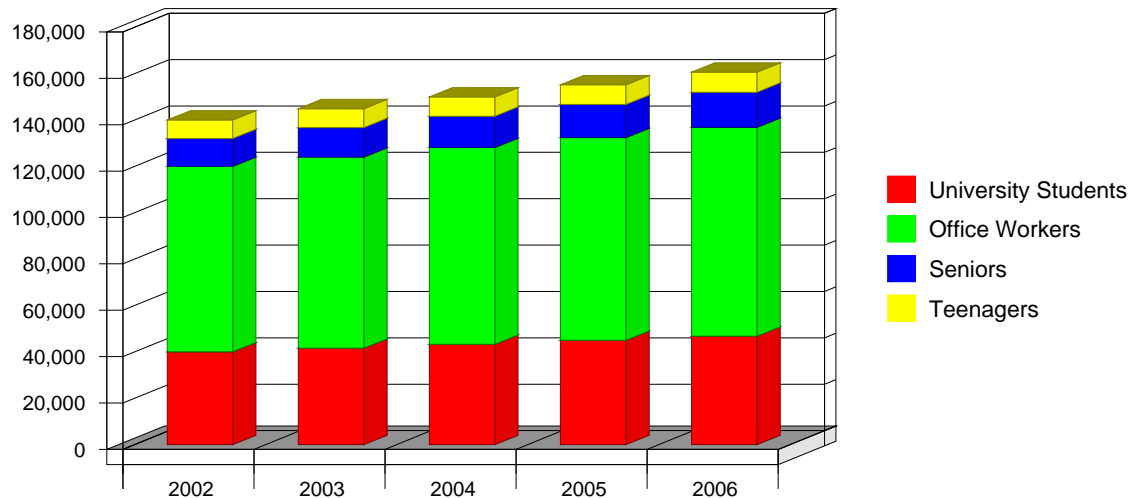
located. With further expansion into these parts of new cities, there will be access to additional professional centers. JavaNet provides a perfect setting for business meetings. It also offers traveling business people the opportunity to plug personal laptops into the JavaNet network to check email communications or conduct Internet business with their customers or home office.

- Seniors.** This group represents a growing segment of Internet users. JavaNet will target the seniors in nearby retirement centers by offering "Introduction to the Internet" classes. The JavaNet staff will hold brief classes in the off hours to educate seniors on how to use the Internet to communicate with friends and family. This should build a regular base of customers who wouldn't ordinarily use the services offered by JavaNet.

The following table illustrates the market forecast for the next five years in the four current locations of JavaNet. Similar statistics are anticipated in the towns targeted for expansion. As can be seen, office workers and traveling business people make up the majority of the market, 57.1%. University students are the second largest target group at 28.6%. Seniors are 8.5% and teenagers are 5.7%, making them the two smallest target groups. In the four towns JavaNet is currently located, these four markets total approximately 140,000 individuals with growth anticipated to be around 3.5% per year.

Target Market Forecast							
Potential Customers	Growth	2002	2003	2004	2005	2006	CAGR
University Students	4%	40,000	41,600	43,264	44,995	46,795	4.00%
Office Workers	3%	80,000	82,400	84,872	87,418	90,041	3.00%
Seniors	6%	12,000	12,720	13,483	14,292	15,150	6.00%
Teenagers	2%	8,000	8,160	8,323	8,489	8,659	2.00%
Total	3.50%	140,000	144,880	149,942	155,194	160,645	3.50%

Market Forecast



2.1.4 Customer Analysis

JavaNet's retail customers can be divided into two groups. The first group is familiar with the Internet and desires a progressive, inviting atmosphere. Members of this group can get out of

their offices, dormitories, or homes to enjoy a great cup of coffee and Internet access. This group consists of students from local universities and colleges as well as business people from nearby downtown offices and professional centers.

The second group is not as familiar with the Internet. This group is made up of seniors from the downtown retirement centers. There are large retirement centers in the downtown areas of each JavaNet location. Currently only two of them offer Internet access to residents. Seniors represent a growing segment of Internet users. They use the Internet to communicate with friends and family and will be regular users of the JavaNet service.

The market for the kinds of services that JavaNet offers is growing rapidly. Individual cyber cafes have not expanded on a large scale into the areas where JavaNet units are located. However, companies which provide similar services are growing rapidly on a global scale. Large cities that cater to large numbers of travelling business people and tourists have been saturated with businesses offering services that are similar to those provided by JavaNet. Business people use Internet services to catch up on email, communicate with their families and conduct business. Tourists use it to communicate with friends and family. Each of the four areas where JavaNet is located supports a population that has many of the same needs and interests of these groups.

The student population continues to grow at most of the colleges and universities in JavaNet's target markets. These students tend to have money and an interest in upscale social centers. They will be especially interested in the social aspects of the JavaNet experience.

JavaNet provides customers with full access to the Internet as well as common computer programs and equipment. Some of the Internet and computing services available to JavaNet customers are listed below.

- Access to external POP3 email accounts.
- Option to sign up for a JavaNet email account. This account will be managed by JavaNet servers and accessible from computer systems outside the JavaNet network.
- FTP, Telnet, Gopher, and other popular Internet utilities.
- Access to Netscape or Internet Explorer browsers.
- Access to laser and color printing.
- Access to popular software applications, such as Adobe Photoshop and Microsoft Word.

JavaNet also provides customers with access to introductory Internet and email classes. These classes are held in the afternoon and late in the evening. By providing these classes, JavaNet will build a client base familiar with its services. The computers, Internet access, and classes are accentuated by the environment at JavaNet. Quality coffee, specialty drinks, bakery goods, and a comfortable environment will provide JavaNet customers with a home away from home. Each unit is a place to enjoy the benefits of computing while in a comfortable and well-kept environment.

The following are the three key strategies for JavaNet.

JavaNet's first strategy focuses on attracting novice Internet users. JavaNet plans on attracting these customers by:

- Providing a novice-friendly environment. JavaNet will be staffed by knowledgeable employees focused on serving the customer's needs.

- A customer service desk will always be manned. If a customer has any type of question or concern, a JavaNet employee will always be available to assist.
- JavaNet will offer introductory classes on the Internet and email. These classes will be designed to help novice users familiarize themselves with these key tools and the JavaNet computer systems.

JavaNet's second strategy will be focused on attracting power Internet users who will provide an important function at JavaNet. JavaNet plans on attracting this type of customer by providing:

- The latest in computing technology.
- Scanning and printing services.
- Access to powerful software applications.

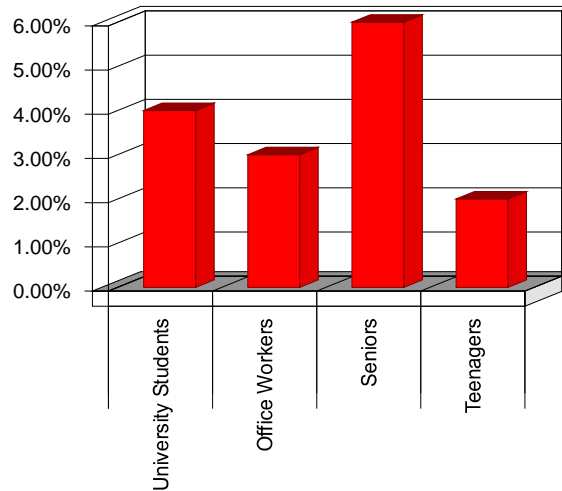
The third strategy focuses on building a social environment for JavaNet customers. A social environment that features entertainment serves to attract customers who wouldn't normally think about using the Internet. Once on location at JavaNet, the customers who came to enjoy more standard entertainment offerings will soon realize the potential entertainment value of the Internet.

The graph below illustrates the growth potential of the four target markets of JavaNet: university students, office workers, seniors, and teenagers. With few seniors on the Internet, the market is anticipated to have the fastest growth. The slowest growth is anticipated in the teenager market because of JavaNet's location near downtown areas and college campuses.

Target Market Growth:

- University students continue to grow at a steady pace, at nearly 4%.
- Office workers in the downtown areas and nearby professional buildings continue to add value, growing at 3%.
- Seniors are becoming an important part of the JavaNet business, growing at almost 6%.
- Teens continue to play a major role in downtown foot-traffic, growing at 2%.

Target Market Growth



2.2 Market Segmentation Strategy

JavaNet is designed to bring customers a unique environment combining good coffee with the opportunity to explore cyberspace in a friendly, comfortable, social atmosphere. In terms of a segmentation strategy, this means using a benefit/demographic segmentation approach. These benefits may be enjoyed by individuals from the four demographic groups previously identified.

In conjunction with the benefit segmentation, JavaNet will utilize a geographic segmentation strategy. Few customers would drive long distances to use these services. We anticipate that 50% of our customers will either work, live, or go to school within one mile of a JavaNet cafe. Further, we anticipate that 75% will be within two miles of the facility and 90% will be within five miles of the facility.

The four major benefit segments which we will target are listed in the following table. As shown on the graph and the table, the average age of university students is 20. University students have a high awareness of cyber cafes such as JavaNet. They also have high expectations of the Internet. This group uses Internet daily, primarily for research, school related projects, and email.

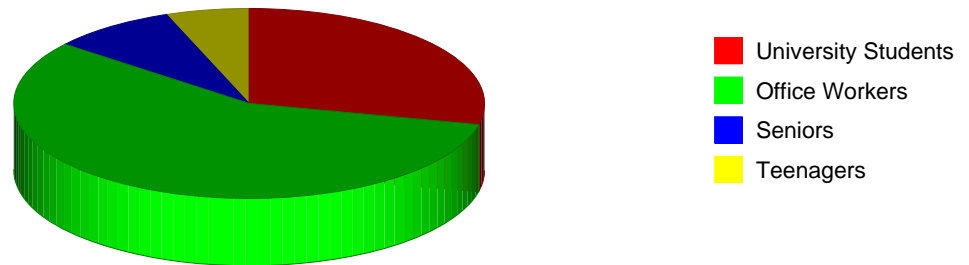
The largest retail target market consists of office workers, local business people, and traveling business people. The average age for this group is 33. These individuals have a medium level of awareness of cyber cafes and a high level of acceptance of the Internet. Most use the Internet on a daily basis as part of a job. While these local individuals use the Internet at work, many will use the services of JavaNet for personal communications, which are often prohibited at their place of employment. Primary usage will be immediately after work and during the lunch hour. In addition to locals, business people who are traveling can utilize the services of JavaNet to communicate with corporate office, vendors and customers as well as family and friends. The coffee served and social atmosphere provided make our facilities much more pleasant than a hotel room.

Seniors have a low awareness of cyber cafes and a low acceptance of the Internet. The average age in this group is 65. Seniors use the Internet for entertainment. This is an attractive target market, because many seniors have a great deal of free time each day. With more and more seniors learning about the Internet, and wanting to communicate with grandchildren, we will be

able to attract them by offering classes and a support staff to teach them learn how to use the Internet.

The last target group is teenagers. Teens use the Internet frequently, primarily for entertainment. They have a high acceptance of the Internet and have a high awareness of cyber cafes. They will be especially attracted to the social atmosphere and the opportunity to meet other teenagers. Most households where teens live are located at greater distance from our facilities than business people or college students. This makes teenagers a smaller target market.

Target Markets



3.0 Corporate Strategies

JavaNet has one purpose: to provide communities with the ability to access the Internet, enjoy a cup of coffee, and share Internet experiences in a comfortable environment.

JavaNet's marketing will consistently build on this mission. Everything we do, from the pricing structure for our services to the ambiance we create, must be performed with this mission in mind. We cater to: downtown business people, traveling business people, university students, teenagers and seniors. Our ambiance and services are designed for this clientele. JavaNet's marketing efforts must be focused on capturing this market.

As the popularity of the Internet continues to grow, easy and affordable access to the information superhighway is quickly becoming a necessity. JavaNet provides the local community with the ability to access the Internet, enjoy a cup of coffee, and share Internet experiences in a comfortable environment. People of all ages and backgrounds will come to enjoy the unique, upscale, educational, and innovative environment that JavaNet provides.

3.1 Corporate Image Strategy

The goal of this IMC plan is to outline the strategies, tactics, and programs that will make the sales goals outlined in the JavaNet business plan a reality. We have these corporate image obstacles to face:

- The creation of a unique, innovative, upscale atmosphere that will differentiate JavaNet from other local coffee shops and future Internet cafes.
- The establishment of JavaNet as a community hub for socialization and entertainment.
- The creation of an environment that won't intimidate the novice user. JavaNet will position itself as an educational resource for individuals wishing to learn about the benefits the Internet has to offer.

Our IMC efforts will be focused on building the image outlined above. We have milestones and sales goals to meet and a business plan outlining our first and second year of business in detail. It will be critical to use both the IMC plan and the JavaNet business plan as living/working documents. We can't allow them to sit in a file. They must be used as a map for the future success of JavaNet.

3.2 Brand Development Strategy

Communications will play a vital role in the success of JavaNet. JavaNet must build its brand around the services offered by heavily promoting on local television, radio, and in print advertising. Communication efforts are just beginning by the time a potential customer enters JavaNet for the first time. A strong emphasis will be placed on keeping customers and building brand loyalty through programs focused on staffing, experience, and customer satisfaction.

1. **Knowledgeable and friendly staff.** The management team at JavaNet has gone to great lengths to find people with a passion for teaching and sharing Internet experiences. Our staff is both knowledgeable and eager to please.
2. **State-of-the art equipment.** Part of the JavaNet experience includes access to state-of-the-art computer equipment. Our customers can enjoy beautiful flat-screen displays, fast machines, and high-quality printers.
3. **Upscale ambiance.** A visit to a JavaNet cafe offers a unique experience. High backed mahogany booths containing flat-screen monitors inset into the walls provide a cozy hideaway for meetings and small friendly gatherings. Large round tables with displays viewable from above provide a forum for larger gatherings and friendly "how-to" classes on the Internet. Aluminum track lighting and art from local artists adds to the upscale mood. Quality coffee and cappuccino machines and a glass pastry display case provide enticing refreshments to enhance the experience.
4. **Clear vision of the market need.** JavaNet knows what it takes to build an appealing cyber cafe. We know the customers, we know the technology, and we know how to build the service that will bring the two together.

3.3 Brand Positioning Strategy

The ability to differentiate JavaNet from the other, more traditional cafes, gives us the ability to effectively compete on the beverage and pastry side of the business with the already entrenched competition. Current sales are brisk and in-line with projections.

The keys to the success for JavaNet are:

- The creation of a unique, innovative, upscale atmosphere that distinguishes JavaNet from other local coffee shops and future Internet cafes.
- The establishment of JavaNet as a community hub for socialization and entertainment.
- The creation of an environment that does not intimidate the novice user. JavaNet will position itself as an educational resource for individuals wishing to learn about the benefits the Internet.
- Great coffee and bakery items.

JavaNet's position is as an upscale coffee house and Internet service provider. Business people of all types can use JavaNet as a place to hold meetings and catch-up on email communications. Students from nearby colleges use JavaNet as a place to socialize and discuss the latest Internet sites. Seniors from downtown retirement centers may experience the Internet for the first time at JavaNet. Teenagers who are in the downtown area will enjoy stopping by to use the Internet and socialize with others. Programs designed to teach newcomers about the power of the Internet help build customer loyalty and spread the word about the services JavaNet offers.

3.4 Distribution Strategy

The first new component of our distribution channel is establishing franchise opportunities. While at least 50% of our stores will be company owned, JavaNet's expansion plans call for two franchise operations to open each year. Franchisors will have three options from which they can choose.

- **Complete Setup:** JavaNet will provide the franchisor with furniture, computers, setup, marketing, and all training necessary to operate the facility. The initial cost for a complete setup will be \$60,000.
- **Partial Setup:** JavaNet will provide the franchisor with computers, setup, marketing, and all training necessary to operate the facility. The franchisor will supply all of the furniture. The initial cost for a partial setup will be \$40,000.
- **Service Setup:** JavaNet will provide setup, marketing, and all training to operate the facility. The franchisor will supply all furniture and computers. The initial cost of the service setup will be \$20,000.

Integrated marketing communications is a central part of the success of the JavaNet Internet Cafe. Consequently, 20% of all revenues received will be targeted towards communications. With

franchisors, the initial franchise fee will be 20% of gross revenue, of which 16% will be used for marketing and the remaining 4% for franchise operating expenses. The 20% franchise fee will be reduced by 1% per year until it reaches 12%. It is believed that after eight years of operation, the communications budget can be reduced to 8% of the gross revenue. This decrease in expenditures can be achieved through growth in sales and the development of a loyal customer base.

The second component of our distribution strategy will be purchases of coffee, paper supplies, dishes, and other operating supplies for the cafes. To reduce costs, the purchasing of the majority of the expendable supplies will be done at corporate headquarters in Boston. This will allow for economies-of-scale in pricing which should offset any additional shipping costs. Where feasible, suppliers will be asked to drop ship supplies directly to the various stores. Perishables such as pastries and fruit will be purchased by each cafe locally.

3.5 Services Strategy

This section of the IMC plan is a critical reminder of the fact that JavaNet is a service business. The success of our business depends upon the quality of the services offered and delivering these services consistently. JavaNet is dedicated to the following quality service programs.

Dedicated to Quality Service Programs:

- Employees at JavaNet have a passion for teaching and sharing Internet experiences. Our staff is both knowledgeable and eager to please. Staff members will be consistently available to JavaNet customers. Performance will be frequently evaluated both internally and through customer surveys.
- A highly valued member of the JavaNet staff will be the "Customer Happiness Representative." This individual is available forty hours per week to monitor the level of satisfaction expressed by JavaNet customers. This individual will be responsible for developing customer satisfaction programs, monitoring happiness levels, responding to customer concerns, as well as the general well being of every JavaNet customer.
- JavaNet will use mystery shoppers to visit each cafe at least four times per year. The goal is to ensure that each facility provides a level of service equal to, or better than, what is promised in our marketing communications materials.

3.6 Business-to-Business

The business to business strategy to be employed by JavaNet focuses on three primary markets, which are:

1. Businesses near various units for meetings;
2. For local office workers (non-executives), who want to catch up on personal email during lunch breaks and after work;
3. Business travelers staying at hotels who would like to catch up on email and submit data to a home office or customers.

In order to reach nearby businesses, JavaNet employees and managers will mention the meeting-room services when customers are in the cafe. Also, these businesses will be contacted through direct mail, email, by fax, and through personal visits by JavaNet managers. The key is to present JavaNet as an attractive site for a meeting where technology can be combined with quality coffee and pastries for companies utilizing the facilities.

Local office workers will be reached through more traditional marketing channels, such as local television, radio, and print media. Also, business cards from local office workers will be collected onsite. Each week, a card will be drawn from a fish bowl, and the winner will receive prizes such as free coffee and other services. The goal is to encourage repeat business from members of this market.

Local hotels will be contacted in order to encourage visitors to come to the closest JavaNet location. Incentives will be provided to the hotel owners so that JavaNet will be featured as part of an in-room packet. Coupons for reduced-priced coffee will be distributed to attract first-time visitors to the cafe.

Business-to-business segments are a major portion of the JavaNet customer base. It is important to develop a strong brand name so that members of the local business community will pass along information to others regarding JavaNet's services and products. Repeat business from local companies and their employees are keys to success in this market.

3.7 Public Relations Strategy

Public relations efforts will be directed by each unit's manager. There will be two kinds of approaches. For new cafes, the public relations strategy will be to focus on developing news-type articles. These include stories about a cafe's grand opening, holding free Internet classes for the elderly, and notifying all local media to publicize open business seminars. The goal is to generate as much free publicity about the new store as possible.

For ongoing cafes, the strategy is to maintain public awareness of the positive activities promoted in the unit. Anniversary promotions include contacting the local media and serving free cake and coffee to those who attend each celebration. Cafe managers will be encouraged to be creative in finding ways to generate free positive publicity. This includes sending out email notices when free classes are held for the elderly. Also, during the Christmas holidays, discounts may be given to low income families to send emails and other communications to families and friends. Again, the media will be contacted so that word will spread regarding these free or discounted services.

Also, JavaNet will support sponsorship activities. Any local computer club or Internet-based group with a positive image should be supported by the local JavaNet cafe. This will include providing free meeting rooms for these groups. As funds become available, JavaNet managers should sponsor events for local colleges and high schools.

In the future, a public relations firm may be hired to design a program for the entire network of JavaNet cafes. For the time being, however, most public relations efforts will be directed locally.

3.8 Evaluation

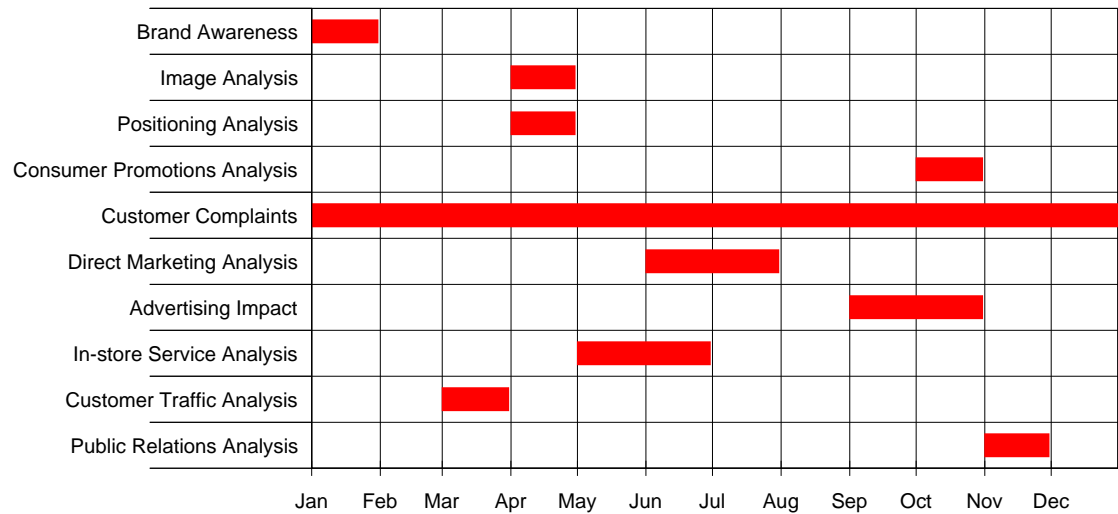
In 1998, a market survey was conducted to help evaluate the viability of JavaNet prior to its inception. The survey was a valuable resource for establishing pricing and market needs. We will continue to survey our customers and potential customers on an annual basis. Survey results will be used to create new marketing programs and monitor the performance of current marketing programs.

The following chart and table note the breakdown of these evaluation efforts. As shown, brand awareness, image analysis, and position analyses will take place early in the year. Information about brand awareness is crucial in two segments, business-to-business and novice users. Image and position play a vital role in attracting both students and business people to the cafe. Consequently, an advertising agency will be retained to assess these factors, as well as analyses of consumer promotions, the impact of advertising, and customer traffic. It will be important to identify travelers who come to a JavaNet location as part of the analysis of customer traffic.

All other evaluations will be performed internally. It is crucial to maintain a positive image in all segments. Therefore, careful attention must be given to customer complaints by the in-house team. The total budget for evaluation is \$54,000.

Evaluation Programs	Plan		Budget	Manager	Department
	Start Date	End Date			
Brand Awareness	1/1/2002	1/31/2002	\$8,000	Ad Agency	
Image Analysis	4/1/2002	4/30/2002	\$6,000	Ad Agency	
Positioning Analysis	4/1/2002	4/30/2002	\$6,000	Ad Agency	
Consumer Promotions Analysis	10/1/2002	10/31/2002	\$4,000	Ad Agency	
Customer Complaints	1/1/2002	12/31/2002	\$4,000	Internal	
Direct Marketing Analysis	6/1/2002	7/31/2002	\$4,000	Internal	
Advertising Impact	9/1/2002	10/31/2002	\$10,000	Ad Agency	
In-store Service Analysis	5/1/2002	6/30/2002	\$2,000	Internal	
Customer Traffic Analysis	3/1/2002	3/31/2002	\$6,000	Ad Agency	
Public Relations Analysis	11/1/2002	11/30/2002	\$4,000	PR Firm	
Totals			\$54,000		

Evaluation Programs



4.0 IMC Management

There are three major elements which will help support the overall IMC strategy for JavaNet. The first is to focus on attracting novice Internet users. By providing a novice-friendly environment, JavaNet hopes to educate and train a loyal customer base. Seniors who can stop by to drink coffee and utilize the services can provide a profitable amount of repeat business.

The second element is pulling in power Internet users. Power Internet users are extremely familiar with the Internet and its offerings. This group of customers serves an important function at JavaNet. Power users have knowledge and Web-browsing experience that novice Internet users find attractive and exciting.

The third element is maintaining a quality social environment for JavaNet customers. A social environment that provides entertainment will serve to attract customers that wouldn't normally think about using the Internet. Once on location at JavaNet, these customers that came for the more standard entertainment offerings, will realize the potential entertainment value the Internet can provide.

The theme which ties these three elements together is one featuring a quality in-store experience. Every ingredient, from the quality of the coffee served, to excellent technology, to a friendly and helpful staff must combine to deliver a pleasant social encounter at JavaNet.

JavaNet's marketing objectives for the first three years of operation include:

- A 10% annual growth in total sales.
- Diversity in service offerings to help insulate the business against fluctuations in any part of the revenue stream.
- Building customer loyalty through educational programs.
- Maintaining a staff of enthusiastic employees excited to share their Internet knowledge with JavaNet customers.
- Building the JavaNet brand to the point where it becomes a household word in each local area.

JavaNet's marketing efforts will focus on building a loyal base of customers that will use the services provided on an almost daily basis.

The marketing plan is built on these items:

1. The marketing budget is based on a percentage of sales value. Currently, that value is set at 20%.
2. Building a strong brand and brand loyalty is critical to the success of JavaNet.
3. Marketing is a critical component of the JavaNet business plan.
4. The relationship between marketing dollars spent and revenues generated is positive only to a certain point. We don't feel that a marketing budget based on 20% of sales is close to that point where additional marketing dollars spent won't create additional revenue. If we can manage, we plan to spend more than 20% of sales on marketing in future years. However, we want to keep this relationship in mind as we consider spending more on marketing efforts.

5. Our understanding of the need for strong branding and emphasis on marketing gives us a competitive edge over other cafes in our area and potential competitors.

4.1 IMC Objectives

The high-quality social environment present in each JavaNet location will be the central theme of all IMC efforts. No matter whether it is a college student, senior citizen, local business person, or visiting traveller, each individual should be reminded that the JavaNet experience is pleasant and inviting. A business meeting held at a JavaNet cafe will similarly encounter a pleasant, friendly, and helpful staff serving quality coffee and pastry, and offering excellent access to technology.

Within this framework, there are three major IMC objectives.

1. JavaNet must continue to build customer traffic in our consumer markets. This includes local business people with offices near a JavaNet cafe, college students, and senior citizens who learn about the Internet onsite. Over time, business travellers will learn to look for JavaNet cafes in various cities that they visit.
2. Leaders of the overall JavaNet operation should develop strong relationships with our channel partners. This includes coffee vendors, pastry providers, and all of the companies who provide and maintain information technology within the stores. It will be crucial to have the most recent and best technology available at all times.
3. Each local JavaNet unit must increase the usage of the facility by various businesses. This includes both business people who stop by on a lunch hour or after work as well as business executives who can schedule meetings at individual JavaNet stores.

4.2 IMC Budget

There are two primary markets for JavaNet, local customers and other businesses. Local customers may be divided into novices and power users. Senior citizens are the novices. Local business people and college students are the power users. Other businesses provide an overlapping market, since individual employees may visit a JavaNet location while the business' executive can schedule meetings and events at JavaNet facilities.

The total budget for IMC for all four facilities is \$566,026, for the year 2002. The major portion of this budget (\$377,334) will be spent reaching local customers. This is because they are contacted in slightly different ways. Seniors watch different television programs than do college students. Also, college students are inclined to surf the Web while seniors read newspapers. Business people must also be exposed to the JavaNet message in each local community.

Each year, the IMC budget for JavaNet is expanded, as shown in the following chart and table. Rising expenditures are based on adding four JavaNet facilities per year plus an inflation factor of 5%. Each new facility will contribute to the company's overall IMC budget.

Revenues to be allocated to the IMC program for the first year of operation are based on an almost 10% growth rate from month to month. This is an aggressive estimate, but we feel that our strong emphasis on marketing will have positive results. Annually, beyond the first year of operations, we're predicting a growth rate of roughly 10%. The marketing budget will consistently

equal almost 20% of sales.

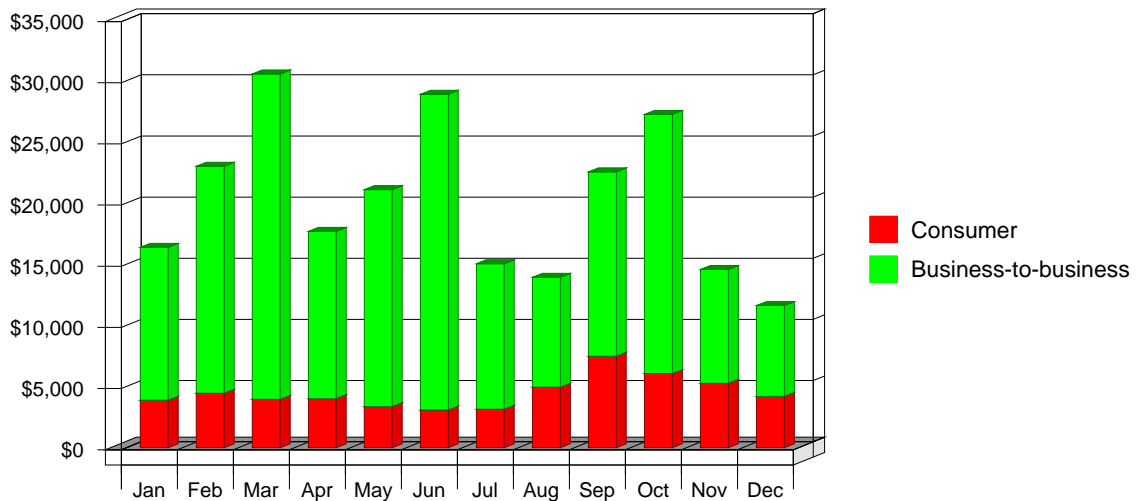
Initially, the goal is to build and maintain a strong brand name and positive company image. As the years unfold and the company expands, it will be important to retain a strong central theme in communications focused on the positive social experience which results from visiting a JavaNet facility.

The Specific marketing efforts will take place in the following areas.

- Local radio spots;
- Local TV spots;
- JavaNet events;
- Print materials;
- Local newspapers.

Budget	2002	2003	2004	2005	2006
Consumer	\$53,905	\$112,122	\$174,910	\$242,482	\$315,226
Business-to-business	\$188,692	\$387,539	\$599,944	\$826,316	\$1,070,278
Total Budget	\$242,597	\$499,661	\$774,854	\$1,068,798	\$1,385,504

Monthly IMC Budget



4.3 Agency Selection

Since our corporate headquarters are in Boston we want a Boston agency. Our selection was Forte Croston. The other finalists were the Tracy Edwards agency, Black Sheep Marketing, and Smash Advertising.

Tracy Edwards was a strong candidate because of its focus on brand name development. However, Forte Croston had an advantage over Tracy Edwards in the area of quantitative and qualitative market research focused on brand position.

Black Sheep marketing emphasizes brand development. They were not chosen because of their strong emphasis on an Internet-based, rather than brick and mortar operation. Even though JavaNet has a strong Internet component, the cafe aspect of the business is vital.

Smash Advertising promises big agency thinking with small agency speed. The firm focuses on brand building, which was an inviting feature. We were concerned, however, that Smash Advertising would be distracted by its presence in the entertainment marketplace.

Ultimately Forte Croston was chosen because of its emphasis on quality research connected to the brand, which will be vital to JavaNet in the first few years of operation. The company's clients have included major league baseball teams, NASCAR, the U.S. Olympic and Ski teams, and the World Cup Soccer league. The firm's success with NASCAR was an inviting feature.

Forte Croston works primarily with print, broadcast, outdoor, direct mail, and interactive media. Since many of these are primary advertising venues, their expertise will be most helpful. The company's emphasis on an integrated brand position had great appeal, especially since JavaNet must serve relatively distinct markets (businesses, seniors, and students) under one banner. Forte Croston will be able to provide media buying services and assistance in public relations. Also, the company has evaluation services which are vital. Both quantitative and qualitative information are crucial to JavaNet's success. Specifically, we need qualitative information about the ambience and social atmosphere present in our cafes. It was this feature that helped us choose this firm when selecting our advertising agency.

4.4 Internet Website

JavaNet's website will be very important for several reasons. First, it will be used as the home page for all facilities. Over the years, expansion plans will mean that individual customers will be able to seek out listings of all JavaNet locations. Business travelers can then incorporate this information into travel plans.

Second, members of the local community should receive quality information about the nearest JavaNet location. This information can be used to entice new customers to each facility.

The JavaNet site will contain information about all company products and services. It will also serve as a "meeting place" for various customers who regularly go to brick and mortar JavaNet outlets. The site should reflect the quality, friendly environment promoted in individual facilities.

5.0 IMC Objective One (Consumer)

The first IMC objective is to build a strong consumer base for JavaNet. To accomplish this, it is important to attract novice users of the Internet to JavaNet outlets. This will be accomplished by creating a novice-friendly environment in each location. Helpful and friendly staff members will assist new Internet users. Courses will be offered, especially to seniors, to show these potential customers how to utilize the Web.

Entertainment will draw in potential customers, who will see people enjoying coffee and interacting on the technology that is available, and then will seek to try it themselves. Local publicity, advertising, coupon offers, sponsorships, and discounts based on frequent purchases will be given to encourage return visits by seniors. The goal is to have them build JavaNet into their everyday lives.

The second group to entice into JavaNet cafes consists of the power users. College students will be more inclined to visit a unit at night, to visit with friends using the technology. A quality social environment is the key to repeat business from this group. Word of mouth may be most effective in the college student group, who will be more inclined to invite friends to the cafe. Therefore, frequency programs, including punch cards with rewards for completed cards and other incentives for making repeat purchases will be the most useful. A "happy hour" discount program should be inviting to college and high school students.

The third set of customers consists of business people from nearby offices. This group will visit a JavaNet location during the lunch hour and after work. Since this group will be most aware of time, it will be important to offer efficient service to them. Coffee and pastries should be served quickly. Convenience, as well as a quality social environment will attract business people.

5.1 Budget

For the first year, the overall budget for the consumer market is \$377,334. As shown in the following table, some funds are to be spent directly on novice users. This includes \$8,000 for educational instruction. A portion of the \$171,000 for advertising will be directed at seniors as novices. A logical time to advertise to this group is during local weather forecast programs on television, or using banner ads for local cut-ins on the Weather Channel. Flyers will be circulated at senior centers and in other places seniors are likely to visit. A percentage of the funds dedicated to frequency programs will also be targeted at seniors to encourage repeat business. Since many of these novices will not initially have computers at home, it will be easy to track them using accounts that are established at individual JavaNet locations in order to develop a database containing key information about this group.

The educational programs will take place during the spring and summer months. This time of the year is best suited to seniors, who are less willing to go out when the weather is bad. Also, this timing will avoid conflicts with Christmas events and other attractions which would prevent the group from attending courses and training programs. The heaviest amounts of frequency discounts will follow in the fall months. By then, seniors who have learned how to use the Web will be in the best frame of mind to return to JavaNet to use the technology. Courses will be offered during the morning hours. This is the time of day when fewer members of the other target groups would be in the cafe. Students will be in class and business people will be at work. Therefore, once senior novice users have become accustomed to the Web and Internet, mornings will be the logical time for them to visit JavaNet, drink coffee, and answer emails.

At least one sponsorship program will be devoted to seniors. It will take place in the last three months of the year. Individual store managers will choose a local event to sponsor that is attended by seniors, such as a community playhouse program, symphony, or health fair. The health fair sponsorship will be encouraged most heavily to individual unit managers. Employees in each JavaNet location should develop brief emails directed at novices to encourage them to bring friends to sponsored events.

College and high school students are more likely to go to a JavaNet store at night. Advertising in the form of flyers to be distributed on campus will build brand awareness for students. Radio

spots on local rock and roll stations are more likely to reach this group. Frequency and discount programs will help repeat business, especially for students with limited personal funds.

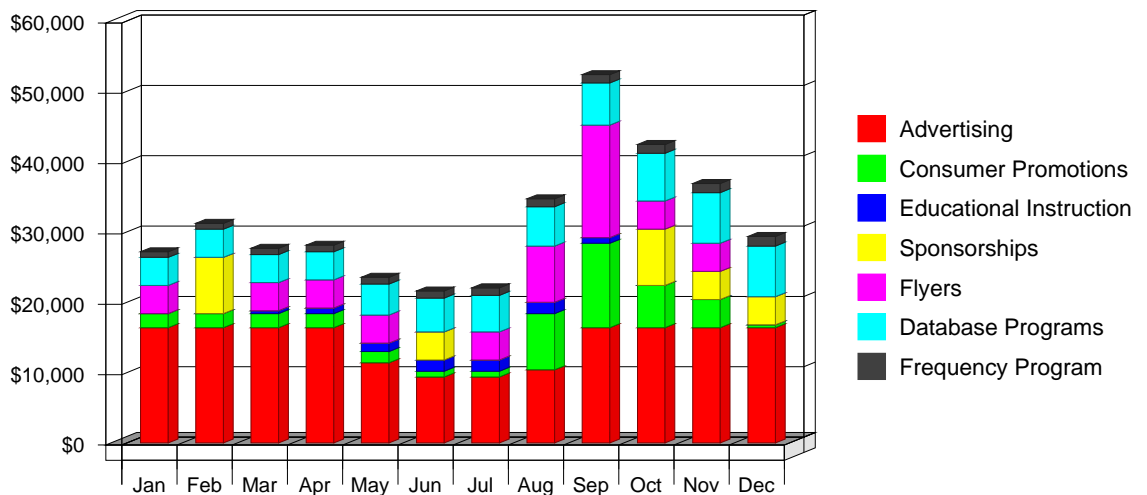
One sponsorship program should be devoted to students. It should tie in with the use of the Internet. Therefore, if a rock band performance is sponsored, students should be able to access a website featuring the group, with a contest giving away free tickets for those who visit the site. The growing use of interactive television during sporting events offers another venue for JavaNet. Special promotions for sports fans who can watch a game while online will help fill the cafe on weekends. For example, Fox sports offers interactive programs during football telecasts. NBC offers interactive programs for NBA basketball. Since students are most likely to participate in these events, they should feel comfortable going to JavaNet to participate in an interactive sportscast.

Business people make up the third consumer group. A substantial portion of the IMC budget should be devoted to building brand loyalty in this group. Advertising in local newspapers and on local television should feature the quality environment present at a JavaNet cafe. This group visits the unit during a lunch hour or after work. Therefore, frequency programs will be targeted at lunch hour traffic. Travelling business people should be carefully tracked using the company database.

Business people are more likely to return to a JavaNet cafe if they had a positive social experience. It will be crucial to maintain quality products with a friendly and helpful staff.

IMC Budget by:	Consumer	2002	2003	2004	2005	2006
Budget						
Advertising		\$171,800	\$357,344	\$557,457	\$772,813	\$1,004,657
Consumer Promotions		\$41,600	\$86,528	\$134,984	\$187,131	\$243,270
Educational Instruction		\$8,000	\$16,640	\$25,958	\$35,987	\$46,783
Sponsorships		\$28,000	\$58,240	\$90,854	\$125,953	\$163,739
Flyers		\$52,000	\$108,160	\$168,730	\$233,913	\$304,087
Database Programs		\$63,200	\$131,456	\$205,071	\$284,295	\$369,583
Frequency Program		\$12,734	\$26,486	\$41,318	\$57,280	\$74,465
Total		\$377,334	\$784,854	\$1,224,372	\$1,697,372	\$2,206,584
Average		\$53,905	\$112,122	\$174,910	\$242,482	\$315,226

IMC Budget by Consumer Monthly



5.2 IMC Methodologies

One of JavaNet's greatest strengths is our marketing and brand building capabilities, and the aggressive marketing budget is a reflection of the importance we attribute to our marketing activities. Currently, the marketing budget beyond year one remains set at 20% of sales. It is our hope to increase this budget should sales and efficiencies of scale allow us to do so.

Explanation of major marketing expenses:

- **Local TV Spots:** In our first year of operations, we will spend \$23,000 on TV spots. TV spots allow us to reach a large audience and effectively target our market. Seniors will be reached on weather programs, and business people will be reached on local news programming.
- **Print Materials:** Print materials always require a significant budget. They include: flyers, literature distributed internally as well as on campuses and in senior centers. Also, we will distribute novelties, coupons, and anything else we can squeeze into this budget.
- **Local Newspapers:** An important part of our marketing efforts. Newspaper ads will give us a vehicle for consistently getting our message/brand in front of a large number of potential customers. We believe this vehicle will get our message to seniors, which make up a large portion of our target market. In addition, the business section will provide us with a means for communicating with our business customers.
- **Local Radio Spots:** These are an inexpensive way to secure a large number of daily impressions. Radio is especially important for reaching students.
- **JavaNet Events:** This will include local radio and TV events where radio and TV stations broadcast from the JavaNet site offering freebies to first-time customers for stopping by. JavaNet will also run educational programs and community events throughout the year.
- **Customer Happiness Representative:** This employee will monitor the level of satisfaction expressed by JavaNet customers. The customer happiness representative will be responsible for: developing customer satisfaction programs, monitoring happiness levels, responding to customer concerns, and the general well being of every JavaNet customer.

5.2.1 Advertising

Advertising to the consumer market will be designed to reach three audiences with one theme: JavaNet offers quality products (coffee and pastry) in a pleasant environment filled with up-to-date technology and a friendly, helpful support staff. This message will be structured to senior novice users as well as power user students (high school and college) and business people. The goal is to encourage initial visits and then repeat traffic based on brand awareness and customer loyalty.

In the first year, \$171,000 will be devoted to advertising. The breakdown is as follows:

Television	\$63,000
Billboards and Flyers	\$32,000
Newspaper	\$28,800

Radio	\$48,000
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Future year allocations are shown in the following chart and table.

Television advertising will be used consistently throughout the year. To reach seniors and business people, ads will run on local news programs and during weather forecasts. Banner ads will be purchased from the local cable company to appear on cut-ins on the Weather Channel. These ads will target seniors. In both groups, the initial goal is brand awareness. Seniors must be made aware that they can learn about the Internet while visiting a JavaNet location. Business people must be made aware they can stop by during the lunch hour and after work to purchase coffee and check personal email.

Billboard advertising will run all year except for the summer months. These ads will be more general, focusing on the quality social environment present in JavaNet cafes. The message must be short. It should note JavaNet's great coffee and great technology, with a pleasant set of surroundings in the background. Flyers will be developed for in-store distribution, for college campuses, and for senior centers.

Radio advertising is largely targeted to college and high school students. The goal will be to make them aware of JavaNet's locations and in-store features. The music must be up-to-date and suggest students will have a great time when they stop by. Rock and roll stations will be the key. Some advertising spots may be purchased on stations used by businesses for background music. These will tend to be light rock stations.

Newspaper ads will focus on business people and senior novices. Ads devoted to businesses will depict JavaNet as a place to get quick and convenient access to the Internet while enjoying a quality cup of coffee in a relaxed environment. Ads for senior novices will arouse curiosity in using the Internet to talk to friends and grandchildren.

The following creative brief will be used in developing advertisements for the senior citizen market. The creative briefs for the other target markets are similar.

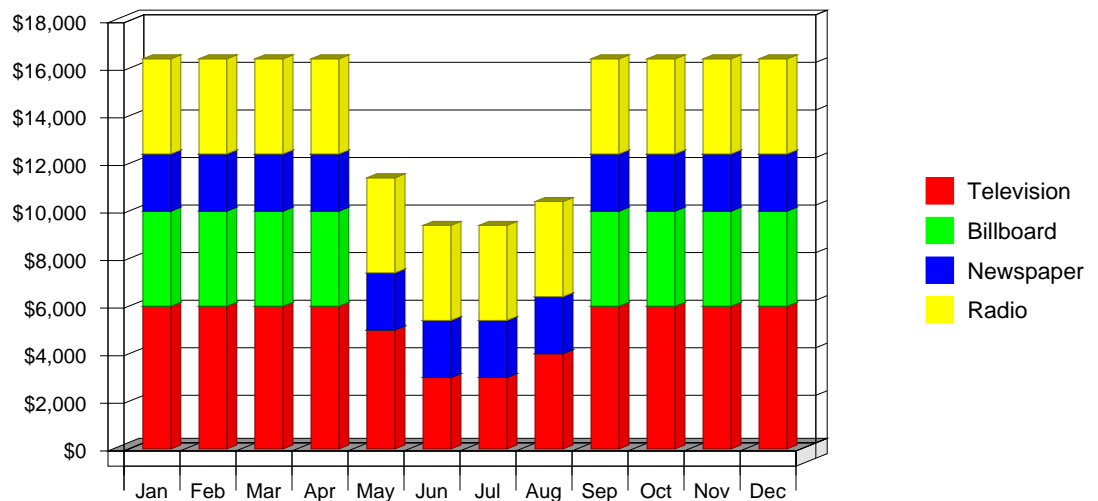
- **Objective:** To build brand awareness among the senior citizen market.
- **Target Audience Profile:** The average age of this market segment is 65 with the majority being female. They utilize the Internet for entertainment and communication, especially with children and grandchildren. Most have a low awareness of the Internet as well as a low acceptance of it. Usage is only occasionally. For seniors, however, who adopt the Internet technology, usage rates increases rapidly.
- **Message Theme:** The primary theme will focus on the ease of use, the friendly, helpful staff and the pleasant social environment of JavaNet.
- **The Support:** Comfortable furnishings, excellent coffee and pastry, and helpful employees all help build the special environment at JavaNet cafes. Employees at JavaNet have a passion for teaching and sharing Internet experiences. The staff is both knowledgeable and eager to please. Staff members will be available to assist JavaNet customers.
- **Constraints:** The JavaNet Internet Cafe logo and copyrighted name must be used in all advertisements. Advertisements that highlight services provided must also add that availability of services varies through the JavaNet Internet Cafes.

To complete the advertising program, the following means-end chain should be used:

- **Attribute:** A comfortable social environment with helpful staff to explain how to use the Internet and to assist customers with any problems that may occur.
- **Benefit:** Customers (senior citizens) do not have to be afraid or embarrassed because they do not have the ability to use the Internet or email.
- **Personal Value:** Excitement of being able to communicate with children, grandchildren, family members and friends using email and personal accomplishment of being able to use the Internet.
- **Leverage Point:** "Good people, great coffee, and great fun," is the featured information. Good people includes both friends who visit JavaNet and the people there who serve customers. The great fun is the result of learning to use the Internet and email.
- **Executional Framework:** Television ads to seniors should begin with a question, such as, "Have you ever wondered what it would be like to surf the Web?" or "When did you last talk to your grandchildren?" An emotional appeal coupled with a slice-of-life executional framework can be used to convey the message to seniors that "we can show you how." The benefits of being able to talk with old friends all across the country, keep in touch with children and grandchildren, and even send email pictures should evoke an interested and action-oriented response.

Advertising Budget by:	Consumer	2002	2003	2004	2005	2006
Budget						
Television		\$63,000	\$131,040	\$204,422	\$283,395	\$368,413
Billboard		\$32,000	\$66,560	\$103,834	\$143,947	\$187,131
Newspaper		\$28,800	\$59,904	\$93,450	\$129,552	\$168,418
Radio		\$48,000	\$99,840	\$155,750	\$215,920	\$280,696
Total		\$171,800	\$357,344	\$557,457	\$772,813	\$1,004,657
Average		\$42,950	\$89,336	\$139,364	\$193,203	\$251,164

Advertising Budget by Consumer Monthly



5.2.2 Consumer Promotions

Consumer promotions should be targeted to the various kinds of consumers. Coupons in newspapers are more likely to be redeemed by seniors than any other group. All groups may take advantage of bonus offers, such as combination coffee-pastry purchases at a reduced price. Students will be targeted by online contests related to sponsorships. These will focus on free tickets to events such as rock concerts or sports events.

Samples of pastries will be given in the store. One pastry piece can be cut up into small samples and set out by the cash register for customers to enjoy. When business is slow, an employee can walk around the cafe and ask customers at individual booths if they would like a sample piece of pastry.

One premium will be used. Frequent visitors will be able to buy a personal JavaNet coffee cup, which then can be used to receive a discount each time the individual makes a coffee purchase at a JavaNet cafe. The coffee cup offers are similar to programs run by Starbucks and other coffee houses.

5.2.3 Personal Selling

Personal selling will be led by store managers and employees. Both will need to be able to provide technical assistance in a reassuring, friendly manner. There will be three main forms of selling activities.

First, in-store selling is the vending of coffee and pastry to consumers. Business people will want these items delivered as quickly as possible. All types of customers should be served in a friendly, low-key fashion. Very little suggestive selling will take place, other than asking if an individual would like to try a pastry with his or her coffee. The other crucial role played by employees in the store is to offer technical advice and support for Internet users. This will be vital in helping senior novices understand the technology. Students will want to know about the latest upgrades. In-store employees must have a passion for both the technology and the social atmosphere they create at a JavaNet cafe.

Second, managers should make sales calls to local and surrounding businesses. They can drop off flyers and give coupon cards to potential business customers. Also, the manager should make contact with executives in these businesses to make the executives aware that meetings can be held in JavaNet's units. This includes noting access to rooms, technology, and coffee/pastry offerings for clients and other groups.

Third, managers should make sales calls to senior citizen centers. The purpose is to distribute flyers and also to visit with employees of the centers to let them know about the educational programs that JavaNet provides.

In all three selling situations, no pressure tactics should be used. The approach is to be friendly and informative, reflecting the mood present in each JavaNet cafe. If possible, each unit should employ a few older workers for day shifts and younger individuals for nights, so that the age group most likely to be in the store can find someone of a similar age.

5.2.4 Sponsorship Programs

The two retail groups which will be most readily targeted by sponsorship programs are senior novices and students. Among the most promising senior events would be health fair programs, which are often held in hospital and senior centers but are co-sponsored by local businesses. Managers from various JavaNet cafes can note the important mental health as well as physical health programs. Learning something new, engaging in a fun activity, and socializing are all part of a positive experience that a senior can enjoy when taking a course offered by JavaNet. Many seniors also attend concerts and plays. JavaNet managers should seek out these events for sponsorship opportunities, especially if a table or booth can be set up in the entry way. The booth should feature the free educational programs offered by JavaNet.

Students will be reached by sponsorships related to musical groups and sports events. A rock and roll performance should be tied to the JavaNet website featuring information about the group, the Javanet cafe, and include a contest to receive free tickets. Many high school basketball tournaments are co-sponsored by local businesses. Again, if JavaNet can set up a booth or table as part of the sports event, students can learn about the local outlet. In some small colleges, a football game against a key rival is sponsored by a local company. JavaNet managers should seek out these opportunities, if they are not cost-prohibitive. They provide the chance to hand out small free items, coupons, and to feature company advertisements in programs and over the P.A. system during the game.

5.2.5 Database Programs

JavaNet's database should track all types of customers who use the facility. Senior novices will be easily tracked, since they can be registered when they sign up for courses about the Internet. Business people are usually willing to give a business card, which can be used as part of a weekly contest/drawing for free coffee, pastries, or Internet access. Students can be tracked by obtaining information from "hits" on JavaNet's website. Visiting business people will be the most difficult to track.

The database should be used to understand the mix of people who visit the JavaNet location. Through frequent purchase programs, it may be possible to discover the times these individuals go to the cafe, and what products or services are most vital. For example, college and high school students are likely to visit at night, stay longer, and purchase fewer items. Therefore, the goal would be to identify ways to get them to spend more money while in the cafe. Business people are most likely to visit at lunch time or after work. Data could be collected to see if other products, such as sandwiches and chips should be sold over the lunch hour. Seniors may offer information on the types of coffee they want, regular, or more elaborate espresso products.

The goal of keeping a database for JavaNet is to understand customer wants and needs. For each group, the ability to understand what types of new products or services would keep them coming back is vital.

5.3 Media Plan

The media plan will reflect the type of customer being targeted by various advertisements. Business people will see JavaNet ads when they read the paper. For some, this will be the first

thing in the morning. For others, it will be at the end of the day. Business people will also encounter JavaNet ads as they drive to work (billboards) and when they watch the evening news.

Teens and college students will hear about JavaNet via word of mouth and on the radio. Advertisements on the radio should be focused on night time hours, when students are more likely to be listening while socializing or studying. Some may notice the billboard ads while cruising or driving to various locations. They will also see JavaNet messages when they visit the company's website.

Senior novices will see JavaNet ads in the morning in the newspaper. They may read JavaNet flyers while in a senior center. They will also encounter ads while watching the weather.

Heavier advertising will be used in the fall, winter, and spring. In the summer, fewer people will want to spend a great deal of time in an indoor cafe, and more activities are available that will keep them from going to a JavaNet location. Seniors, however, will be more likely to visit a JavaNet cafe in the summer to get out of the heat or to take a course in the morning.

5.4 Evaluation

Evaluation of efforts related to the consumer market will consist of assessments made by in-store employees, by an advertising agency, and by the public relations department of the advertising agency. The advertising agency will evaluate brand awareness, conduct an image analysis, assess consumer promotions analysis, and provide a customer traffic analysis. The agency will also assess the impact of advertising. Brand image, loyalty, position, and customer traffic are all assessed early in the year, so that necessary changes may be made when needed. Advertising is assessed near the end of the year, so that the total impact of the advertising program may be considered.

In-store employees will assess customer complaints, direct marketing, and in-store service. Customer complaints are studied year round. Direct marketing programs are assessed mid-year, so they may be fine-tuned for the holiday season.

A public relations wing of the agency will be asked to assess public relations efforts. This will take place at the end of the year.

The theme that ties all assessment efforts together is brand awareness and image. All target groups must know about JavaNet and be enticed to give the cafe a try. Then, as time passes these same customers should develop positive feelings toward the company so that they are willing to visit regularly. The importance of customer happiness and satisfaction cannot be underestimated.

6.0 IMC Objective Two (Distribution Channel)

The second major IMC objective is to establish and build good relationships with vendors. There are four primary members of distribution channels. These are the businesses which sell: coffee, pastries, computer hardware, and computer software. In order to effectively deliver a quality environment for our customers, it is crucial to work effectively with vendors.

Coffee vendors are important for several reasons. First, we must have high quality coffee to

serve. Second, we must be able to take advantage of volume discounts by purchasing in quantity for all stores. Third, we must always have a manageable inventory of product, not too much or too little. Therefore, it will be important to build enough of a relationship so that we can obtain the discounts and receive quick delivery if our coffee supply runs low.

Pastries must also meet the quality image of JavaNet. Since each unit will order pastry locally, it is vital to make certain they are high-quality items. Relationships with these vendors will focus less on volume discounts and more on timely delivery of good food.

Computer hardware must be updated regularly. Effective relationships with these vendors will be based on obtaining the best technology at a reasonable price along with service agreements in case problems develop. For tax purposes, hardware will be acquired through leases, which means we will have ongoing relationships with manufacturers.

Software companies will be concerned with patent and copyright protection. We must be certain that we license all of the most up-to-date and popular software programs. Again, this should inspire a long-term relationship with software vendors.

In all of these relationships, it is very important to stress the nature of the JavaNet marketing program. Cooperative agreements with these vendors will help build sales for our business partners as well as individual JavaNet cafes.

7.0 IMC Objective Three (B-to-B)

The third IMC objective for JavaNet is to effectively reach other businesses. In a sense, this objective overlaps with IMC objective one, because business people are being targeted to visit our cafes over the lunch hour and after work to have coffee and read personal email. In addition, however, JavaNet should serve the business executive market as well as travelling business people. The goal is to offer space to these businesses for meetings. Local companies can take advantage of our meeting rooms while enjoying JavaNet coffee and pastries and having Internet technology available at the same time. Travelling business people who stop by for coffee and Internet access will discover a comfortable place to hold a meeting when they travel to a city in which a JavaNet cafe is located. This will help expand the total number of customers served at each location.

7.1 Budget

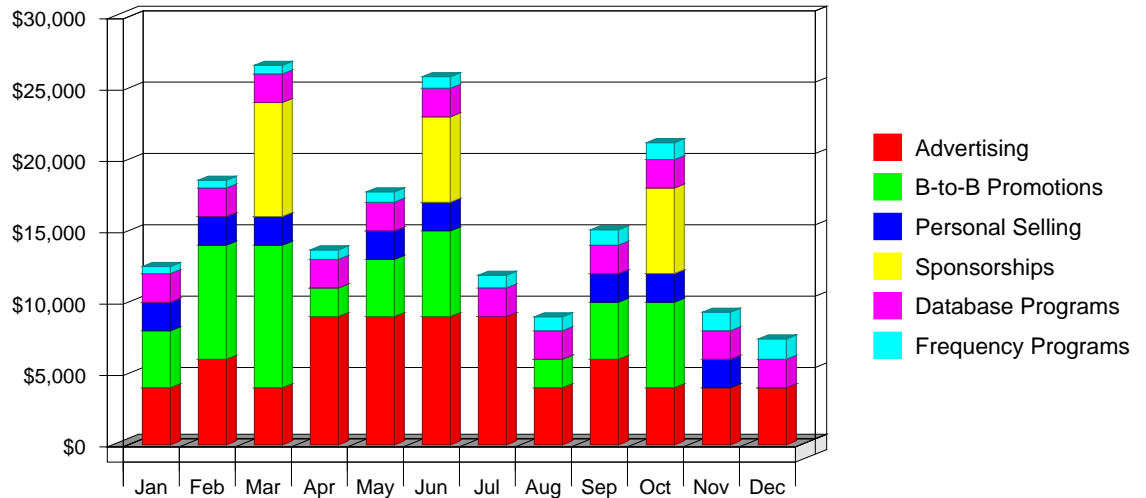
The IMC Budget business-to-business activity is \$188,692 for the first year. The following table presents all of the key details. The largest portion of this budget, \$72,000 is reserved for advertising. These funds will be allocated to local media, specifically radio, newspaper, and Chamber of Commerce business advertisements. Business-to-business promotions is the second largest component of the budget, featuring volume discounts and other incentives to attract executives into using JavaNet facilities. The remainder of the budget is devoted to personal selling, sponsorships, database programs, and frequency programs.

The greatest expenditures will be made in March, June, and October. Advertising provides the foundation for activities throughout the year. During the three high-spending months, the primary difference will be additional funding be spent on sponsorships. Business-to-business advertising expenditures will reach their peak in the late spring and early summer. This coincides with the

most prominent local sponsorship event.

IMC Budget by:	Business-to-Business	2002	2003	2004	2005	2006
Budget						
Advertising		\$72,000	\$148,320	\$229,154	\$314,627	\$405,082
B-to-B Promotions		\$46,000	\$94,300	\$146,165	\$201,708	\$262,220
Personal Selling		\$16,000	\$32,800	\$50,840	\$70,159	\$91,207
Sponsorships		\$20,000	\$41,000	\$63,550	\$87,699	\$114,009
Database Programs		\$24,000	\$49,200	\$76,260	\$105,239	\$136,810
Frequency Programs		\$10,692	\$21,919	\$33,974	\$46,885	\$60,950
Total		\$188,692	\$387,539	\$599,944	\$826,316	\$1,070,278
Average		\$31,449	\$64,590	\$99,991	\$137,719	\$178,380

IMC Budget by Business-to-Business Monthly



7.2 IMC Methodologies

It is crucial to develop a seamless overlap between our consumer and business-to-business activities. Members of both target market groups must understand that JavaNet offers high quality coffee and pastries, in a relaxed social environment which contains the best available technology. The experience for business people and executives who stop by will be the same as for individual users.

To meet this objective, the elements of personal selling, sponsorships, database programs, the media program, and evaluation efforts must match with all other IMC efforts conducted by JavaNet.

7.2.1 Advertising

Advertising for JavaNet will be on radio, in newspapers, and through Chamber business programs. Newspaper and Chamber business advertising expenditures will be level throughout

the year. The content of the ads will vary by season. Thus, in the winter ads will focus on business people being able to set up meetings in a warm environment with quality coffee to enhance the experience. In the summer, advertisements will focus on the major local sponsorship event, a business and career fair, which is held at the local auditorium or mall. Individual ads will promote the event, where businesses can gather to vend to other businesses as well as individual consumers, and then note that JavaNet is a major sponsor of the fair. In the fall, advertising will feature Christmas/holiday promotions, such as gift cards for free coffee and pastries or Internet access.

Radio advertising will be used in the summer, in conjunction with the business and career fair. Since most business executives do not listen to the radio during daytime hours, advertisements will be placed during drive time in the morning and at night. The goal is to reach them, and visitors to the business and career fair, as frequently as possible during the time of the event, which takes place in late July.

A creative brief for the key summer months advertising program is as follows.

- **Objective:** To create awareness of JavaNet's services among local businesses through the promotion of a business fair.
- **Target Audience:** Business executives and business people in the local community. These individuals would use JavaNet for training and small meetings that require netmeetings.
- **Message Theme:** That JavaNet cares about the business community and is sponsoring the business fair to help build a strong fabric in the community.
- **The Support:** The business and career fair is a high-quality social interaction and networking opportunity for businesses as well as professional individuals seeking employment.
- **The Constraints:** The JavaNet Internet Cafe logo and copyright name must be displayed in all advertisements. The business fair is a joint sponsorship with the local Chamber of Commerce as well as other local businesses.

In creating these ads, the following means-end chain should be developed:

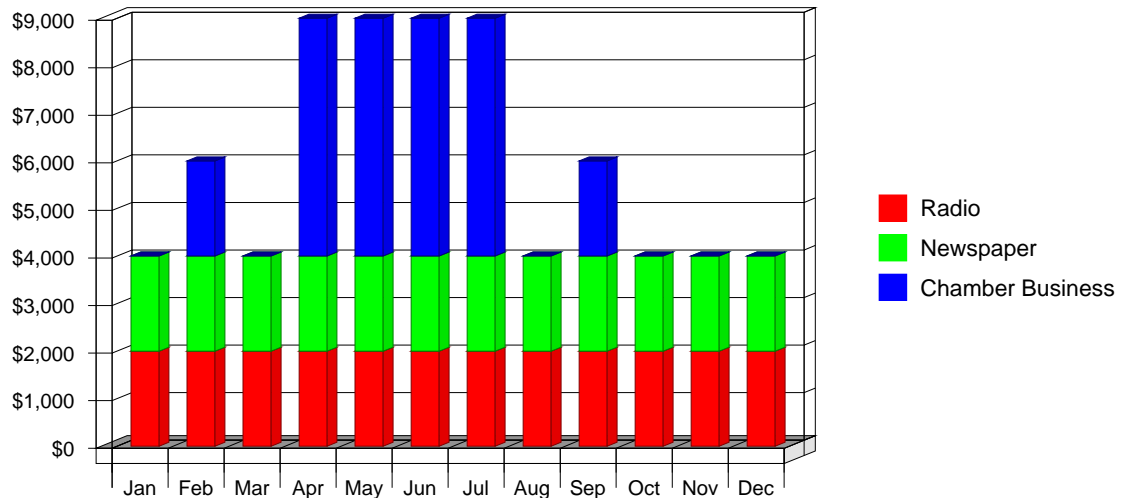
- **Attribute:** A quality social and networking business environment.
- **Benefit:** A place to make new business contacts, attract new customers and interview potential employees.
- **Business Value:** Numerous contacts and prospects in one location, in a brief time period.
- **Leverage Point:** Tie in the theme of good people, great coffee, and the latest technology with "Good for your business."
- **Executional Framework:** An informative ad featuring times, the place, and the elements of the fair combined with a plug for JavaNet's coffee and pastries to be served onsite.

The copy should note that business people can stop by their local JavaNet cafe to receive a discount on an entry ticket to the business and career fair. Entry ticket prices for people visiting the fair should be kept low, in the \$3.00 range. Booth prices for business participating should also

be kept as low as possible.

Advertising Budget by:	Business-to-Business	2002	2003	2004	2005	2006
Budget						
Radio		\$24,000	\$49,440	\$76,385	\$104,876	\$135,027
Newspaper		\$24,000	\$49,440	\$76,385	\$104,876	\$135,027
Chamber Business		\$24,000	\$49,440	\$76,385	\$104,876	\$135,027
Total		\$72,000	\$148,320	\$229,154	\$314,627	\$405,082
Average		\$24,000	\$49,440	\$76,385	\$104,876	\$135,027

Advertising Budget by Business-to-Business Monthly



7.2.2 Business-to-Business Promotions

A few basic business-to-business promotions will be used. Coupons will be directed toward individual business people for free Internet access, coffee, or pastries. For executives, more substantial premiums should be developed. For example, when a company schedules a series of meetings using JavaNet space, the executive should be presented with a palm pilot or some other new piece of technology that might be used on the job. All participants in the business and career fair held in the summer should be granted discounts for future uses of meeting rooms as well as a tangible token of appreciation. The gift should be of high quality and change each year. A coffee maker may be given one year, a set of flavored coffees in the sampler pack the next, and so forth.

At the business and career fair, JavaNet will sponsor a sweepstakes. The drawing will take place at the end of the meeting. One drawing will be for a set of business people who simply attend. The other will be for a business who set up a booth. The major door prize for people who attend will be a new computer with Internet access, with smaller prizes such as gift certificates to local restaurants. For businesses, the prize will be a free trip to a designated location, such as Miami, New York, or Los Angeles.

Cooperative advertising should take place with JavaNet and other companies that participate in the business and career fair. Also, the local pastry provider may wish to participate in a cooperative advertising program.

All IMC efforts in the area of promotion must reflect the theme of good people, great coffee, and the latest technology.

7.2.3 Personal Selling

Two types of selling take place on behalf of JavaNet. The first is the in-house component. These individuals are order takers for coffee and pastry combined with experts in Internet and computer technology. The major portion of the business-to-business budget will not be allocated to this component.

The primary expenditures will be for those who visit local businesses to develop partner relationships with various companies. These salespeople will make calls to attract users of meeting rooms and to participate in sponsorship events.

A portion of the funds for personal selling will be used to keep records of prospects developed throughout the year. A key activity will be to follow-up on contacts made with businesses who do not as yet take advantage of JavaNet's facilities.

7.2.4 Sponsorship Programs

JavaNet will be involved with three sponsorship programs during the year. The first will take place in March. JavaNet will co-sponsor a health fair for senior citizens. The purpose of this sponsorship will be to make seniors aware of the JavaNet's courses to learn how to use the Internet. The tie-in with other businesses will be to other companies that vend to senior citizens as well as various senior centers.

The second sponsorship is the summer business and career fair. JavaNet will tie-in with companies that participate in the career fair. This will be the major feature of JavaNet's business-to-business IMC program.

The third sponsorship will take place in October. It will be tied to a college event, such as a football game with a key rival. The tie-in will be to the local college or university. It will be designed to make students aware of the local JavaNet cafe.

All three of these sponsorships should feature the overall IMC theme of good people, great coffee, and the latest technology in a friendly, inviting social environment.

7.2.5 Database Programs

The business-to-business database utilized by JavaNet will contain information on three types of customers. The first is the business employee who stops by to read email over the lunch hour or after work. By collecting business cards and other information from these individuals, individual JavaNet store managers can develop frequency programs and provide email updates for events such as the local business and career fair.

The second database will consist of the business executives who patronize JavaNet, either by

using the meeting room or by being involved in the summer business and career fair. These individuals should be tracked to see how often facilities are used. It will be important to contact them occasionally to survey feelings about the quality of the meeting room experience and about the career fair. These individuals will be in the best position to suggest additional services and activities that might match JavaNet's theme.

The third portion of the database will contain records of visiting business people. This group will be the most likely to seek to schedule the meeting room by email. Both visiting business people and in-town business people should also be surveyed randomly to check on their perceptions of the quality of the JavaNet experience as well as to seek out suggestions for additional products, services, or in-store promotions.

Depending on the size of the business market, it will be advisable to study when and how these individuals visit JavaNet. We will want to avoid a clash of students with this group. If students are loud and disruptive, it may be that business people will seek out other locations to read email and relax. Database surveys should help us make certain we are maintaining a balanced environment that is comfortable for all groups.

7.3 Media Plan

The media plan will be to place business-to-business advertisements on the radio, in newspapers, and in Chamber business magazines. Radio is used most heavily during the summer months, to promote the business and career fair. Some business-to-business radio ads will also be part of the health fair in February, and for the student event sponsorship in the fall, during the month of September.

Newspaper advertising will be level year round, as will Chamber business advertising. The goal is to use these two tools as a constant reminder of the JavaNet experience and our facilities for business people of lower and executive ranks.

Internet advertising will take place on our own website, and perhaps will expand to other advertisement in the future.

7.4 Evaluation

Evaluations of the three components of our business-to-business objective will be conducted internally and by hiring an outside agency annually.

Brand awareness is a crucial component of our business strategy. Therefore, our agency will survey local business people to make sure they are aware of what JavaNet offers. Part of this evaluation will be designed to make certain local business executives know they can schedule meetings in our cafes.

At the end of the first year, the agency will study our image and position. The perception should be that we offer good coffee and pastry in a technologically advanced Internet cafe with a pleasant social atmosphere. Part of this perception should be that our employees are friendly and helpful.

The three sponsorship programs will be evaluated using two criteria. First, the number of

participants should be assessed, noting how many businesses and individual participants attend the business and career fair. These numbers will be compared to in-store traffic figures. If the programs have been successful, we should have numerous inquiries regarding scheduled events in our meeting rooms in the fall, following the business and career fair.

Customer complaints should be evaluated as they happen. If business people feel students or seniors are disrupting the quality of their visits to JavaNet, we will need to take steps to make sure all of our customers are satisfied.

The impact of our advertising programs will be evaluated annually by our agency. It is important to find out if our ads are being noticed and if clients respond with the appropriate behaviors. Since much of our advertising is tied to sponsorships, other businesses who participate in the events may be partners in assessing how well these events serve the needs of our customers.