**Business Concept**

**Mission & Vision**

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

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

**Merchandise and Services**
- Home Furniture & Accessories
- Furniture take-back program
- Furniture salvation classes by local artisans

**Target Customer**

**Demographics**
- Age & Gender: 25 – 34 year old males and females
- Salary: $50,000 - $75,000
- Occupation: College graduate in a business position

**Psychographics**
- VALS Groups: Innovators and Experiencers
- Attitudes: Spontaneous, first to adopt trends, sociable, & like to experiment.
- Civic-oriented, has spiritual values, love physical activity, draws inspiration from minimalism.

**Behavioristics**
- The target customer explores stores with trendy items. Their homes are a reflection of themselves. The customer has to assemble furniture. They re-decorate often.

**Industry Segment & Market Analysis**

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

**Pros**

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

**Cons**

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

**Strengths**

- Large selection of trendy merchandise.
- Option to customize most furniture.
- Very low price-point.
- Strong brand recognition with developed consumer base.
- Brick and mortar store internationally.
- High quality merchandise.

**Weaknesses**

- No international locations.
- Do not offer “Sale” merchandise online.
- Customer has to assemble furniture.
- Low quality merchandise.
- Furniture often damaged in shipping.
- Most merchandise is in mid-century modern style.
- High price point.

**Opportunities**

- Offer free interior design services.
- Option to order online.
- Online presence with international shipping.
- Product appeals to many target markets.
- Collaborations with famous designers focused on sustainability.

**Threats**

- Some items may be too expensive for target market.
- Low quality turns some customers away.
- Consumer trend towards buying “Made in USA” products.
- Merchandise is expensive and most millennials are unable to afford it.

**Competition**

- Major players: Room & Board, IKEA, Wayfair, Design Within Reach, Joss & Main, and IKEA.

**Sourcing Structure**

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

**Triple Bottom Line**

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

**Budget**

<table>
<thead>
<tr>
<th>First Year Skeletal Statement</th>
<th>%</th>
<th>$</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>1,052,526.30</td>
<td>100</td>
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<tr>
<td>COGS</td>
<td>578,889.48</td>
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<tr>
<td>Gross Margin</td>
<td>473,636.85</td>
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<tr>
<td>Operating Expenses</td>
<td>461,194.16</td>
<td>43.82</td>
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<tr>
<td>Net Profit</td>
<td>12,442.69</td>
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**Marketing Strategy**

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