**SpiceCo Business Plan**

**Introduction**

The food and beverage industry is undergoing a craft revolution. Small craft brands are beating large food companies on the shelf, and the trend is expected to continue in nearly every food segment. The same forces that drove the rise of craft beer, craft coffee, and craft organics can work anywhere: including spices.

Jay Bear, LLC is launching a branded flavoring and spice company for the consumer market (SpiceCo). The mission of the company will be to provide healthy spice mixes to individuals who want great tasting, healthy home cooked meals. The target customer will be a fitness enthusiast who primarily cook their food at home.

**Spice Industry**

According to IBIS World, the US Seasoning, Sauce, and Condiment industry had $22 billion in sales in 2015. Earlier reports stated that dry mix seasonings accounted for roughly 20% of that total, approximately $4 billon. As a crosscheck, McCormick’s 2014 annual report estimated the global packaged spice and herb category at $10 billion. For simplicity, it’s safe to assume that SpiceCo will be competing in a marketplace that has between $1 and $5 billion dollars of domestic sales per year.

It is much more difficult to estimate the size of the fitness market.

Nearly everyone exercises to some degree, and parsing out the different types of exercise routines is both difficult and somewhat arbitrary. As a general observation, it is obvious that very few individuals prepare their own meals with the goal of reaching an elite level of fitness. For simplicity, it can be assumed that no more than 10% of the spice market would prioritize health as their number one goal.

Combining the size of the overall packaged spice industry with the maximum addressable market in fitness indicates that the size of the “fitness spice” market is likely $100-$500M dollars per year in the United States. While that market is not very large, it does represent an opportunity for an aggressively targeted effort that is likely being passed by the current players.

**Competitors**

McCormick’s dominates the mainstream spice market with over 50% market share in most segments. McCormick’s operates a diverse portfolio of brands, each of which is designed to appeal to a different segment. The remaining 50% is divided between Kraft, Unilever, and private label offers.

The only known player in the “fitness spice” market is Flavor God.

**Customer**

According to McCormick’s, 71% of respondents state that taste is the number one purchasing driver for spices and condiments, followed by price and healthfulness.

SpiceCo’s target consumer is the health conscious individual who would rank healthfulness first, flavor second, and price third (or at least rate healthfulness much higher than the general population). If SpiceCo can effectively identify these fitness minded consumers, it should be able to command premium pricing.

For example, many fitness minded individuals hold “meal preps” every Sunday, where they cook and package all of the next week’s meals. Preps usually include only a handful of lean protein varieties, which makes the dieting process extremely monotonous. These dieters seek innovative ways to diversify the flavor profile of their healthy foods, and will pay premium prices for good solutions.

**Business Model Canvas**

The following statements are hypotheses that represent the best thinking of SpiceCo, but *will and should* change as more is learned about the customer and the market.

1. **Value Proposition:** SpiceCo sells branded spice mixes for fitness minded individuals. SpiceCo will deliver superior taste, with low calorie, low sugar, and moderate sodium mixes.
2. **Customer Segments:** CrossFit enthusiasts, Bodybuilders, Athletes, Paleo Dieters, Gluten Free Dieters, Celiacs, General Dieters
3. **Distribution Channels:** Amazon, direct online fulfillment
4. **Customer Relationships:** Strong two way sharing on social media (Instagram specifically), notable tags include #fitspo, #fitfam, etc.
5. **Revenue streams:** Spice mix sales ($10 / 5oz bottle), branded merchandise, and cookbooks.
6. **Resources:** Flavoring R&D, access to bulk spice, label printing, website builders, food photographer
7. **Activities:** Flavor development, brand development, pick / pack / ship, social media expertise
8. **Partners:** Bulk spice suppliers, warehousing
9. **Cost Structure:** Cost of raw goods, minimal branding, cost of website, amazon fees, bottles, bottle stickers, expenses for founder

**Product Market Relationship**

The spice market is an existing market, having been around for thousands of years. The product SpiceCo is bringing into the market is not new, but it is targeted at a very specific niche. That niche has already been exploited by one competitor Flavor God.

**Strategy**

SpiceCo’s strategy will be to aggressively clone what has worked for other flavor companies, but improve on it with a superior brand, product, and execution. To date, SpiceCo anticipates cloning the following best practices.

* Jelly Bean: sell “weird” novelty flavor to drive free media coverage (i.e., “barf flavor” on Halloween)
* Mrs. Dash: offer moderate to low sodium spice mixes
* McCormick’s: brand spices to target a single segment

**Funding Requirements**

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**Key Milestones**

* Secure funding
* R&D of core four products
* Develop name and logo
* Develop minimally viable website
* Get on Amazon
* Set up social media account
* Small advertising campaign to test viability

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