

UNIVERSIDAD ESAN



**LA BOUCHE SUCREE: A BRAND NEW CONCEPT OF PASTRY SHOP
OFFERING HIGH QUALITY FRENCH PASTRIES AND SELFCUSTOMIZED
FRENCH PASTRIES WITH PERUVIAN INGREDIENTS, IN LIMA (PERU).**

**This thesis presented in partial satisfaction of the requirements to obtain the degree
of Master in Business Administration by:**

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EXECUTIVE SUMMARY:

After having visited many bakery and pastry shops around Lima and realized that most of the shops were selling viennoiseries such as croissants or breads, we decided to focus only on high-quality French pastry and self-customised ones, a segment still underexplored. Besides, having observed that fusion cuisine is part of the Peruvian culture, we chose to create a pastry shop, called La Bouche Sucrée, which would sell not only high-quality and traditional French pastries but also French customized-ones with exquisite Peruvian fruits and Peruvian ingredients. The idea is adding a touch of Peruvian flavor to French pastries. Thus, the general objective of the thesis is to evaluate the feasibility of this business by determining the profitability and sustainability of LBS for the segments A & B in Lima. Consequently, the following specific objectives are formulated:

- To carry out a market research of the current pastry/bakery shop market in Lima
- To analyze the political, economic, social and technical environment in Peru and Lima to better understand the trend in this market
- To evaluate the potential demand for the implementation of a high quality Franco-Peruvian pastry shop, through market research methodology (surveys and interviews)
- To develop a marketing strategy through special branding for the new concept • To present the operational and organizational guidelines to run properly the business
- To analyze the financial feasibility of the new concept

In order to assess the feasibility of the project LBS, theoretical tools and research procedures have been performed carefully. First, the bakery and pastry market in Lima has been deeply analyzed by identifying the main actors, their product offering and the average prices. Moreover, this analysis has been completed with a market research through mail-administered and mall-administered surveys with a total of 270 answers, with a 6% margin of error, in order to assess their interests in the project and their recommendations with regards to the offering. Furthermore, in-depth interviews with bakery and pastry professionals in Lima such as La P'tite France, Les Gourmands, La Boulangerie and Vainilla Pâtisserie, have been highly useful to get significant and relevant insights regarding the feasibility of the project as well as to fully understand Peruvian consumers and the different steps to create a bakery/pastry business in Lima (organizational, legal and operational procedures). Thanks to the data collected previously and all information gathered for the thesis, the project has been evaluated to determine its feasibility. Consequently, three main scenarios stand out:

- First: Taking into account a decrease of 30% of the initial potential demand • Second: Considering a decline of 30% of the selling prices of all the products offering
- Third: Anticipating a rise of 30% of the costs of raw materials

After having assessing and analysis the project, the conclusion reached is that the implementation of a pastry shop to offer high quality French pastries and selfcustomized ones with Peruvian fruits and ingredients, is both technically and economically feasible. Finally, the mains conclusions reached by the thesis are formulated:

- In Lima, around 4,000 bakeries and pastries shop are currently concentrated in the city but the French pastry segment is still under developed. Besides, it appears no other companies have launched self-customized French pastries with Peruvian ingredients in the market.
- According to the World Bank, the Peruvian economic environment is favorable and its real GDP growth is expected to increase over the next coming years, reaching 5% in 2017. Inflation rate should be kept under control, as the Peruvian Central Bank has an objective of a fixed inflation rate about 3%.
- Results from the market research conducted reveals that 65% of people interviewed are interested by the concept of high-quality French pastries and selfcustomized ones, and rate it at least 6/10 and at most 10/10. Besides, 77 % consider Quality as the most important aspect when purchasing a pastry. Filling the pastry with cream and little fruits chunks are the two options selected for selfcustomization.
- Around 8-10% from the total costs are going to be investing in marketing (social media, loyalty program, PR strategies) in order to increase brand awareness. The name for the new pastry store is La Bouche Sucrée, meaning “The Sweet Mouth”, which conveys a message of sweetness and delicious products due to the fact that eating should always remain a pleasure.
- The operational plan gives clear instructions related to HACCP guidelines from the WHO. There will be 14 employees, including 2 general managers, 2 French and 2 Peruvian pastry chefs with their 4 assistants and 4 salesmen. Also, the location of the shop is in Miraflores with 120 m² of space.
- After 3 different scenarios, LBS is still profitable with an average positive NPV of S/. 465.514 thousand and an average IRR of 43%. Finally, the initial investment for the very first year comes close to S/. 631.577 thousand, 56% of which are funded by the relatives of the future general managers.