Business Plan for Frugal Foodie

Connor Landry

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Business Plan for Frugal Foodie

by

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Undergraduate honors thesis under the direction of

Dr. Daniel Whitman

Department of Management

Submitted to the LSU Roger Hadfield Ogden Honors College in partial fulfillment of the Upper Division Honors Program.

May 2022

Louisiana State University
& Agricultural and Mechanical College
Baton Rouge, Louisiana
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Abstract

This report intends to present a developed business plan for the venture concept known as Frugal Foodie. Frugal Foodie serves as an app platform that directly connects restaurants with paying customers. The motivation behind the app’s origin was to solve existing market problems in the restaurant industry by providing consolidation promotion efforts and accessibility of deals. Conventional methods of advertising for restaurant deals can often be subpar. The success of these marketing campaigns is up to the marketing budgets, word of mouth, and creativity of managers. Even with these efforts, customers sometimes are not aware of deals until they are in the restaurant itself. This presents a problem to the restaurant industry because many opportunities are lost for customers to act on deals and or support restaurant businesses. Frugal Foodie intends to simplify the marketing process and burden experienced by businesses in the restaurant industry and provide restaurants with easy to access customers. This will increase the return on investment for marketing dollars to ensure that they are spent more effectively by restaurant management. The following sections of this report provide analyses of the industry and potential markets, and the rationale behind how the business will be developed and operated.
Market Problem

Take a second to picture this scenario and how often it occurs in everyday life: You just got off from work and your stomach is rumbling. Rumbling so much that it’s hard to think. You decide it’s time to go eat out with your significant other, and quickly smother the idea of having to pull out everything at home and starting the meal prep process. You swing by the house, pick up your spouse, and begin discussing where you should eat. Eventually, no one can decide on where to eat while balancing the factors of costs, cravings, availability, and convenience. Eating out is a time saver but can come at the cost of paying a premium. Realistically, locating local restaurant deals is often not a very convenient nor easy task. The current solutions that exist for deal discovery include direct restaurant searches, broad search engine lookups that refine by personal preferences, and coupon/discounting websites to source a redeemable token to use at a specific location. The issue for the foodie in this situation is that there is not a convenient platform to utilize when balancing all decision-making criteria for eating out.

On the flip side, restaurants deal with issues that stem from the same problem. Restaurant marketing efforts primarily take place through in-house advertising and pop-up web advertisements. While in-house marketing and non-targeted ads save money, it makes reaching the consumer difficult. To encounter most of the active marketing deals, the typical customer must visit the restaurant’s physical location or physical webpage. With the number of food venues in Baton Rouge and the concentrated market, one would think that there would be a better solution to this problem. With the availability of information today and the effective use of social media platforms, waiting till one is inhouse to learn of marketing campaigns is an incredibly old-fashioned method for marketing to customers. In other words, these touchpoints are not specifically effective in mass-targeting which is the main draw for deals. These difficult
circumstances surrounding locating restaurant deals make them easy to pass up which hurts both the customer and the restaurant.

Now, one may argue that offering discounts are not a good strategy for restaurants as it will lower overall revenue and cut into profit margins. While this can be true for businesses that operate at break-even or at a loss to focus on growth, offering deals can be a strategic pricing tactic that could encourage business growth by increasing the total amount of customers or by drawing customers in with low upfront prices to increase overall expenditures. The purpose of offering deals is to attract new customers, increase the customer base, and increase the chance of gaining return customers. Greater exposure generally means greater chances of returning customers if the products and services are valued. The marketability of restaurant deals turns into a restaurant industry problem because it limits growth for restaurants and savings for customers.

**Proposed Solution**

The answer to this problem lies in a digital deal marketing platform that serves both restaurants and their customers. This platform, Frugal Foodie, is best known as the one-stop-shop for food deals. Deals currently exist in the market in good quantities but are marketed in such a large variety of locations (physical and digital) that they can be difficult to locate and compare. On the Frugal Foodie platform, we work with restaurants to market their food deals from one spot. This makes locating food deals and exploring restaurant offerings simple from the perspective of the restaurant customer. On this platform, restaurants pay for a subscription service to build a restaurant media profile that is viewable to all Frugal Foodie users. Additional marketing opportunities also exist for restaurants that want to get additional exposure to the app’s general audience. To offer value to restaurants, it is important to have a large base of users on the platform, and thus will be necessary to have low barriers of entry/acquisition costs for our
foodies. The app will cater to foodies of different price points by offering both a free version and a premium version. Baton Rouge, and other dining markets, need apps like Frugal Foodie that create a more direct channel with restaurants. As a beachhead market, Baton Rouge embodies great characteristics to test out this venture idea due to the number of restaurants, the college-town atmosphere, and the spending habits of the populous.
Mission and Vision

Mission Statement

Empowering people to thriftily explore the world through food.

Core Purpose

Frugal Foodie’s purpose is to connect restaurant consumers with local restaurant deals and promotions on a mobile application platform. In essence, Frugal Foodie seeks to serve both restaurants and their consumers. Restaurants benefit by gaining the ability to focus marketing efforts directly on paying consumers. Consumers benefit by becoming aware of the food deals that exist around them and can anticipate food deals. These efforts hope to make eating out a cost-effective option for food consumption and boost the support and awareness of restaurants in the process.

Core Values

Frugal Foodie defines our core values around the philosophy of “the frugal bon vivant: Living an experiential life within one’s means.”

- Frugality
- Exploration
- Creativity
- Simplicity
- Equal Opportunity
Product and Service Description

Overview of Products and Services

The Frugal Foodie platform will be offered primarily as a mobile app. This decision was made based on the habits of the platform’s targeted user base. It is observed and intended that most decisions made by users on the app will be within a short time frame and desire for a stress-free process. While navigating numerous website tabs can get messy, apps alternatively aim for ease of use, simplicity, and accessibility. The Frugal Foodie app will be supported on both iOS and Android devices to maximize the user base and provide greater value to restaurants. A key concern for the app will be its navigable user interface and enjoyable experience. Extensive planning and work will be put into the app’s design to develop an intuitive UI and simplify the app’s layout and offerings. The goal of the app is to present/market restaurant profiles for customers to interact with as well as categorize food deals.
Home Page:

Frugal Foodie’s home page offers an attractive and simplistic design that allows the user to navigate to all desired points.

From this starting point, the user is greeted with many colors and filtering options that allow one to decide how they want to conduct their food research. The main sections included on this page include ‘Top Picks for You,’ ‘Daily Food/Drink Deals,’ ‘Weekly Food/Drink Deals,’ ‘Restaurant Radar,’ and ‘Deals by Category.’ The user is also able to interact with icons from this screen to review inbound notifications/mail, interact with their profile, and quickly access categories, interactive maps, and favored items.

Top Picks for You:

This section presents users with options that suit their eating and search preferences. Frugal Foodie uses an algorithm to make best-fit recommendations to save users time and energy in decision making by simply building patterns off their previous interactions, searches, and saves.
Restaurant Radar:
The restaurant radar is a special marketing tool that helps lesser-known restaurants gain recognition. Restaurants are presented with options that allow them to buy ad space on this page and gain many eyes quickly. The restaurant radar is only one click away from the home page and can help ensure that restaurants get their name out if they usually get lost with conventional search engine optimization tools.

Category Sorting Menu:
This menu is one of the most important filtering tools on the app that allows users to search for restaurants by category. Within each category, restaurants are ranked and sorted based on interactions and popularity.
Deal Map Menu:

This search tool offers users yet another option for conducting research. One part of the criteria for determining dining location is based on the distance and general location of the restaurant in question. This map allows users to see restaurants around their location using GPS features.

Figure 5: Deal Map Menu

Restaurant Profile View:

This display showcases the app from the restaurant’s point of view. Restaurants can customize their profile to their liking by adding sections that range from the menu, deals, events, and more. Restaurants can also choose between uploading approved icons for their display sections or selecting pre-approved icons. This allows for customizability on the restaurant’s end to fit their own unique personality.

Figure 6 Restaurant Profile
Restaurant Deal View:
This display showcases the menu that restaurants can customize for displaying their deals. Restaurants keep deals organized by creating categories with labels. To expand and specify deal offerings, restaurants add deals within each category.

![Restaurant Deal View](image)

Figure 7: Restaurant Deal View

How Product Lessens Pains and Increases Gains

Our business solution addresses a two-sided problem experienced by the restaurant customer and restaurant management. First, consumers of restaurants face various barriers that prevent them from making effective decisions to act on restaurant deals and promotions. Currently, the information concerning deals online is disorganized, difficult to sift through, and hard to use in decision making. On the other hand, restaurant management has the ongoing task of attracting customers while adhering to a marketing budget. The Frugal Foodie platform makes deal identification easier for restaurant customers and marketing easier for restaurants. The beauty behind our platform is that the customers who come to the app are in the buying mode. In sales, qualifying prospects can be a resource-intensive task, but in this case, the audience is showing up to payout. Value is created for both stakeholder groups by creating a medium with
which they can directly interact. Now, consumers can find information in one single place, and restaurants can reach local customers in the same manner. To be effective, this platform will require a large user base of both customers and restaurants. Restaurants capture value through experiencing increases in sales and revenue, and customers benefit by gaining access to quality foods sold at discounted prices.

Restaurants will address many issues by utilizing our services. First, restaurants will be able to track the return on investment for marketing dollars spent. By utilizing our platform, restaurants can undertake a more hands-on role when it comes to marketing and will make more accurate business decisions. The metrics/tools provided through the app will allow restaurants to identify the direct impact of decisions by analyzing how deal offers impact sales, how customers interact with their deals, and how much traffic their profiles get. Next, restaurants will be granted access to taking their customer touchpoints and marketing efforts online. Not many restaurants have their own websites and fewer have in-house apps to reach their customers. Some restaurants utilize marketing tools that are also more traditional and not located on the internet. For restaurants that don’t have an internet presence, this platform would give them the tools necessary to create said presence and reach many customers. Last, restaurants will be able to save money through our services by taking no risk upfront and giving a percentage of sales or paying merely $24.99 per month for service. Frugal Foodie allows restaurants to save money, increase sales, take ownership of marketing, and reach closer touchpoints with their customers.
Industry Analysis

Industry Overview

Our business is uniquely positioned in several industries. In the overarching restaurant industry, the US food and drink sales are experiencing year on year growth with “$864 billion” being attributed to restaurant sales in 2019 (Kelso, 2022). The average American eats out between 5 and 6 times a week and spends “~$3000 annually” (Bergen, 2021). In the context of Louisiana, “over $10.3 billion” was attributed to restaurant sales in 2019 with the average Louisiana resident spending approximately $2,664 a year on eating out (Louisiana Restaurant Association, 2019). As of 2020, there are close to 10,000 restaurants in Louisiana. In 2020, the restaurant industry suffered from the pandemic with sales down close to “$240 billion (Kelso, 2022) (achieving $659 billion), but in the years preceding 2020, the restaurant industry was growing at around 3-4% every year” (Kelso, 2021). An additional industry that pertains to our primary business function is the coupon industry. This is a high-growth industry with an increasing number of people finding ways to take advantage of the existing money-saving tactics. The digital coupon/deal redemption industry is set to surpass “$90 billion by the year 2022 and marketers are noticing this upward trend, increasing their number of digital deal distributions by 27% from the year 2020” (Petrovska, 2021). Consumers are hungry for coupons as much as they are to eat out: “Restaurant/delivery coupons were the second most searched online coupon category just 5 percentage points behind household items” (Petrovska, 2021). While the two industries mentioned are both different in their respects, they are and can be interconnected in a way that has not been fully exploited.
Industry Size and Trends

Louisiana presents a unique market opportunity based on the strongly intertwined food culture and conservative spending habits. While financial resources for the business are limited, the lack of competition and similar ideas in the local market create a window of opportunity in LA. The target market for the Frugal Foodie app product is comprised primarily of individuals who source a good portion of their weekly meals from dining out and who also seek deals. This target market consists of individuals between the ages of 18-30 and who are technologically adept.
Competitive Analysis

Competitive Overview

When addressing competition in our specific situation, it is important to consider all parties that will in some form be competing for market share both in the ‘creating accessible options for purchasing food’ and or ‘accessing food deals’ sectors in the food industry. While this complicates the business landscape that must be analyzed, it grants our management better insight into how to address our direct and indirect competitors. Identifying direct competition is more obvious than indirect because these firms are competing directly through operations that market and provide food deals to restaurant customers through app services, websites, social media, and advertisements. Indirect competition is considered as competition that will reduce the effectiveness of our services by convincing customers that ordering takeout or having food delivered is sustainably preferable to eating at restaurants in person. The following business landscape effectively plots the competitive landscape in our specific market in Louisiana and what would be considered likely competitors when expanding to other domestic markets in the United States. This competitive landscape map was constructed using factors to evaluate competition based on Frugal Foodie’s two strongest competitive advantages including high information accessibility and high-cost savings. The selected competitors were placed on the map based on how effectively they fit with these competitive advantages. Categories were created to group the different forms of competition to simplify the problems of the market our competition addressed. Deal brokers focus on posting highly informative content to help customers access information about restaurants and or access deals through their services. Premium dealers focus less on cost savings and increase the accessibility of restaurant food customers by selling a delivery service. Customers have a good deal of information accessibility
as they can compare prices of certain food orders against one another, however, they trade off accessing good deals for the convenience of food delivery. Focused sellers offer more specific deals from a smaller group of businesses. These deals could be great in value, but the overall ability to compare deals among other restaurants is lacking, because the focus is to sell on the specific, marketed deal. Lastly, the simple marketer addresses the issue of not being knowledgeable of restaurant offerings and posts specific restaurant menus online. This could also be the restaurant’s website displaying the menu for customers to view online.

Direct Competitors

As stated before, direct competition will compete directly for customers by offering discounts, and rewards, and will seek to gain market share by convincing more customers to use their platforms. Each competitor in this category will be briefly described and analyzed.
1. **Groupon:** Few have not heard of Groupon. They are very successful in marketing discounts and coupons for stores, restaurants, and websites through their website and mobile apps. It is safe to say that Groupon offers very good discounts on a few select deals. The specialty is finding high percentage discounts and offering a single deal from restaurants if an agreement can be brokered with the vendor. The issue with Groupon is how the information for restaurants is categorized. One cannot view an entire restaurant menu on Groupon and restaurants can be in many different physical locations.

2. **Yelp:** This platform has great success in sharing information from mostly legit customers about restaurant service and options. While Yelp does not specialize so much in deals, it stands out with its large community, categorized by business profiles, and ultimately assists individuals in deciding what restaurants they should conduct business with. Yelp would be a major competition because there are often blog posts that feature currently active restaurant deals and users/businesses can upload that information directly through to Yelp with their menu.

3. **In-house Restaurant Reward Apps:** The perfect example of this is McDonald’s reward app. In-house apps like this offer customers the best possible deals and increase recurring service by allowing customers to stack up rewards to be used later. This is ranked high for cost savings but low for information access because it serves one primary restaurant which limits the unbiased customer’s options.

4. **Local Flavor:** Local flavor is a website and app service that offers deals at businesses in a fashion like Groupon. The biggest flaw with this service is that there are not often deals that can be easily accessible because it goes off of cities. If there are no deals in one’s area, one would not be able to use Local Flavor to act upon deals.
5. In/out-House Restaurant Deal Websites: This includes both vendors that offer discounts outside of mobile apps include decides to blog websites that update local customers regularly on which restaurants have the best and or most unique deals. Websites like this could potentially pull traffic away from our platform.

**Indirect Competitors**

Indirect competition competes for market share by changing the way customers conduct business with the restaurants in our scope or pulling traffic away from our website in other ways than pushing deals and coupons.

1. UberEats: This food delivery service poses a threat to how restaurants traditionally run. While delivery services will serve customers who have more disposable income and prefer convenience, this could change how restaurants operate over time. If prices for a delivery decrease in the future, more customers may opt to not attend restaurants in person.

2. DoorDash: Similar business model and service provided as UberEats. The disadvantage to these services is that they are very expensive. The options for comparing food choices and looking at prices are quite well thought out and presented.

3. Online Restaurant Menus: Websites and blogs that simply post and offer menus online can pull traffic from our apps if customers are satisfied with this traditional way of searching for information and not putting in the extra effort to compare deals.

**Competitive Advantages**

Frugal Foodie is positioned to meet the needs of restaurant customers that aren’t directly addressed by our competitors. Frugal Foodie conveniently offers customers on our platform the ability to make decisions based on organized information and discounted restaurant products.
The Premium Dealers in our competitive analysis are very expensive options that don't serve cost-conscious customers well. Focused sellers offer great deals respectively, but with limited information as to what an area’s restaurant ecosystem contains, it makes it difficult for a customer to decide if this deal is necessarily worth acting upon when given options from other sellers. Lastly, while deal brokers do compete in our primary market segment, Frugal Foodie excels in providing a smooth deal shopping experience for customers based upon location. Often, the deals offered on Groupon and Local Flavor cater to bigger national chains and can leave out popular local places.

**Barriers to Entry**

Barriers to entry can include many different categories, but overall, are not so excessive as to dissuade pursuing the venture. The barriers to entry that can be anticipated and accounted for include capital, legal, negotiations with vendors, learning curve, and competition. The difficulty in transforming this startup into a successful venture would be in convincing both restaurants and customers to use our platform as a middleman. Once we can successfully bring one side to the app, it will be less difficult to have the other side meet in the middle.
Market Analysis

Addressable Market

With Louisiana’s special market climate and interest in food, there is a great opportunity to launch our app in our home state. While we have limited financial resources, the lack of marketing competition and similar ideas creates a window of opportunity in LA. We primarily target those customers who need the deals available to them so that they can experience the great-tasting food at a discounted price. Our target market is those people between the ages of 18-and 35 who have more free time to eat at somewhat odd hours in the day, which is primarily when most deals and happy hours are taking place.

<table>
<thead>
<tr>
<th>Initial Addressable Market (1 Year) – Louisiana</th>
<th>Total Addressable Market (1 Year) – US Main</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population of Louisiana Between 18-35 who own smartphones (US 81%) x (75% people interested in deals)</td>
<td>The population of the United States Between 18-35 who own smartphones (US 81%) x (75% people interested in deals)</td>
</tr>
<tr>
<td>~10,000 locations</td>
<td>~660,000 locations</td>
</tr>
<tr>
<td>Premium User Subscription</td>
<td>Premium User Subscription</td>
</tr>
<tr>
<td>$2.99 (Annual)</td>
<td>$2.99 (Annual)</td>
</tr>
<tr>
<td>In-App Ad Revenue Generation</td>
<td>In-App Ad Revenue Generation</td>
</tr>
<tr>
<td>$0 (If Users Go Premium)</td>
<td>$0 (If Users Go Premium)</td>
</tr>
<tr>
<td>Price of Restaurant Subscription</td>
<td>Price of Restaurant Subscription</td>
</tr>
<tr>
<td>$24.99 (Monthly)</td>
<td>$24.99 (Monthly)</td>
</tr>
<tr>
<td>TAM for Users</td>
<td>TAM for Users</td>
</tr>
<tr>
<td>$2,027,220</td>
<td>$145,314,000</td>
</tr>
<tr>
<td>TAM for Restaurants</td>
<td>TAM for Restaurants</td>
</tr>
<tr>
<td>$2,998,800</td>
<td>$197,920,800</td>
</tr>
<tr>
<td>Total TAM for LA</td>
<td>Total TAM for US</td>
</tr>
<tr>
<td>$5,026,020</td>
<td>$343,234,800</td>
</tr>
</tbody>
</table>

Chart Breakdown:

It is imperative to paint a picture of the total realized market value available for a venture to consider its business implications and evaluate if the available opportunity is worth the effort to exploit. After a total addressable market analysis (TAM), some ventures may be deemed unworthy of pursuing due to the marginal opportunity or their inability to scale. To represent the markets available for Frugal Foodie, I found it accurate to create a TAM analysis for both the
local Louisiana market and the larger United States market. TAM takes all customer segments and respective revenue streams to predict the total market value of acquiring 100% of the market available. For this TAM breakdown, I determined the total amount of customers by estimating both the number of available app users and the number of restaurants in the market. The Frugal Foodie app users were predicted from a target market segment of 18–35-year-olds who use smartphones and are interested in acquiring deals on food. The segment of 18–35-year-olds in Louisiana was then decreased by factoring in 81% of this group use smartphones and approximately 75% have an above-average interest in acquiring food deals. The number of restaurants is a rough estimate from 2018 industry analysis reports and accounts for marginal growth. TAM for users can be calculated by taking the predicted amount app users times the price of a premium subscription $2.99. TAM for restaurants can be calculated by taking the top number of all restaurant’s available times the cost of an annual subscription to the app $299.88 ($24.99 x 12 months). The total TAM for LA and US thus represents the sum of TAM for Users and TAM for Restaurants.

**Ideal Customer Profiles**

Customers of Restaurants

<table>
<thead>
<tr>
<th>Target Customer</th>
<th>Buyer Traits</th>
<th>Buyer Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Age: 18-35</td>
<td>• Technologically Inclined</td>
<td>• Eat out several times a week</td>
</tr>
<tr>
<td>• Location: United States</td>
<td>• Own and use smart phones</td>
<td>• Actively seek deals</td>
</tr>
<tr>
<td>• Income: $24,000-$105,000</td>
<td>• Frugal/thrifty</td>
<td></td>
</tr>
</tbody>
</table>

Restaurants

<table>
<thead>
<tr>
<th>Target Customer</th>
<th>Restaurant Traits</th>
<th>Restaurant Behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Area: Metropolitan area</td>
<td>• Adaptable</td>
<td>• Utilize technology</td>
</tr>
<tr>
<td>• Location: United States</td>
<td>• Budget-minded</td>
<td>• Willing to offer deals</td>
</tr>
<tr>
<td></td>
<td>• Customer oriented</td>
<td>• Experimental</td>
</tr>
<tr>
<td></td>
<td>• Don’t own in-house app</td>
<td></td>
</tr>
</tbody>
</table>

[Table: Ideal Customer Profiles]
Frugal Foodie serves a multi-sided: the app service extends to both restaurants and restaurant consumers. Restaurant customers utilize the app to access food deals, while restaurants build profiles to sell their products and services by offering food deals. The ideal restaurant customer who uses the app will fit the target customer characteristics, buyer traits, and buyer behaviors meaning that the individual is young, tech-oriented, and eats out regularly. On the flip side, the ideal restaurant to use our services is a U.S.-based business that is in a metropolitan area. This will maximize the utility and effectiveness of the Frugal Foodie app by accessing as many consumers in each range as possible. Next, restaurants will embody traits that put them in an ideal position to use our services by not having an in-house app and being highly adaptable. Lastly, the idea restaurant will be easy to work with through their behaviors of using technology, offering deals, and being open to experimentation. While Frugal Foodie hopes to eventually help all restaurants get to market their products and services through the app, it will be wise to allocate time to customers who are more likely to use and stick with the product. Restaurants that utilize technology, experiment, and ultimately want to serve their customers in the best way possible will allow us to effectively work on their behalf.
Market Research Survey

A market research survey was developed and shared primarily with university students at Louisiana State University at Baton Rouge to understand how the targeted market of consumers behave, make decisions, and their preferences towards paying for services. A large pool of the survey respondents came from Kerry Sauley’s Management 3200 class. There were 338 respondents in total, and most respondents fell within our target market consisting primarily of 18–24-year-olds. Below are the major insights that were extracted from the survey:

**Figure 8: Factors Affecting Meal Plan Decision**

**Figure 9: Importance of Finding Good Deals**
Figure 10: Desire to Act on Deals with Greater Chance of Success

If you were able to find more local food deals, would you opt to eat out more often? (1 = indifference / 7 = game changer)

338 responses

<table>
<thead>
<tr>
<th>Score</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15 (4.4%)</td>
</tr>
<tr>
<td>2</td>
<td>17 (5%)</td>
</tr>
<tr>
<td>3</td>
<td>24 (7.1%)</td>
</tr>
<tr>
<td>4</td>
<td>43 (12.7%)</td>
</tr>
<tr>
<td>5</td>
<td>85 (25.1%)</td>
</tr>
<tr>
<td>6</td>
<td>75 (22.2%)</td>
</tr>
<tr>
<td>7</td>
<td>79 (23.4%)</td>
</tr>
</tbody>
</table>

Figure 11: Aptitude for Picking Up Newer Methods of Doing Conventional Tasks

If a new app could help make one aspect of your life easier, how likely are you to pick up on using a new app rather than using older, more conventional methods? (1 = not likely / 7 = highly likely)

338 responses

<table>
<thead>
<tr>
<th>Score</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 (0.3%)</td>
</tr>
<tr>
<td>2</td>
<td>5 (1.5%)</td>
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<tr>
<td>3</td>
<td>14 (4.1%)</td>
</tr>
<tr>
<td>4</td>
<td>27 (8%)</td>
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<tr>
<td>5</td>
<td>77 (22.8%)</td>
</tr>
<tr>
<td>6</td>
<td>91 (26.9%)</td>
</tr>
<tr>
<td>7</td>
<td>123 (36.4%)</td>
</tr>
</tbody>
</table>

Figure 12: Premium vs. Freemium Decision

Do you prefer to pay for a subscription service if it ensures higher quality or opt for free with lower quality?

338 responses

- Subscription: 18.3%
- Freemium: 81.7%
These insights allowed us to understand that our respondents are highly interested in saving money while dining out but seek free services to exploit said deals. When asked how much respondents would spend to save $50 a year with deals, the modal response rate was $5 with an 18.3% response rate. The typical respondent also spent $50 a week on eating out.

Respondents would indulge in local cuisine if given more access to food deals but also said that convenience was the heaviest supported factor for choosing dining location and method of delivery. Freemium apps can cater to this market need but would have to be supplemented with advertisements to drive revenue.
Sales & Marketing Plan

User Marketing Strategy

Through a freemium app offering, users can download the base model of the Frugal Foodie app for free which will have ads running on the software. For an annual subscription of $2.99, users will instantly gain ad-free access and will unlock premium features (such as in-app food ordering) which will be rolled out in future updates. To reach these users, Frugal Foodie will utilize channels that our target customers flock to including social media and YouTube by creating content and campaigns on our profiles as well as buying ads on those platforms. Lastly, through a marketing campaign with a partnering restaurant, we will work to advertise our app physically and verbally in those restaurants with the help of management and staff. In exchange for our help, restaurants will be granted 4 months of free access to our app services. During this time, we will be collecting data on the economic impact of our app on restaurant sales, customers, and deal success.

Restaurant Marketing Strategy

Frugal Foodie will utilize both mass marketing and relationship development strategies to reach our restaurant partners. In terms of mass marketing, restaurants will be reached at trade shows and through our website and social media platforms. Another vital resource that can be leveraged is our relationship with the Louisiana Restaurant Association which will gain us exposure through bulletins, articles, and promotions. To build targeted, quality relationships, restaurants will be contacted in person or over the phone where we will begin conversations concerning each restaurant’s promotional strategy and where our services could help them out specifically. Customer service will be conducted through a hands-on approach with open lines of
communication established through phone, social media, email, and even in-person visits when required.

To grow revenue flowing in from app users, it would be in the company’s best interest to increase the number of users who subscribe with premium access. As such, it will be a primary goal to also increase the incentives and benefits users receive by using a premium version of the app.

Growing both sides of our business spectrum from users to restaurants will be paramount because each brings value into the system to be shared throughout the system to other stakeholders. A growing number of restaurants on our platform will be strategically accomplished through building relationships with restaurant associations in different geographic regions.
Sales Goals and Milestones

<table>
<thead>
<tr>
<th>Year 3</th>
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<tbody>
<tr>
<td>• Take app nation-wide aiming for 500,000 users</td>
</tr>
<tr>
<td>• Broker deals with UberEATS and delivery apps to extend deals</td>
</tr>
<tr>
<td>• Establish working partnerships with national restaurant assoc.</td>
</tr>
<tr>
<td>• Expand market penetration of existing markets</td>
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<table>
<thead>
<tr>
<th>Year 2</th>
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<tbody>
<tr>
<td>• Expand growth into neighboring states (TX, MS, AR) + LA 50%</td>
</tr>
<tr>
<td>• Add in app ordering to allow deals to be used on to-go orders</td>
</tr>
<tr>
<td>• Reach 75,000 app users</td>
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<tr>
<td>• Establish partnerships with state rest. associations</td>
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<table>
<thead>
<tr>
<th>Year 1</th>
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</thead>
<tbody>
<tr>
<td>• Sign on 20,000 app users</td>
</tr>
<tr>
<td>• Establish a working partnership with LRA</td>
</tr>
<tr>
<td>• Sign up for 25% of LRA's cohort</td>
</tr>
</tbody>
</table>

This running plan highlights strategic sales goals and milestones that Frugal Foodie would like to accomplish within the first 3 years of operation. Frugal Foodie’s market focus will begin in areas that have college-life atmospheres. Towns with recognizable universities include our target audience/users and tend to have greater nightlife and dining opportunities than smaller towns. Since the app is serving as an aggregator, signing up both users and restaurants at the same time will be crucial to transfer value simultaneously. Frugal Foodie hopes to work smart to achieve marketing success by establishing working relationships with restaurant associations. Once these relationships are established and the value is communicated through that channel, it will be easier to sell our services to the association’s cohort. Also, Frugal Foodie plans to strategically market our services to restaurants by offering a free trial period of 4 months. This will allow us to conduct studies on the economic impact that the app has on sales. It is needed during this time for the app to produce results that are recognizable from the app itself. As Frugal Foodie grows, we would like to take the app to neighbor markets that are close geographically. This will allow Frugal Foodie to develop manageable growth and learn markets that are like the beachhead market. Similar and tailored processes will then be implemented to achieve growth in
these markets. As the app grows into new markets, the technical aspects and offerings will be improved to offer more value to users. Frugal Foodie will continue to expand and develop relationships with an ever-growing list of restaurant associations and focus on the relationship with the national association. To ensure that close market competitors don’t begin to alter their offerings and put us out of business, Frugal Foodie will also seek to establish relationships with food delivery apps to extend our services to customers who like to order and eat wherever they please. Brokering a partnership with UberEATS and similar companies to sell deals in Appin-app will be a giant step in the right direction.

**Pricing Strategy**

**App Subscription Pricing Options**

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<tbody>
<tr>
<td>Premium Foodie User Subscription</td>
<td>$2.99 (Annually)</td>
</tr>
<tr>
<td>Restaurant Subscription</td>
<td>$24.99 (Annually)</td>
</tr>
<tr>
<td>Restaurant Radar Spotlight</td>
<td>Varies</td>
</tr>
</tbody>
</table>

Premium Foodie User Subscription:

- This version removes advertisements from the app and unlocks more advanced tools that allow users who want to pay a premium price greater control over their experience.

Restaurant Subscription:

- This plan allows restaurants to create and manage their profiles on the app. Restaurants have control over what their profile looks like and what deals they want to offer users on the app.

Restaurant Radar:

- Additional marketing services will be offered to restaurants that want to gain a competitive edge. Equal opportunity principles will be followed on Frugal Foodie’s end to ensure that local competitors do not dominate this tool consistently. Smaller
competitors will be allowed this opportunity in an equal capacity to their larger competitor counterparts.

**Branding**

The Frugal Foodie brand aims to be unique, creative, and recognizable. The logo was designed to quickly grab the consumer’s attention with the hamburger icon and stark contrast of colors. The dark blue and fuchsia combination gives the logo contrast but strays away from the typical colors used in food such as red and yellow. Frugal Foodie wants to always appeal to users throughout the day, and this nighttime theme speaks to the user’s subconscious that eating is a nighttime activity as well. The alliteration and matching characters in the name allow for consistency and allows the name sound very natural.

*Figure 13: Frugal Foodie Brand Logo*

*Figure 14: App Icon*
Operations and Logistics Plan

Business Model

The Frugal Foodie company will operate under the aggregator business model. As depicted by the business model diagram, our app will serve as a platform that connects restaurants with deal-seeking consumers. In essence, restaurants support the app by listing food and drink deals on the app. On the flip side, customers can act on the deals listed by the restaurants. This business will generate revenue from both sides of this model by running a subscription service for restaurants, and customers, and running ads with our app users. As provided by our app, our services will generate medium volume and high margins. The costs of running the app will be relatively low as well as overall operation costs. The main fixed costs will come from developing the app, and the main variable costs will come from updating the app.
and purchasing server space to maintain user databases. Over time, our variable costs will decrease per user and function as we expand our same services to new markets.

Costs of Operations (Fixed and Variable Costs)

<table>
<thead>
<tr>
<th></th>
<th>Annual App Store Enrollment</th>
<th>Database Cost</th>
<th>App Update Costs</th>
<th>Marketing Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Costs</td>
<td>$99</td>
<td>$0.026/GB</td>
<td>Approx.10% of revenue</td>
<td>8% of sales</td>
</tr>
<tr>
<td>Fixed Costs</td>
<td>$20,000</td>
<td>$100.00</td>
<td></td>
<td></td>
</tr>
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</table>

**Location**

The location strategy was briefly touched upon in the sales milestones and strategy section, but it primarily consists of starting small and achieving scalable, manageable growth. Frugal Foodie will begin operations in Louisiana for the first year and focus on larger cities with college atmospheres. Notable cities of strategic interest in LA include Baton Rouge, New Orleans, Lafayette, Shreveport, and Lake Charles. Frugal Foodie will establish its base of operations in Baton Rouge, LA. Since our services are provided through an app, expanding into neighboring markets throughout the nation will not be very capital intensive. Once the market is learned in LA, we will take these learnings and apply them to neighboring markets in Texas, Mississippi, and Arkansas. It is hoped that Frugal Foodie pushes for nationwide reach by year 3 at the earliest and year 5 at the latest. The most important aspect of growth for Frugal Foodie is that it is one of continuous growth with high retention rates.

**Critical Risks**

The risks associated with our business stem from volatility in the restaurant industry as well as changes in the relationships between customers and restaurants. Additionally, there is always the chance for competitors or an established tech firm to copy our idea to an extent and
leverage their resources and connections to expand faster. Assumptions made when forming this business plan include:

- Following the pandemic, there will be a large volume of pent-up demand to eat out.
- Restaurants perceive an annual subscription of $300 as a fair price to pay to draw customers.
- Users will tolerate occasional advertisements or upgrade to the inexpensive $2.99 subscription.
- Growth will be manageable even with a lean management structure.
- Customers will be interested and incentivized to act on restaurant deals as they appear.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Plans to Mitigate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers choose restaurants that do not utilize deal incentives.</td>
<td>Explore option of signing on restaurant or at least marketing the restaurant under our restaurant radar.</td>
</tr>
<tr>
<td>Subscription service does not appear as valuable to customer as we would have expected.</td>
<td>Demonstrate value and money saved. Improve premium features to distinguish premium from freemium versions.</td>
</tr>
<tr>
<td>Major social, economic, or industry disruptions.</td>
<td>Pivot app offerings to include deals on take-out orders.</td>
</tr>
<tr>
<td>Growth, management, and marketing strategies underdeliver.</td>
<td>Re-evaluate strategies and value proposition and or improve strategies/channels for reaching our customers.</td>
</tr>
<tr>
<td>Restaurants do not value our value proposition.</td>
<td>Utilize a free marketing/testing period for 3-4 months where restaurants are provided app services for free, and we will work with them to track impact on sales and customers.</td>
</tr>
<tr>
<td>Poor social media reviews paint us in a bad light.</td>
<td>Work to develop a unique and humorous brand behind Frugal Foodie that customers can get behind. Address critical reviews in stride by showing how we take it into consideration.</td>
</tr>
<tr>
<td>Data and cybersecurity issues and or leaks.</td>
<td>Employ best practices to protect user and company data.</td>
</tr>
<tr>
<td>Loss of key partners and or employees.</td>
<td>Identify replacements in timely fashion and consider equity/salary offerings.</td>
</tr>
</tbody>
</table>
Management Team

Basic Management Structure

The Frugal Foodie company will be structured as an LLC to limit owners’ liability and experience tax benefits. The organization will be initially staffed by three main positions including but not limited to the CEO – Director of Finances and Accounting, Director of Sales/Relations/Growth, and Director of Technology and App Development.

Staffing Strategy

Frugal Foodie will adopt lean management and committed expert HR strategies for management and future hiring positions. This means that staffing will be done on a need basis, and new positions will be sought for when it is clear what new roles and responsibilities must be filled. Frugal Foodie will seek to hire individuals who are invested in our mission, experts in their field of work, and who are looking to grow with the company. While it will take time for the company to grow and source the necessary capital to fund this growth, Frugal Foodie has great potential for scalability.

Role and Responsibility Breakdown

CEO – Director of Finances and Accounting (Jacob Kingery-40% Equity):

- Manage financial actions and decisions of the company
- Conduct financial planning and develop forecasts/models
- Conduct cost analyses and produce financial reports
- Implement cost-efficient strategies to optimize operations
Director of Sales/Relations/Growth (Connor Landry – 40% Equity):

- Lead expansion into new markets
- Conduct market analyses
- Maintain and develop relationships with current customers
- Negotiate and broker deals with restaurants (customers)
- Implement strategies to grow user and customer bases

Director of Technology and Development (Unfilled Position – 20% Equity):

- Maintain upkeep and functionality of app services and website
- Update app regularly
- Oversee development and addition of new features to the app
- Maintain server functionality/Manage data storage and tracking

Outsourcing and Hiring Needs

- Outsource the race app to an app development contractor
- Hire an app developer to work part-time as a contractor
- Evaluate positions for district sales reps/managers and marketing professionals
Financial Plan

Projected Revenue Over Initial 36 Months

![Projected Revenue Graph]

*Figure 16*

Projected Revenue/Gross Profit/Net Profit Over Initial 3 Years

![Projected Financials Graph]

*Figure 17*
**Year 1 Income Sources Pie Chart**

*Figure 18*

**3 Year Margins Bar Chart**

*Figure 19*
Exit Strategy

The currently instated management team hopes to see Frugal Foodie’s adoption and success on a national scale. The team is committed to giving the company and brand the best chances of success possible. The 4-month trial period granted to restaurants will allow the management team to evaluate the app’s impact on restaurants’ sales. Considering the app does realize the intended success, exit plans will only be considered when the app reaches a size that the current team cannot manage and lead. I will be considering exiting around the 3–5-year mark based on the app’s success and my ability to lead.
References


