

CODE BREW LABS

Yummy Online Food Marketplace Business Plan





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Executive Summary

Yummy is an emerging online food marketplace which will be serving customers across the United States. Providing a combination of healthy, delicious and cost-effective food at doorstep, Yummy is the answer to every food lover who wants lip-smacking dishes at their fingertip. Looking forward to dealing with an exponential rise in demand for food delivery, this platform lets customers and food restaurants connect on one platform. The main priority is to establish as one of the most preferred food delivery platforms and serve the dining needs of the customers at the comfort of their homes, offices, or wherever they want.

1.1 Objectives



To establish a presence as a successful online food marketplace and gain a market share in the United States food industry.



To make Yummy a go-to destination for food lovers & restaurants.



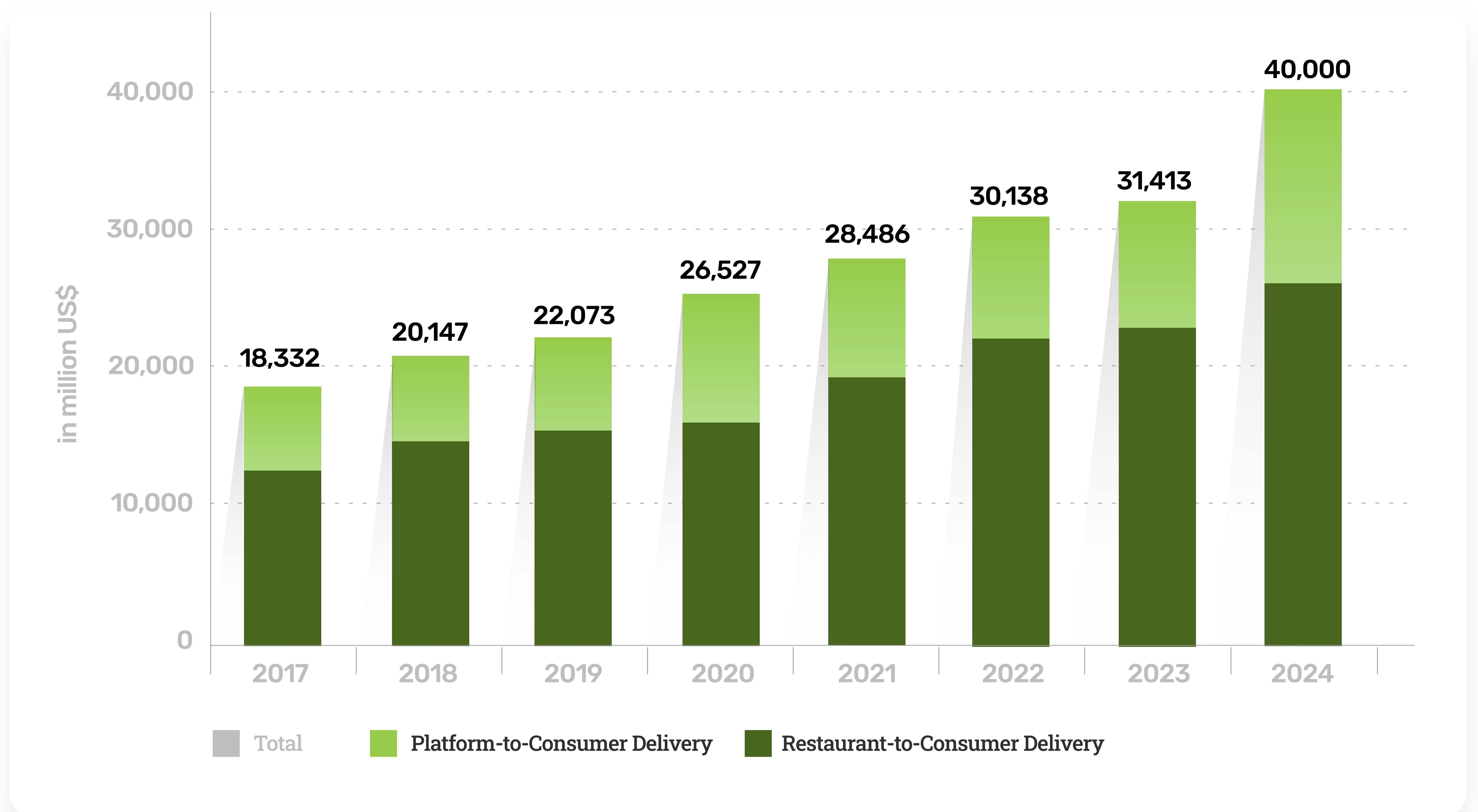
To expand into a multi-service marketplace by adding services like pickup & delivery, grocery delivery, pharmacy delivery, & more.

Market Opportunity

2.1 Rising Demand & Revenue

Despite the highly competitive environment, Yummy stands apart from the other food delivery apps with the help of its highly advanced technology solution. **With more than 1 million restaurants operating in the state, the revenue in the food & beverages segment amounts to US \$12,056m. However, the revenue in the online food delivery segment amounts to US\$26,527m in 2020.**





2.2 Millennial Buying Preference

From the increasing congestion levels to longer waiting times at restaurants, there are several reasons for the change in behavior of millennial food ordering. They are swayed by the convenience of ordering online rather than stepping out to eat their favorite food.

THE FACT

Millennial are three times more likely to order than their parents. And food delivery apps are now on average in the top 40 most downloaded apps in major markets.

2.3 Customer Behavior

Customers have a different set of needs and expectations from the online food delivery platforms.



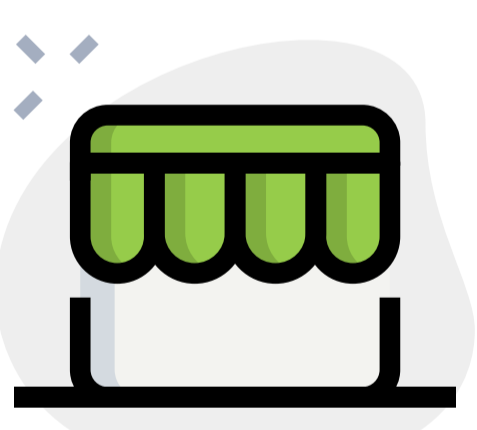
Increased customer loyalty

Once customers sign up, 80% never or rarely leave for another platform.



Time-efficient delivery

More than 60% customers cite the speed of delivery to be the biggest variable in customer satisfaction.



Ordering convenience

Around 82% of orders are placed from home, while only 16% are placed from the workplace.



Weekend ordering

Friday, Saturday, and Sunday tends to be the highest-volume days for the online platforms, making it to 74% of the orders being placed.



Business Summary

Yummy is a multi-vendor food marketplace delivery service started in Michigan City. John Steve, the owner of Yummy Food Delivery app, has 10 years of experience in the restaurant industry. Considering the abrupt change in the food industry and an increase in demand of online food ordering in the area, he decided to launch his food delivery app. His major focus is to satisfy the customer's demand for high quality and tasty food, which is delivered right at their doorstep, quickly with a smile.

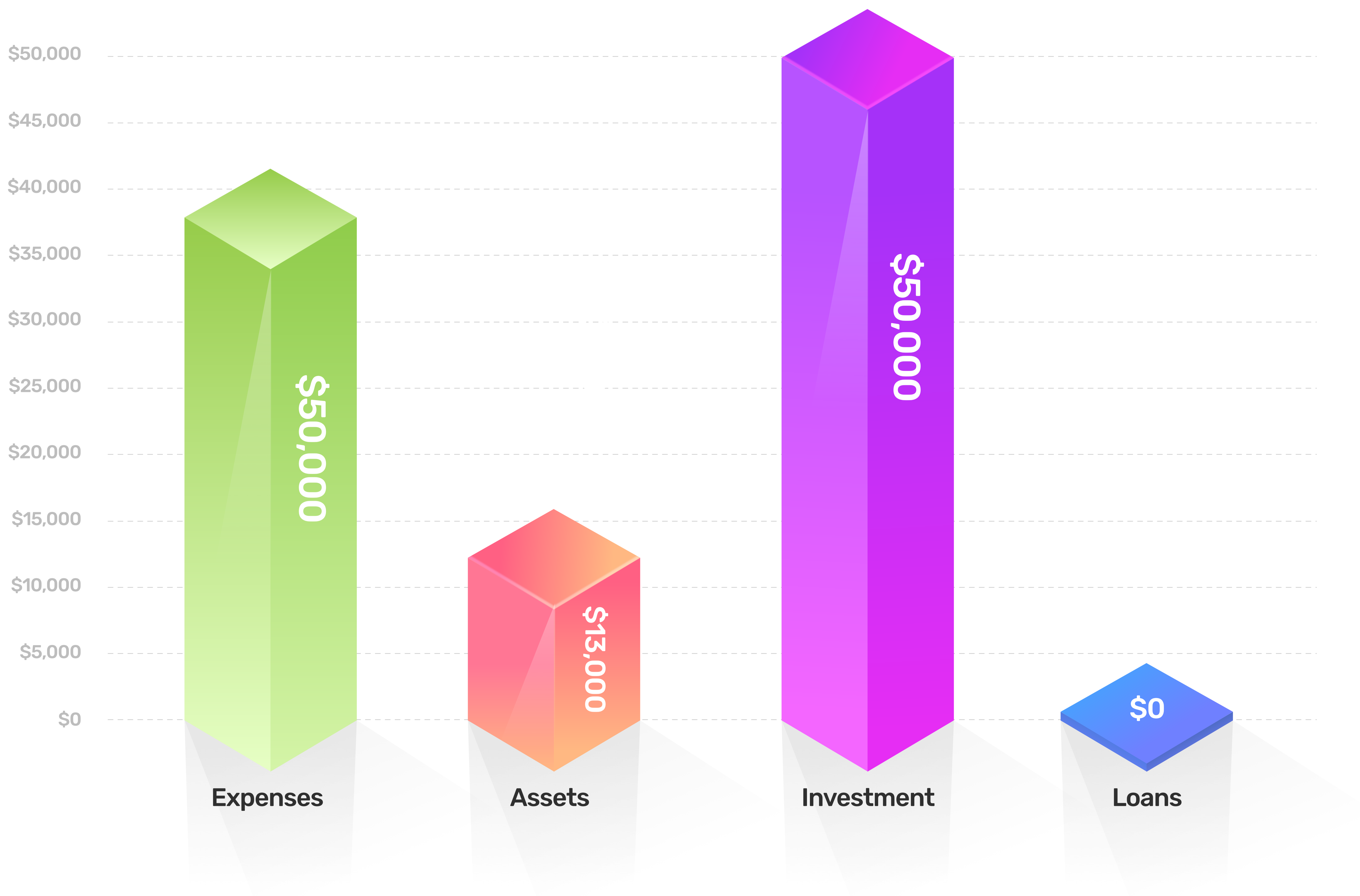
Initially, **he aimed to serve the twenty-three mile area with over 32,000 residents.** Overhead will be kept low so that Yummy prices can beat the competition.

3.1 Start-up Summary

The start-up cost of Yummy primarily consists of total spend on technology solution, delivery team, support, team, sales & marketing, and monthly maintenance. John initially **invested \$90,000.**

One-time tech-suite cost	\$13K
Delivery team (10 Drivers)	\$24K/Month (Charging \$10/hour)
Support team (8 persons)	\$38,400/ Month (Charging \$20/hour)
Sales & Marketing Spend	\$1-2K/Month
Maintenance Charges	\$100/ Month
Miscellaneous	\$500/ Month
Monthly Recurring Costs	\$75,900

Start-Up

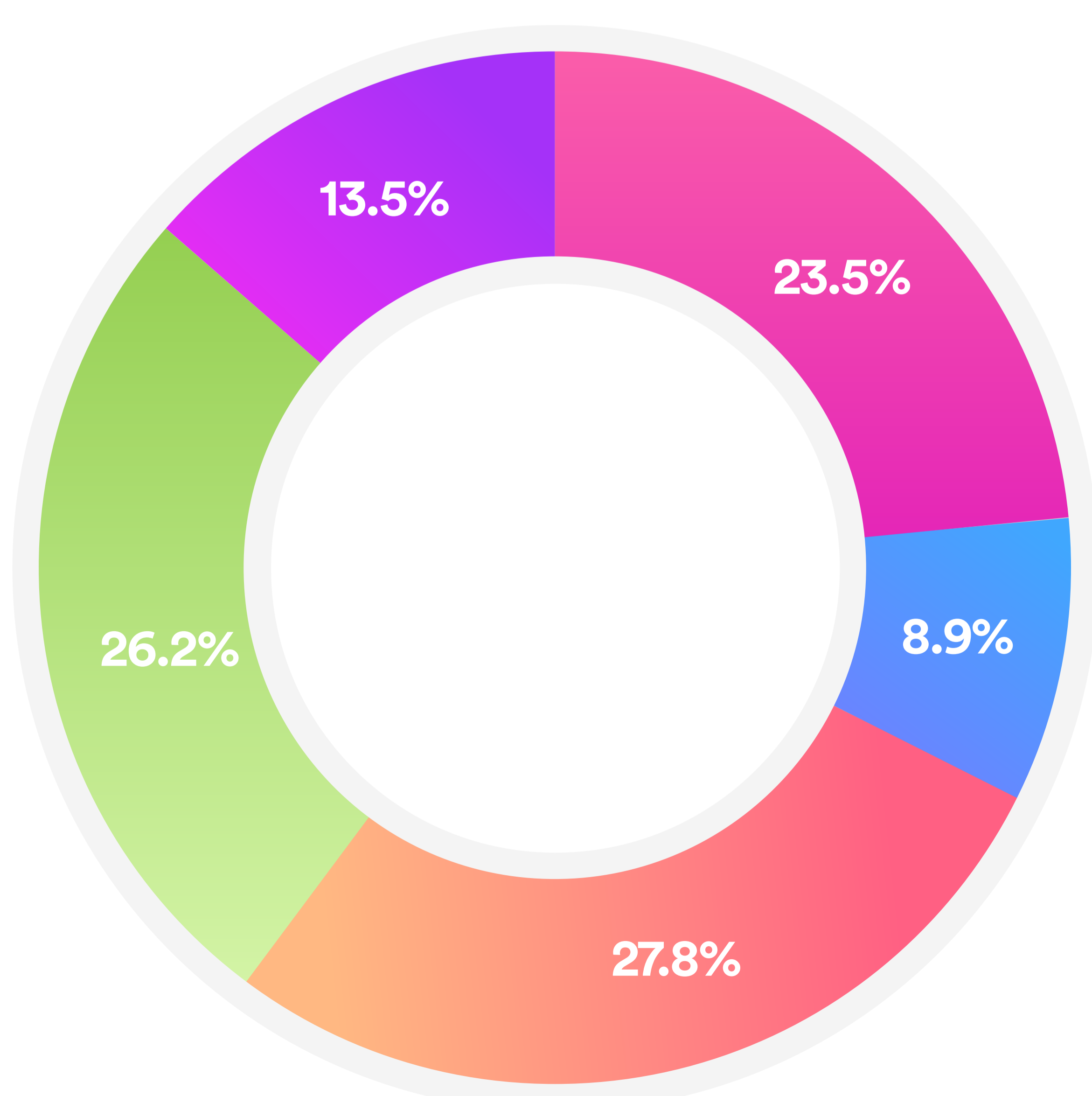


Market Analysis Summary

To analyze the market, it is important to understand the market segmentation, market segment strategy and the major competitors.

4.1 Market Segmentation

The 2010 Census of Michigan City, Indiana states that there are **currently over 31,479 people populating this area**. While the median age in the city is 37.1 years, it is a great opportunity for food marketplace like Yummy to operate in the area. As millennials tend to order more, **the city includes 61% of people in the age group 18-44**. Using basic demographic characteristics of age, gender, income, location, food preferences, and ethnicity, an estimate of 25,000 potential customers was used in developing this plan.



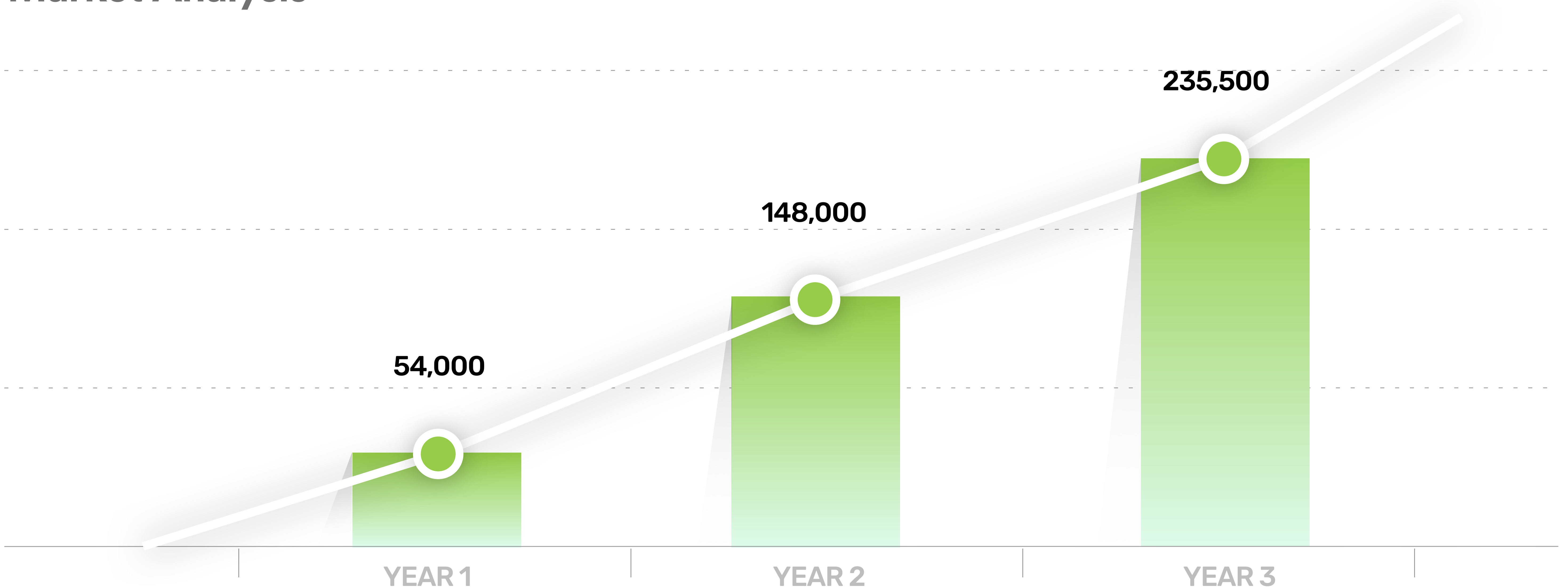
- 23.5% of residents were under the age of 18
- 8.9% were between the ages of 18 and 24
- 27.8% were from 25 to 44
- 26.2% were from 45 to 64
- 13.5% were 65 years of age or older.

There are **20 Towns** in the radius of **25 miles** around **Michigan City** and **the total population sums to more than 167,000**. If every year, Yummy extends services to 10 Miles, the potential **customers will increase to 35, 500** in first year, followed by **54,000** and **78,500** in second and **third year**.

Cites and Towns Near Michigan City Indiana

Town	mi.	km.	Area	Country	Pop	Dir
Beverly Shores	5.59	9	Indiana	United States	605	SW
La Porte	7.98	12.84	Indiana	United States	21610	SE
Westville	9.11	14.66	Indiana	United States	5635	SW
New Buffalo	10.13	16.3	Michigan	United States	1878	NE
Chesterton	10.46	16.83	Indiana	United States	13833	SW
Rolling Prairie	13.56	21.83	Indiana	United States	582	SE
Portage	16.18	26.04	Indiana	United States	36806	SW
Kingsford Heights	16.50	26.55	Indiana	United States	1393	SE
Three Oaks	16.91	27.21	Michigan	United States	1622	NE
Wanatah	18.07	29.08	Indiana	United States	1010	SW

Market Analysis

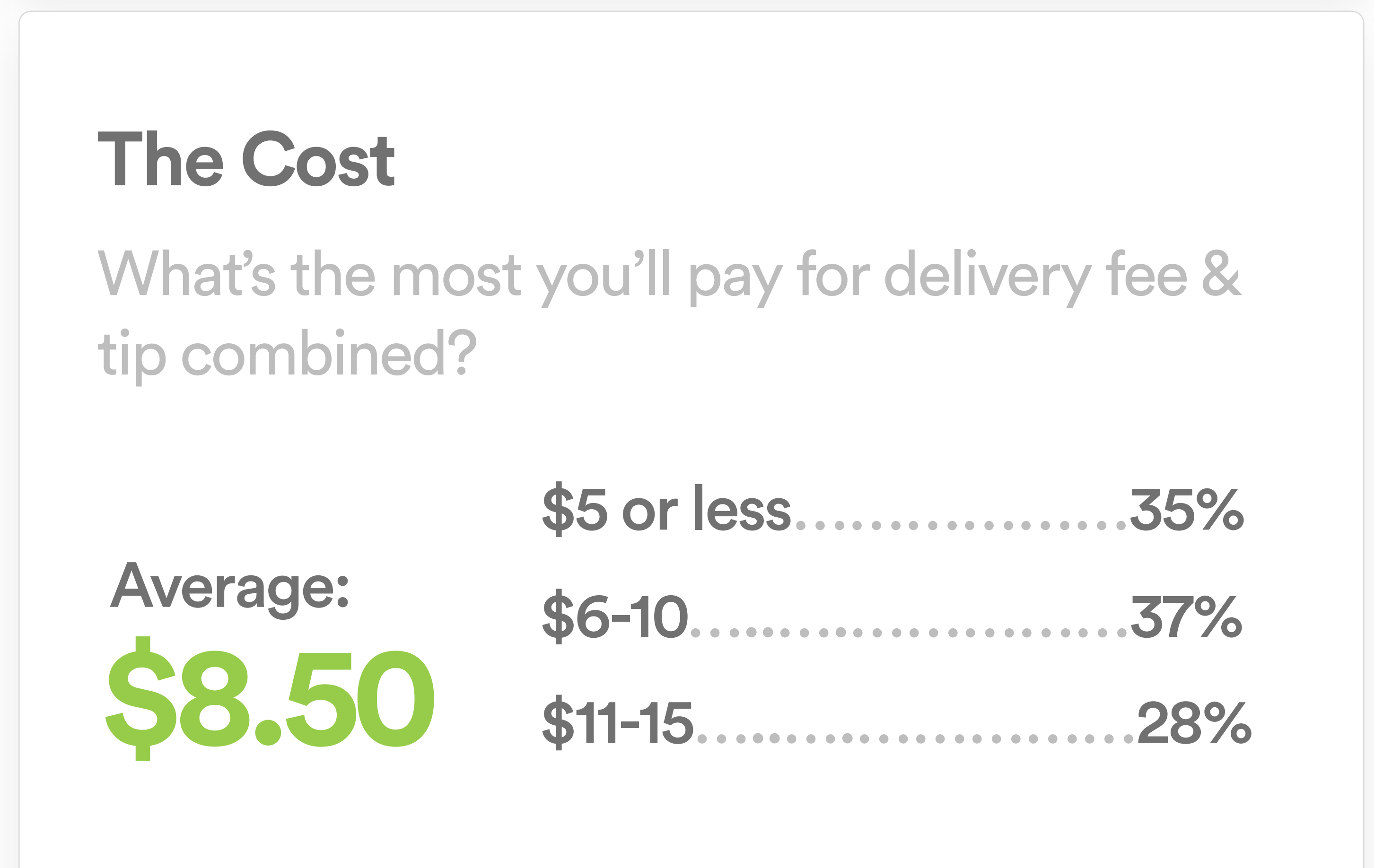
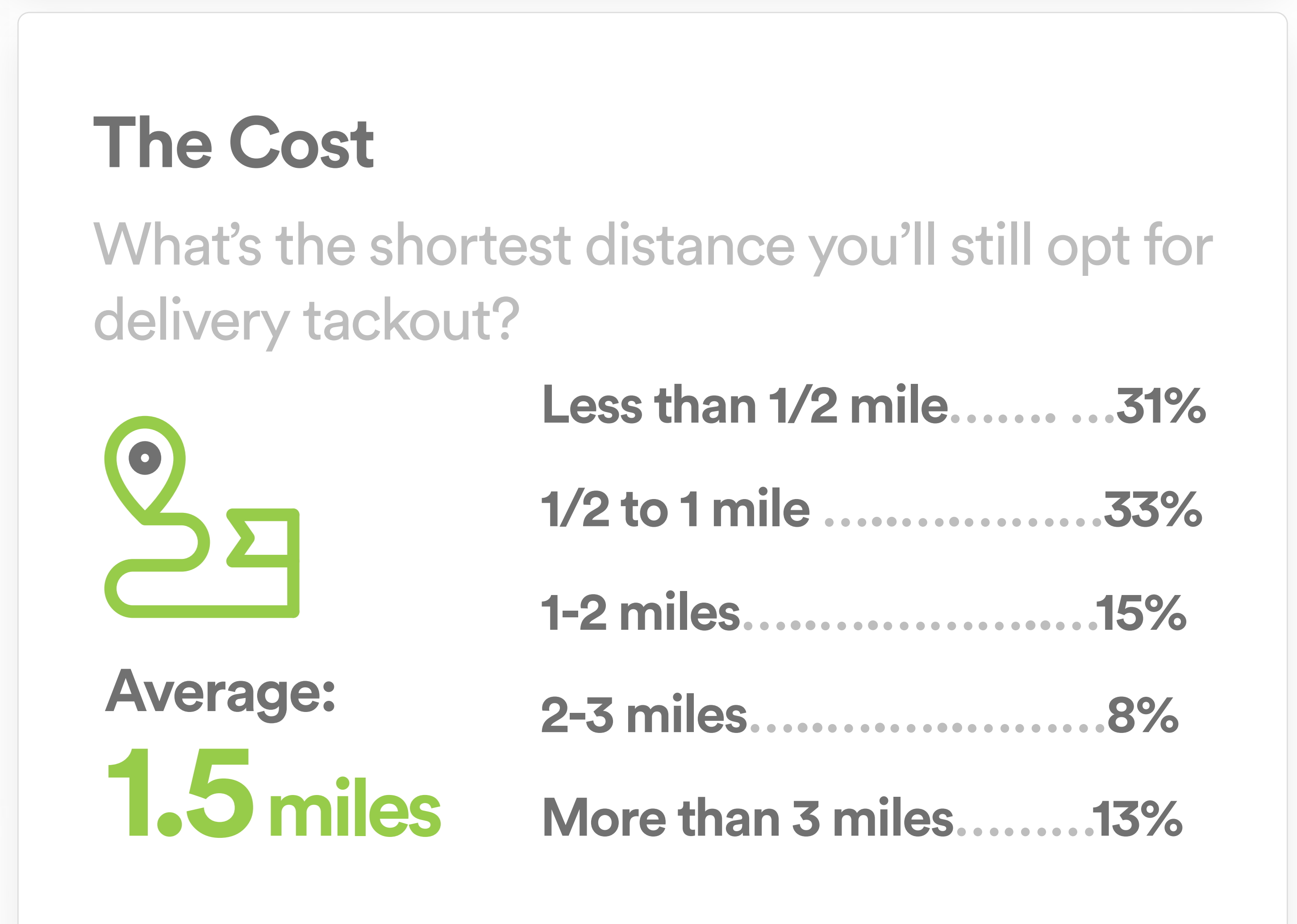
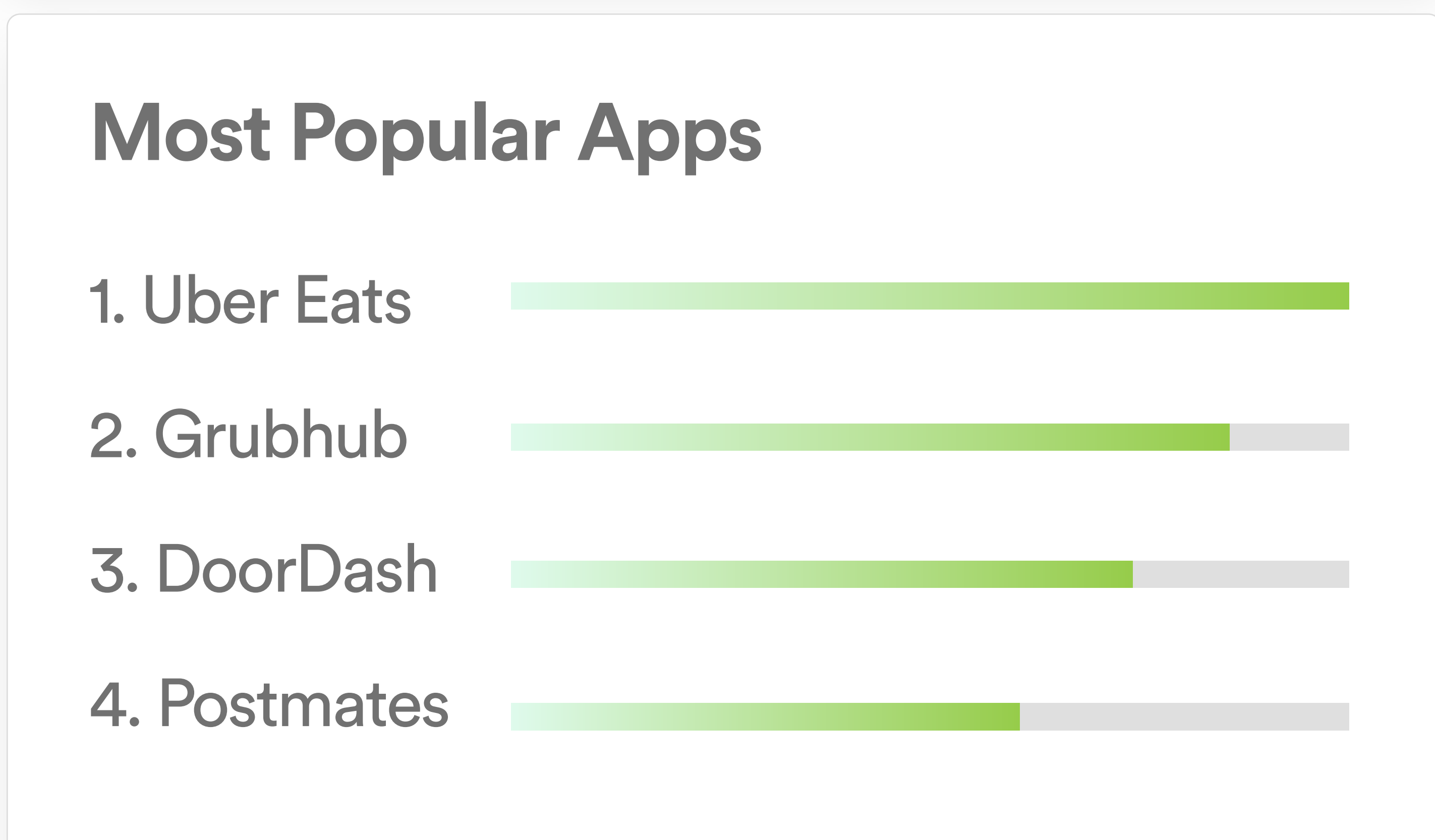
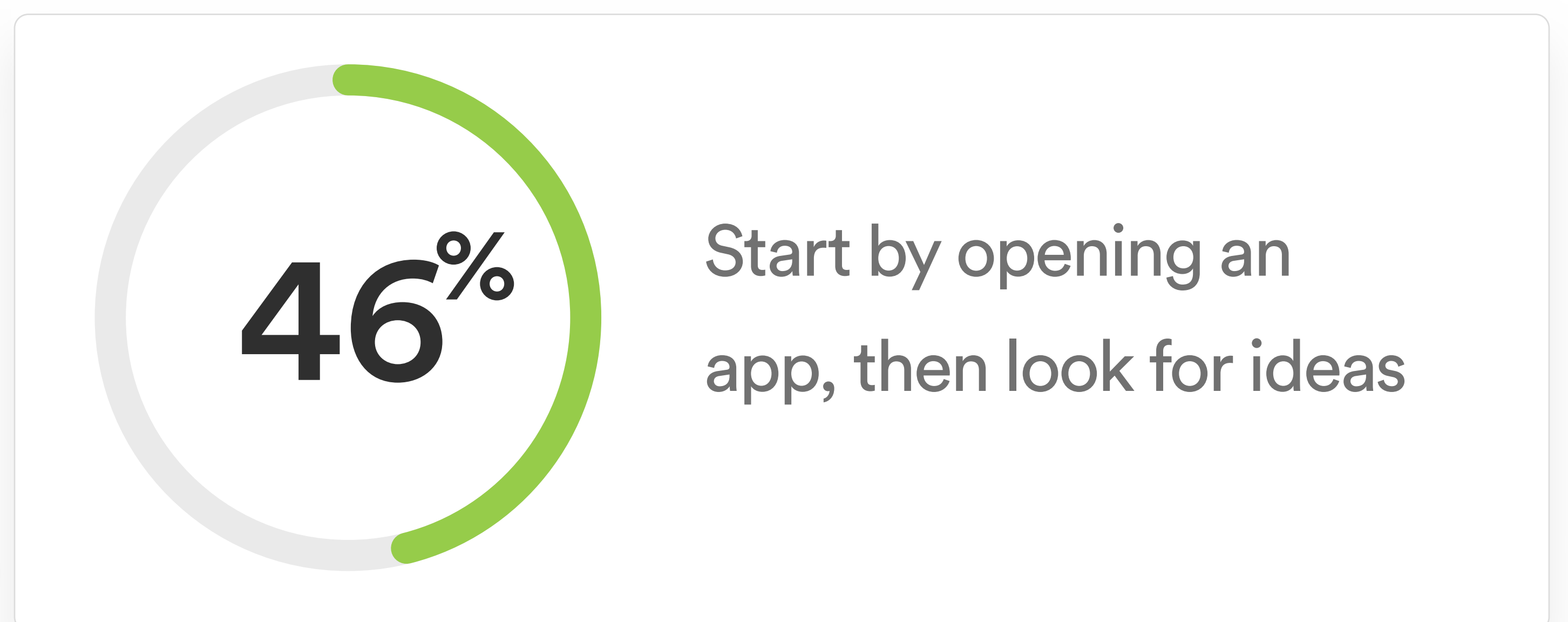
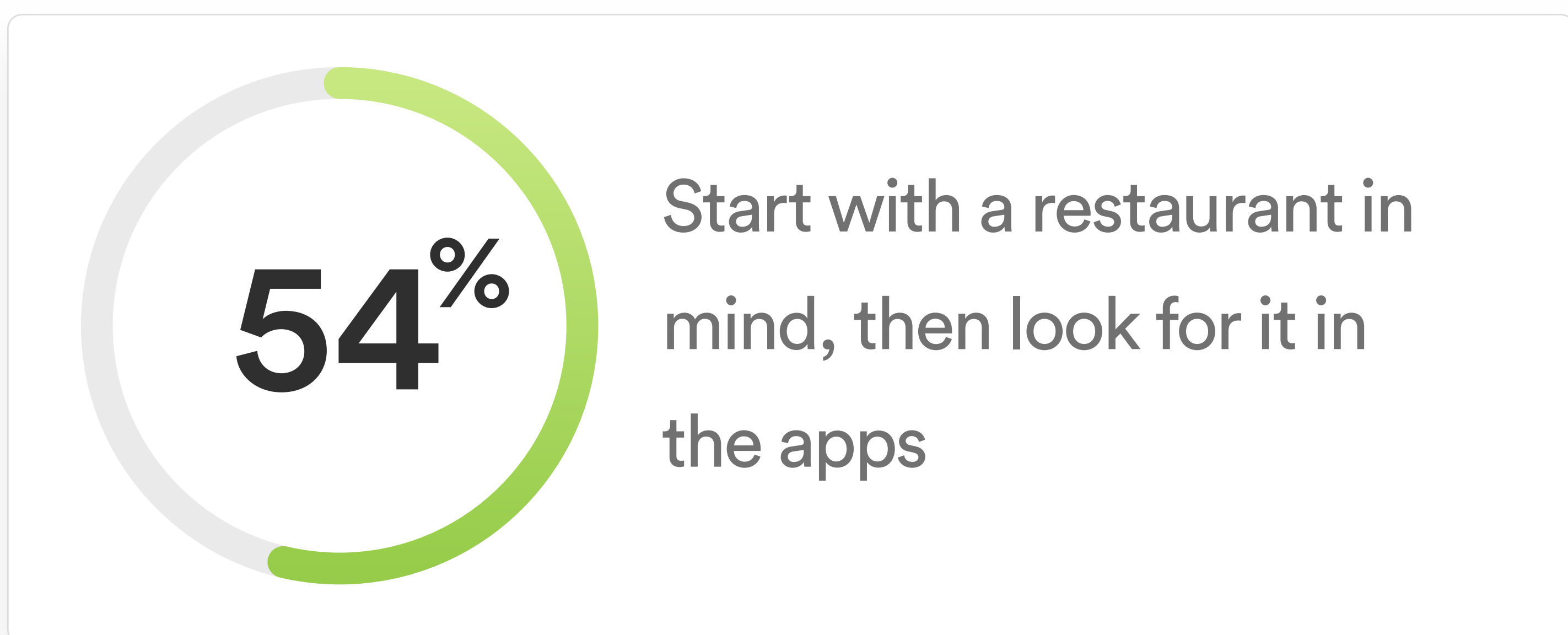


4.2 Target Market Segment Strategy

The target market for the food ordering marketplace is very broad and will incorporate the entire demographic regions. Almost all ages, genders, races, and incomes should be considered potential customers.

4.3 Major Competitors

There are four major competitors including UberEats, Grubhub, Postmates, and Doordash. Here is the cost breakdown for two meals ordered from these food delivery apps.



 **DOORDASH**

Two meals: \$27

Tax: +\$2

Delivery fee: +\$3

Service fee: +\$3

Discount: -\$5

Total fee paid: \$3

Driver tip: \$5

Total for meal and tip: \$35

Uber Eats

Two meals: \$26

Tax: +\$2

Delivery fee: +\$5

Service fee: +\$4

Discount: -\$0

Total fee paid: \$11

Driver tip: \$5

Total for meal and tip: \$42

GRUBHUB

Two meals: \$37

Tax & fees: +\$8

Delivery fee: +\$4

Discount: -\$2

Total fee paid: \$10

Driver tip: \$5

Total for meal and tip: \$52

 **POSTMATES**

Two meals: \$33

Tax & fees: +\$9

Delivery fee: +\$6

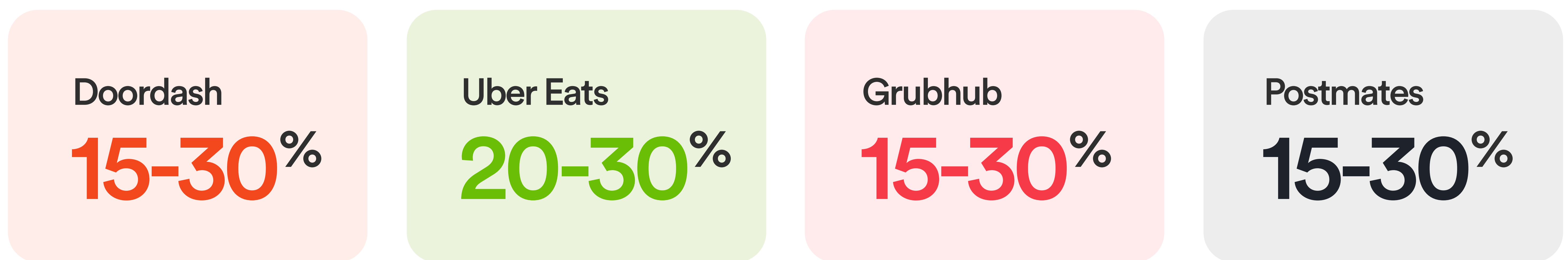
Discount: -\$10

Total fee paid: \$5

Driver tip: \$5

Total for meal and tip: \$48

Commission Charges From Partner Restaurants



Despite these four major players, customers are not satisfied with their services for one reason or the other.

Customers

Complaints

% consistently irritated

Food not warm and / or fresh	17%
Food delivered late	16%
Incorrect orders	12%
Restaurants ignoring notes/instructions	12%
Prices are inconsistent	11%
Food gets shaken or messed up during delivery	10%
Menus are inconsistent or Limited	9%



Strategy & Implementation Summary

At first, we will onboard all the famous international and national restaurants in Michigan City. As we go further, **Yummy is planning to open doors for the small food entrepreneurs, including food trucks and local chefs, operating from home.**

To attract potential customers, we will be marketing our platform across different platforms. Moving further, we will pay greater attention to customer satisfaction and try to retain the maximum of them. **Our support team will be there 24/7 to attend any queries/disputes raised by the customers.**

5.1 Competitive Edge

Considering every single complaint of the customers against the major competitors (Uber Eats, Grubhub, Postmates, and Doordash), Yummy will turn out to be a go-to destination for food lovers. Yummy has several advantages over its leading competitors:

- Offers fresh, healthy, and warm food to the customers.
- On-time delivery with the help of the finest delivery management solution.
- Flexibility to correct the order by calling up the delivery agent directly.
- Ensuring the partner restaurants follow the instructions carefully, and if not followed, the customers are refunded or awarded with some loyalty points.
- Consistent pricing across the marketplace, without comprising on food or delivery quality.
- Trained drivers to make sure the food reaches in its best state at the customers' doorstep.
- Adding the maximum number of international, national and local food brands to offer a diverse range of menu and cuisine selection.
- Onboarding local chefs, food trucks, and small food startups to help them reach a larger customer base.

5.2 Pricing Strategy

The total for two meals and tip ranges somewhere **\$35 to \$52** on different platforms (Uber Eats, Grubhub, Postmates, and Doordash). The sales strategy of Yummy is simple. We will cut down the **total cost from \$29 to \$32 for two meals.**

The delivery fee
will be as low as

\$2

The service fee
will be reduced to

\$0

The discounts will
range to from

\$4 to \$6

5.3 Commission Strategy

The other major platforms like **Uber Eats, Grubhub, Postmates, and Doordash,** charges commission 15-35% commission rate from the restaurants.

Yummy being new in the industry will charge 12-15% commission rate. This will help food businesses of all sizes to start selling and earning more on Yummy platform.

We also plan to reduce the commission charges from the restaurants that bring in high orders in a bid to strengthen our hold in the food-tech space and take on our competitors.

5.4 Sales & Profit Forecast

With a good number of potential customers in Michigan City, **Yummy expects 500 orders per day in the initial stage.** We will onboard the most popular food vendors to ensure we offer what customers love.



Number of vendors

5000



Number of order/day

\$30,000



Monthly Transaction

\$435,000



Total transactions/day

\$14,500



Commission Charged/Order

\$52,200



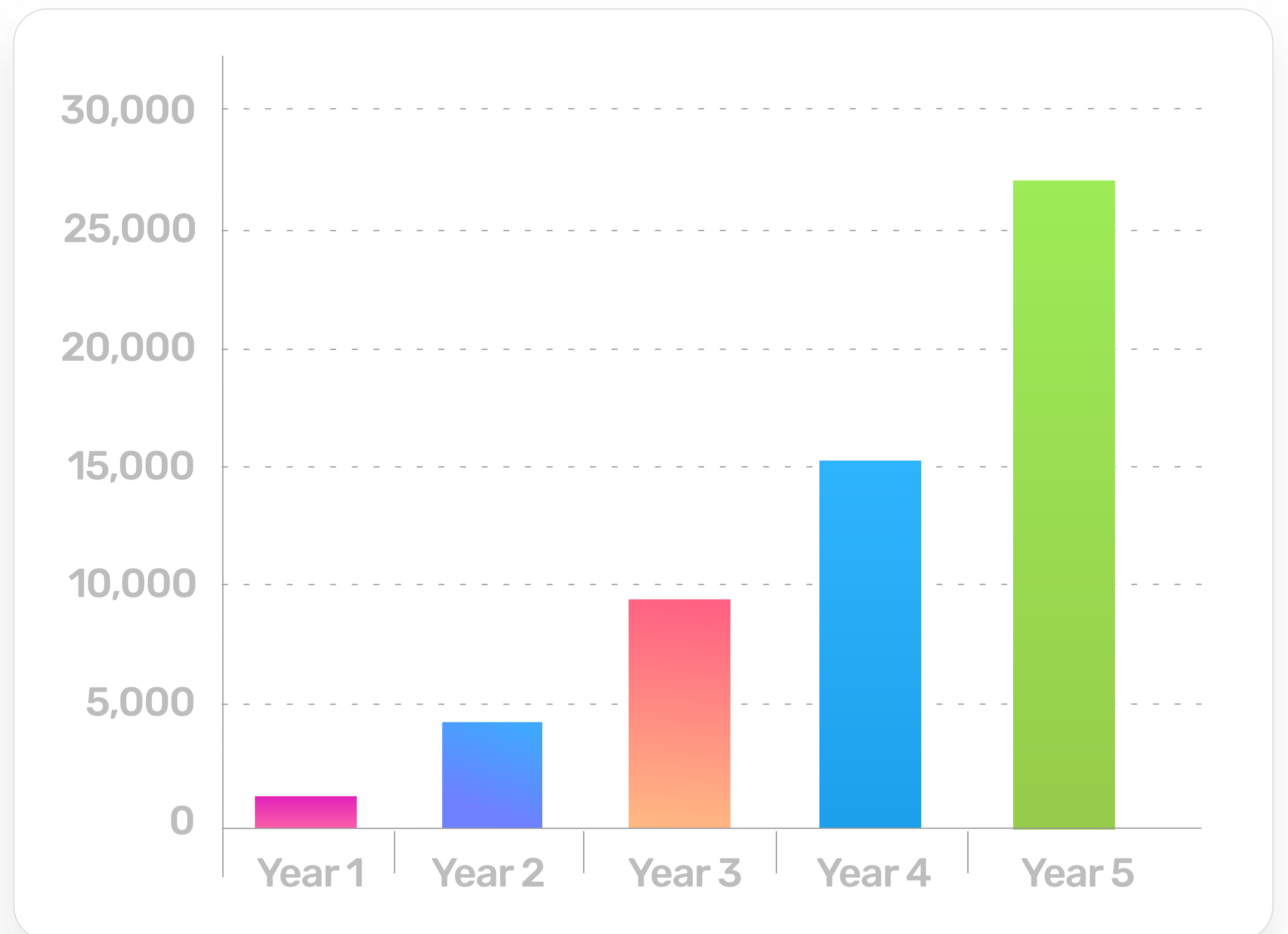
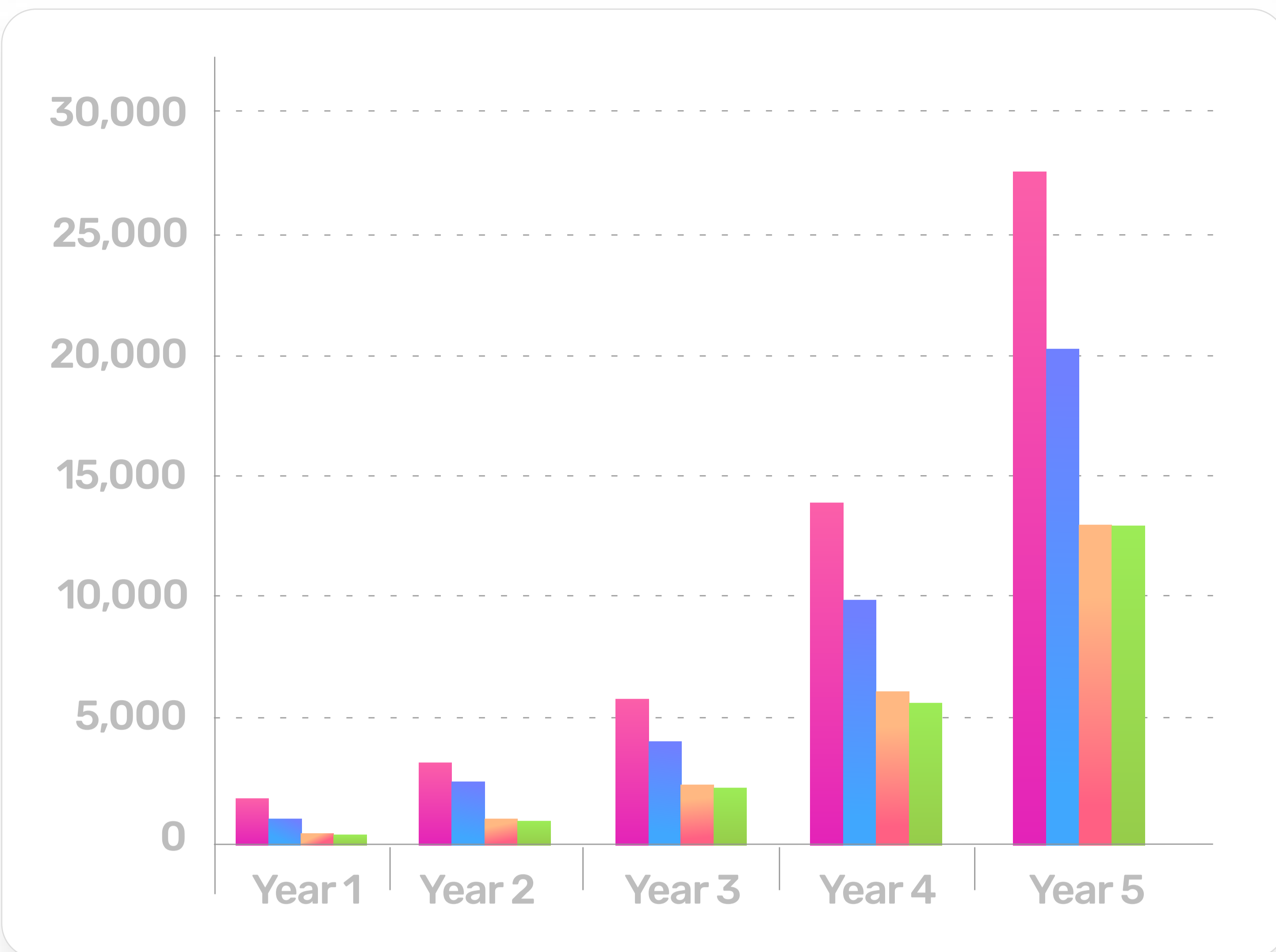
Delivery Charged/Order (\$2)

\$30,000



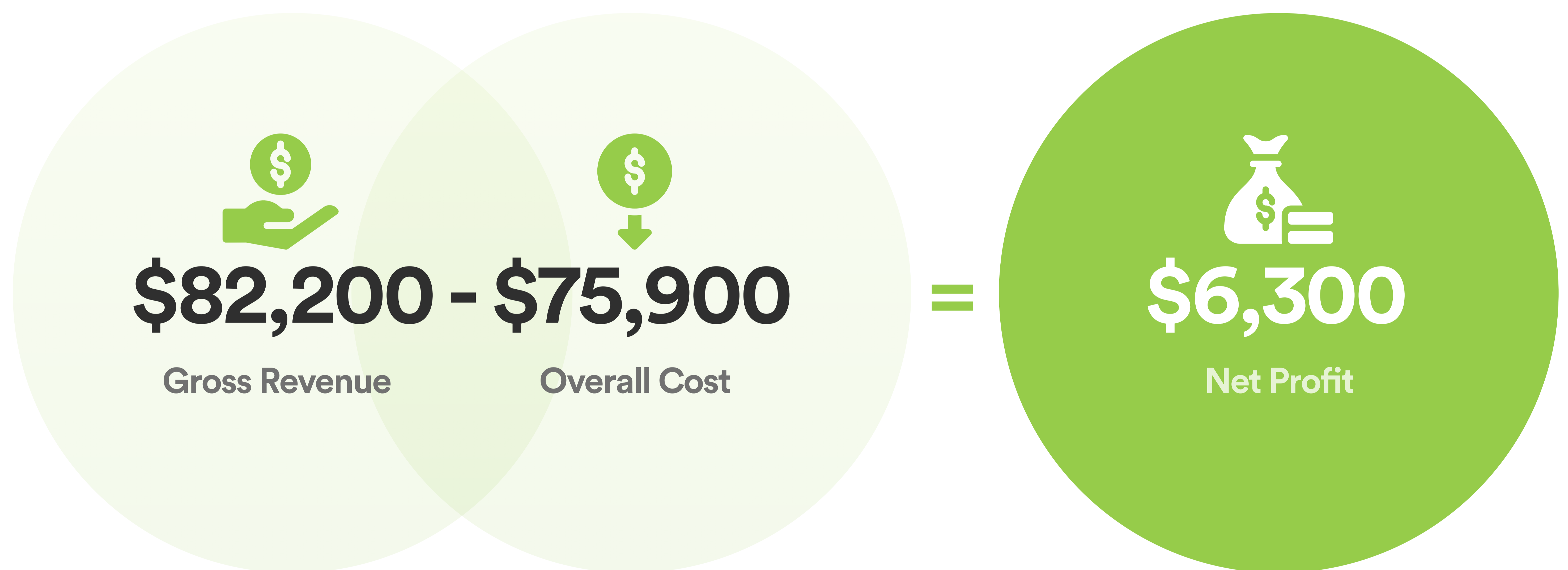
Gross Revenue

Gross Revenue: \$82,200

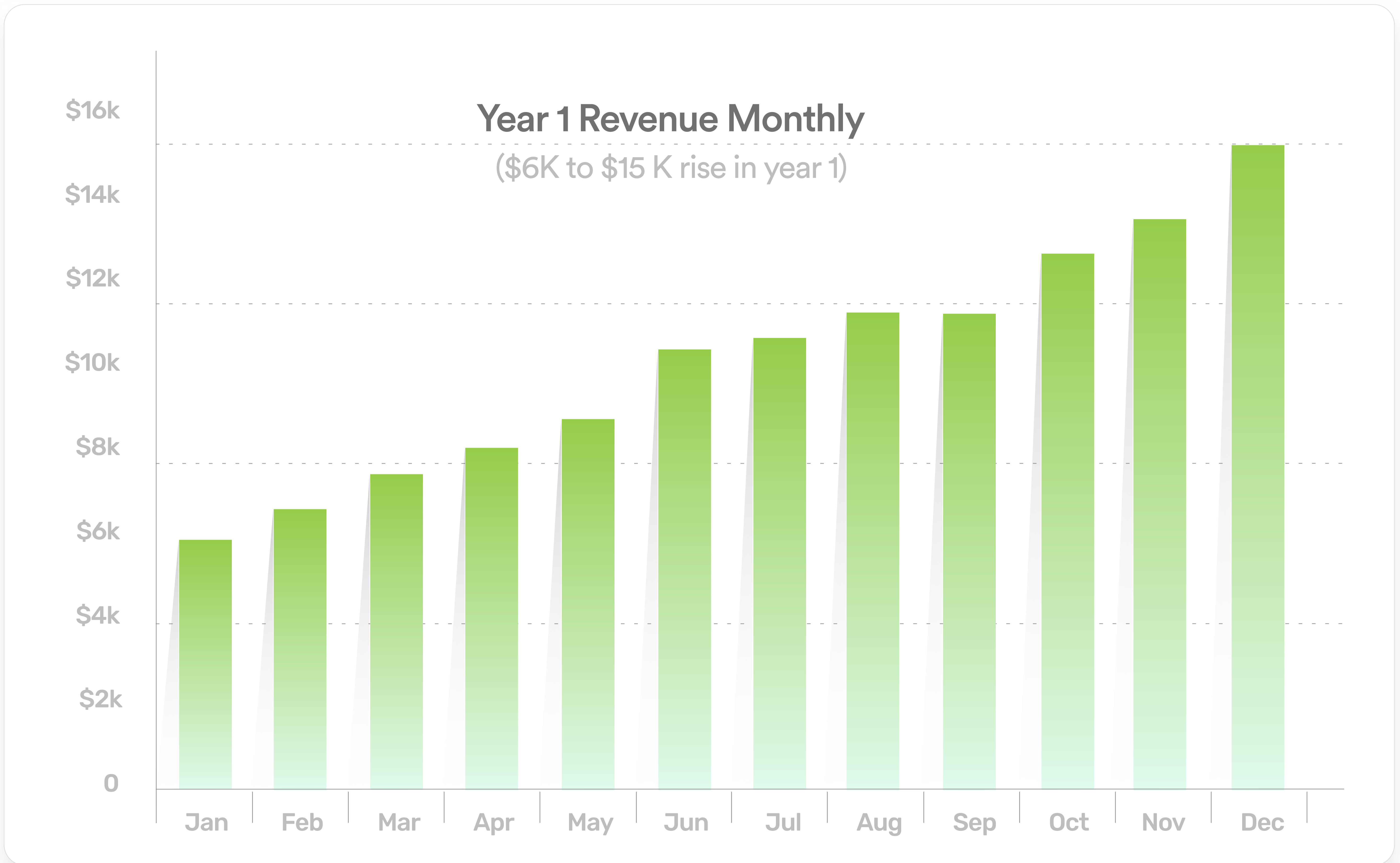


5.4.1 Profit Forecast

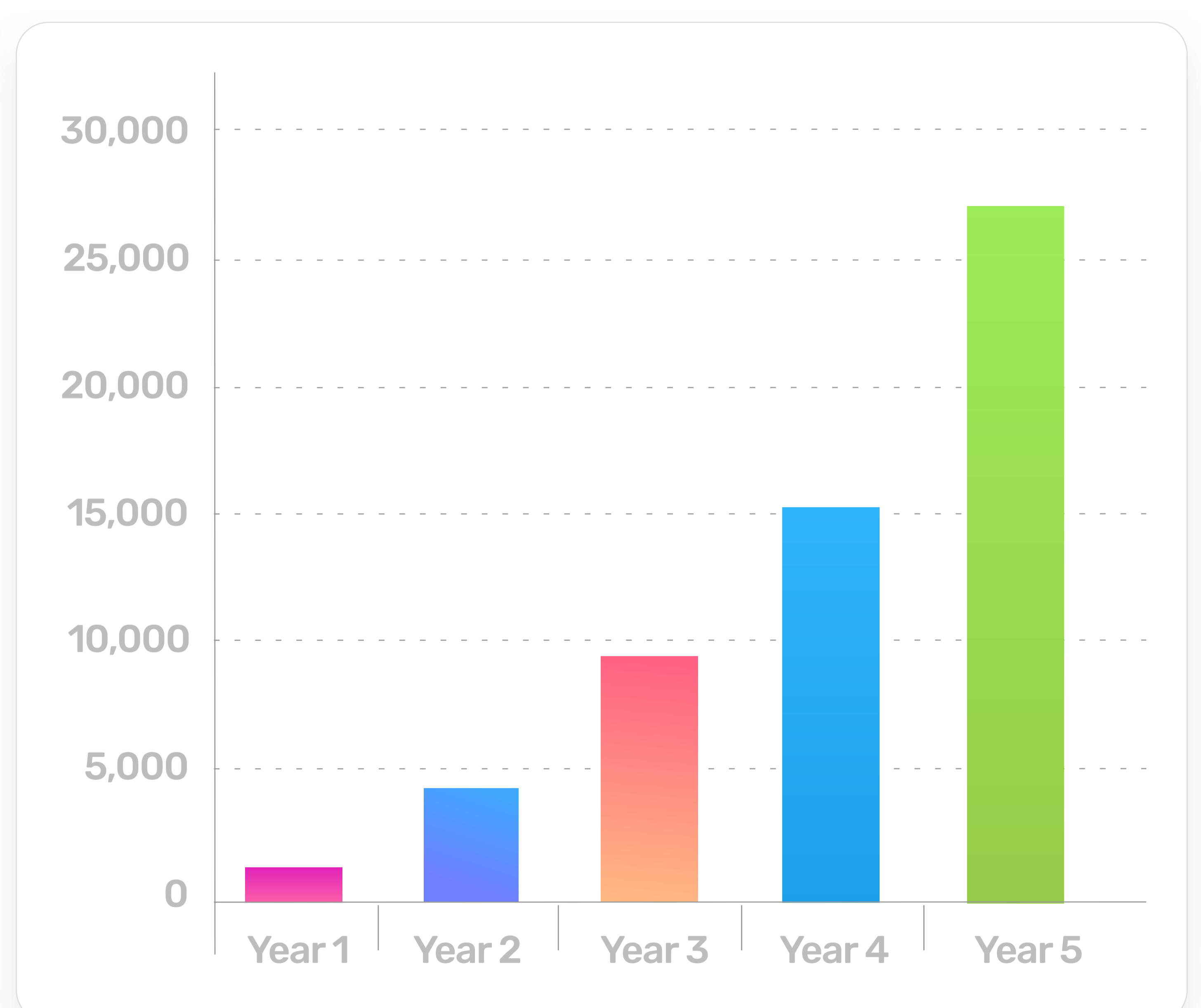
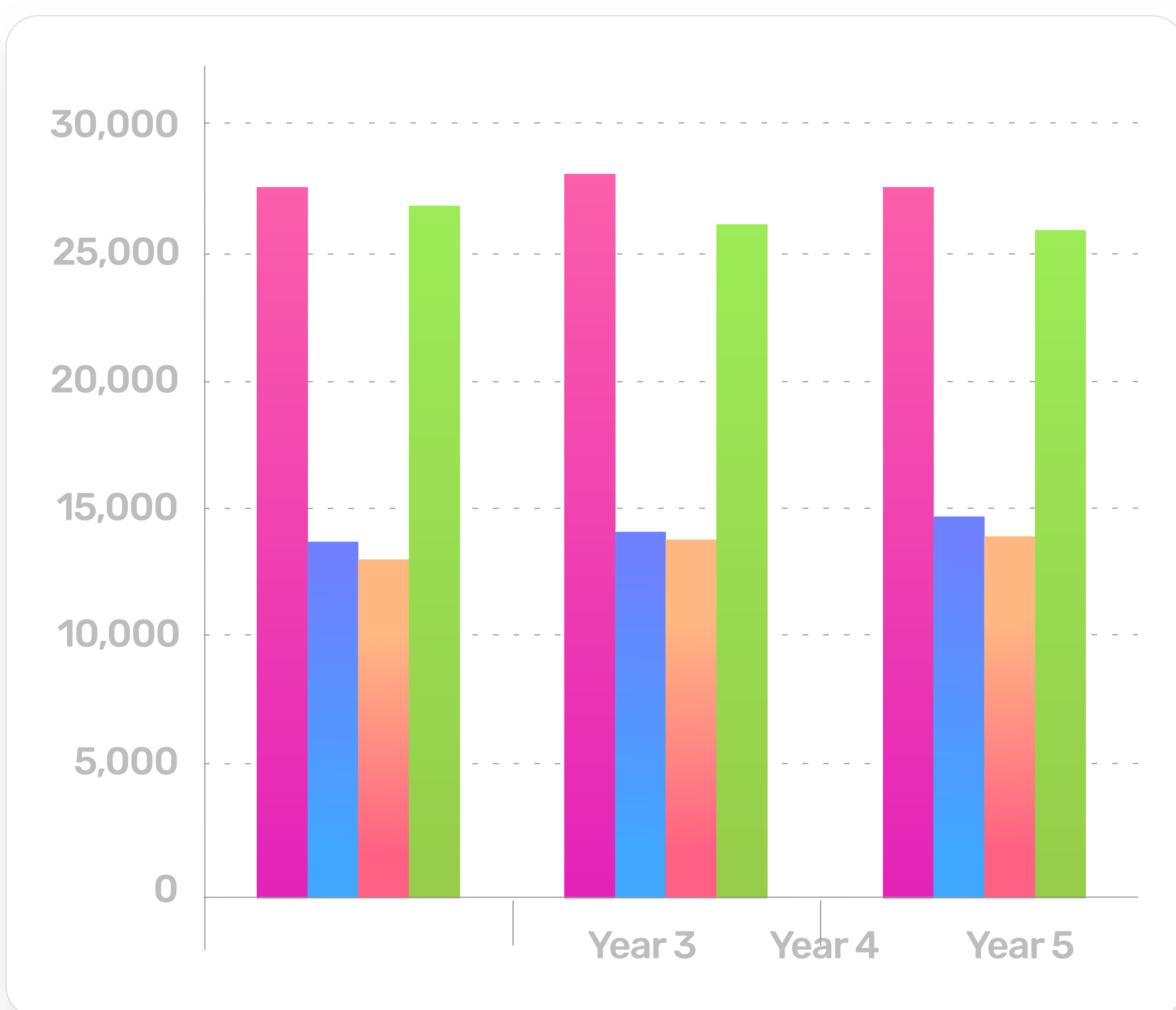
Net Profit: Gross Revenue – Overall Cost (including driver, support, server, market spend)



Yummy believe that it can increase the number of orders per month with its sales and marketing plan. Month by month, we plan to increase orders by at **least 10% and increase customer retention rate to 80% for the first year** which further leads to increase in revenue every month.



As we plan to expand our services by 10 miles every year, Yummy expects 33%, 47% and 53% CAGR for the first, second, and third year, respectively.



- Gross Revenue
- Total transactions
- Net Profit
- Overall Cost

Sales & Marketing Plan

The marketing plan begins with **Social Media platforms including Instagram, Facebook, Pinterest, Youtube and Twitter.** We aim to boost our online presence with paid campaign across different platforms too. There will number of online and offline strategies to increase awareness about our platform and sales.

6.1 Online Marketing Strategies

- We plan to have a great and large online menu to encourage in-app ordering.
- We will offer in-app coupons and reward programs to encourage customers order more frequently.
- We will attract more customers with different types of discounts, promo codes, and more. Creating special discounts for students and office meals will help us in standing apart from the competition.
- We will be sending push notifications for time to time offers, discounts, deals, etc.
- We will focus on create highly visual dishes and use trending hashtags to help Yummy gain visibility on social media.

- We plan to run giveaways through your social media to make sure our current customers spread the word for us.
- We will be running paid ads, social media and Google, to extend the reach of our marketplace beyond our current customers. A/B testing will help create better and effective ads to produce more ROI.
- We also have email marketing in our plan and we will reach out our potential customers through creatively crafted emails.
- We look forward to app store optimization to make sure that Yummy drives in more traffic and downloads.
- We will collect the customer reviews and utilize them in marketing strategy.

6.2 Offline Marketing Strategies

Yummy plans for associating the brand name with some local events. We will also host special events, such as a local celebration or music festival, which are attended by thousands of people from the local area.

We also plan for adding press releases into our strategy to gain coverage in local media. From listing out our new and interesting menu to the events we associate with, we will draw media attention for every good reason.

Management Summary

Yummy initially started with 10 delivery agents and 8 team members for the customer support. As we plan to expand our reach month by month, and year by year, we will expand our team consequently.

7.1 Team Expansion Plan

Time	Delivery Team		Customer Support Team	
After 3 Months	20	\$48 k	10	\$48 k
After 6 Months	50	\$120 k	25	\$120 k
After 1 Year	100	\$240 k	40	\$192 k
After 2 Year	300	\$720 k	75	\$360 k

Expansion Plan

Yummy plans to grow exponentially, offering the best quality food to its customers. Our expansion plan is two-ways. While we will be expanding our service area, we also look forward to expand our service offerings with time.

8.1 Expanding Service Area

After setting our roots into food delivery across Michigan, we will be expanding our services mile by mile. After six months of the launch, we aim to extend our services by 10 miles. We have three areas covering **Beverly Shores, La Porte and Westville**. Among these, we will focus greatly on La Porte which has a population of nearly 21,610.



Similarly, for the next six month and next 10 miles, we have New Buffalo, Chesterton, Rolling Prairie, Portage, etc. Our focus will be majorly on Chesterton and Portage, which are house to 13,833 and 36,806 residents.

After the first and second year, we plan to extend our services to neighbouring state Ohio and Illinois.

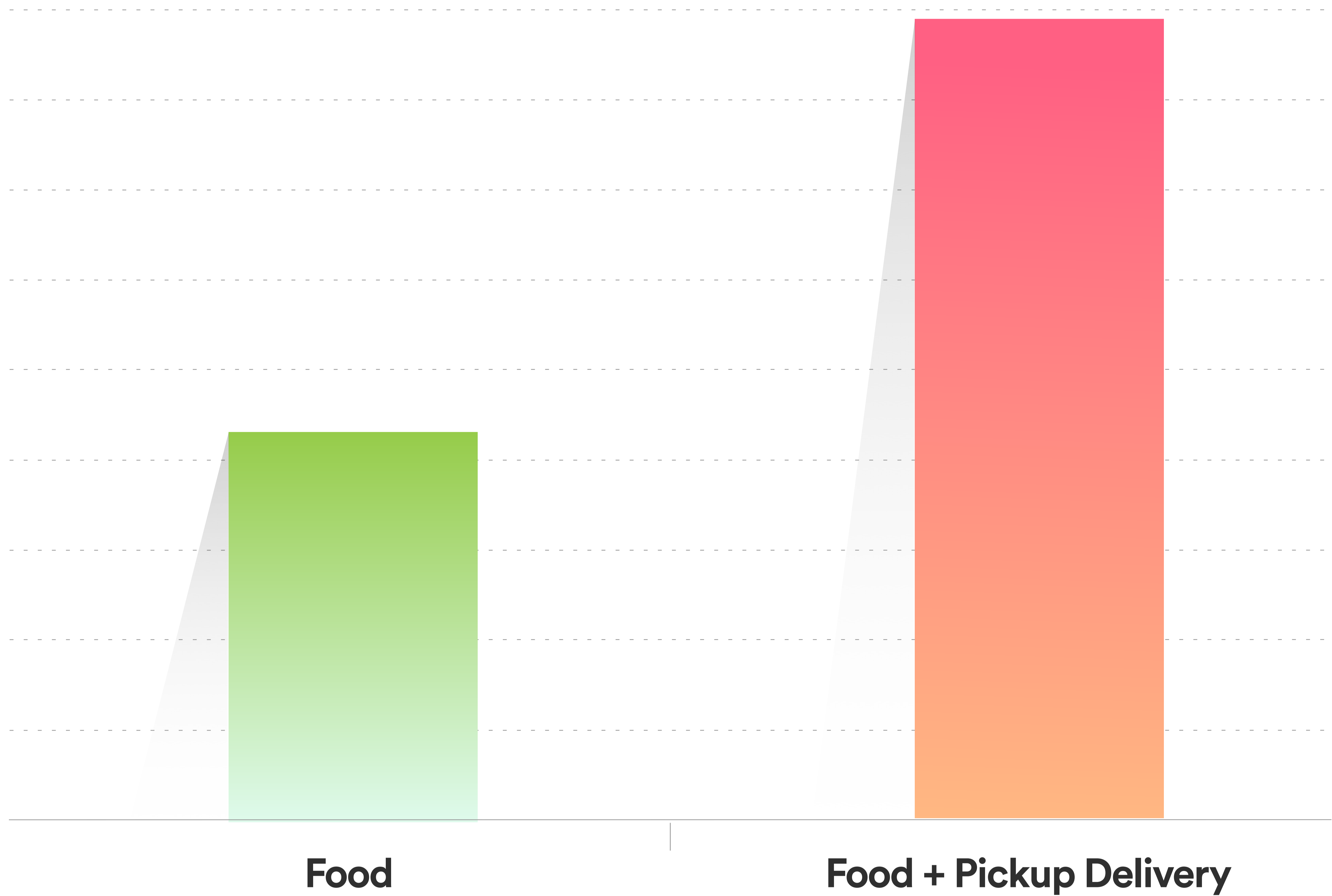


8.2 Expanding Service Offerings

To make a difference, Yummy will onboard



While food marketplace remains our forte, we plan to expand with providing more service to our customers on the same platform. **This will occur once we have developed a good customer base in Michigan, i.e. nearly after six months. To proceed with this, we tend to offer pickup & delivery services to our customers.**





Conclusion

Our Strength- Right Technology Solution

Yummy is empowered with the most advanced technology suite. While it helps simplify ordering, it speeds up the delivery processes and offers a delightful customer experience.

Ordering Website & App

Branded website & apps to connect customers with your restaurants and order seamlessly. It is loaded with exclusive features to engage more customers & retain them in longer run.

Restaurant Management Solution

An eagle eye view to control & manage the online food marketplace ideally. A really powerful dashboard to add/edit catalogue, manage payments, check ratings & review and do much more.

Intuitive Delivery Agent App

An easy-to-use driver app for the delivery team to provide them complete order details & the most optimized routes, to help make multiple deliveries efficiently.

Delivery Management Solution

High-end delivery management solution to accomplish all the orders in a hassle-free manner with optimized route planning, automated task assignments, tracking feature, agent notifications, & more.

Customer Management Solution

To build steadfast relationships with customers, we are backed by a CRM solution that manages all customer details at a single place. We use the order history in many effective ways to send timely deals & discounts.

“

Having a right tech partner – Code Brew, by our side, we tend to make a disruption in the food industry.

Blending high quality food with high-end technology solutions, right from a feature loaded ordering platform to an efficient delivery system, we tend to make disruption in the food industry.

Yummy Is Here To Shape The Future Of The Online Food Industry!