

A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management  
from the NOVA – School of Business and Economics.

# **A BUSINESS PLAN FOR A NEW MOBILE APPLICATION TO THE CONSUMER FOODSERVICE INDUSTRY**

SOFIA SOLER BARGIELA

No. 1363

A Project carried out on the Management course, under the supervision of:

Professor Paulo Faroleiro

June 3<sup>rd</sup>, 2015

## ABSTRACT

---

The Portuguese consumer foodservice industry is experiencing a boost in technology adoption, driven by significant changes in consumer behavior and business dynamics, due to mobile increasing penetration.

Accordingly, the present work project consists on developing a business plan for meeting an identified opportunity in the technological foodservice landscape. Therefore, this report is divided into three sections, each of which addressing different objectives: (A) External Environment, providing key external insights that support the opportunity; (B) Strategy Formulation, establishing a strategic direction; and (C) Action Plan, determining an implementation plan for starting the business.

### Key Words

Foodservice \* Restaurants \* Technology \* Innovation \* Mobile

App \* Smartphone \* Business Plan

## METHODS

---

In order to define the company's business plan, the present report is divided into three parts: (A) External Environment, (B) Strategy Formulation, and (C) Action Plan.

(A) External Environment analysis “focuses on identifying and evaluating trends and events beyond the control of a single firm” (David, 2011), so that the external factors that influence organizational performance can be assessed. As various authors advocate, including Michael Porter, understanding external environment represents the basis for attaining and sustaining a competitive advantage (David, 2011). Building on this approach, (A) analysis will follow the 3C's framework<sup>1</sup>. Regarding the first C, (1) Context, the analysis will be divided according to the PEST framework<sup>2</sup>; for the second C, (2) Customers, it will be performed an assessment both at the (2a) market (foodservice) and (2b) end-consumer levels; and for the third C, (3) Competition, a comprehensive study of the competitive landscape will be carried. This analysis will lead to (4) The Opportunity identification that will set the base for the subsequent strategy formulation.

As defended by Simon Sinek in his theory of The Golden Circle (Sinek, 2015), the most efficient way of structuring business thinking is from inside out, meaning starting by its purpose or belief (the “*Why*”), followed by the things that set it apart from competition (the “*How*”), and finally the product it sells (the “*What*”). This reasoning helps organizing parts (B) and (C).

In (B) Strategy Formulation, it will be provided (5) The Business Snapshot, briefly establishing the 5Ps<sup>3</sup>, which will materialize the opportunity. The “*Why*” will then be set

---

<sup>1</sup> The 3C's framework refers to the external audit of the 5C's framework, which includes both external and internal audit. The external audit comprises Context, Customers and Competitors analysis, and the internal audit includes Company and Collaborators assessment. As the present work project is a start-up business plan, it is performed an analysis of the external environment using only 3C's, that will allow to define the plans and strategies for the remaining 2C's, which cannot be evaluated at this stage.

<sup>2</sup> The PEST framework includes Political, Economic, Socio-Cultural and Technological Analysis. As technology is the main focus of this work project, the PEST framework is inverted due to a matter of relevance.

<sup>3</sup> Product, Partnerships, Price, Placement and Promotion.

according to the (6) Vision & Mission statements. Afterwards, the (7) Resources & Capabilities needed for the business to thrive will be analyzed, leading to the (8) The SWOT analysis. This will put together both insights obtained from the firm external analysis (A) and those from the company internal analysis (B), and set the ground for the “*How*”. (9) The Business Strategy will be defined providing an overview of the (9a) Competitive Advantage and its sustainability, (9b) Value Proposition for end-Consumer and (9c) Value Proposition for Foodservice, closing the (B) Strategy Formulation part.

In (C) Action Plan, the “*What*” will be determined. First, through defining the (10) Segmentation & Positioning, identifying target customers to focus marketing efforts, namely (10a) Target Consumer and (10b) Target Foodservice, and describing (10c) Brand Positioning. Second, by analyzing the marketing mix through the 5P’s, which will include (11) Product, subdivided in (11a) Product Features and (11b) Technology; (12) Partnerships; (13) Placement/Distribution, which will comprise (13a) Consumer Placement and (13b) Foodservice Placement; (14) Promotion; and (15) Price. Third, after understanding the company’s core activities, the (16) Business Model will set the (16a) Revenue Stream and the (16b) Expenditure Stream associated with the project implementation. This will enable performing the (17) Financial Forecast, providing an estimate of future revenues and expenses, as well as expected profitability, financial needs and investment capabilities. To conclude, it will be done a brief analysis of the (18) Critical Success Factors (CSF) and presented a (19) Work-Flow, revealing the inter-exchange and highly valuable relationship existent at the foundation of this project, between the business’ and engineering’ fields. Lastly, a brief assessment of key (20) Limitations will be exposed.

## EXECUTIVE SUMMARY

---

Yoodie is a mobile application (app) for the consumer foodservice industry that will allow mobile orders and payments at restaurants, and provide a restaurant search and discovery (S&D) engine, on the area of Great Lisbon. It will be the first player operating in this market segment, piloting an innovative technology that allows the automatic connection to the restaurants' point-of-sale (POS) software, without requiring business partnerships with POS companies.

It will fulfill a *blue ocean* opportunity in the tech-foodservice landscape, leveraging ongoing trends, namely (1) the increasing smartphone penetration, (2) the foodservices' growing adoption of tech-solutions, (3) the associated unparalleled changes in consumer behavior towards greater convenience, (4) the gradual economic recovery leading to increasing consumption, (5) the foodservice industry positive projections, and (6) the favorable digital legislation already in place.

Having two target customers, (1) the end-consumer and (2) the foodservices, Yoodie's mission statement addresses both market-sides, to know: *“We will provide a mobile app for restaurant search & discovery, self-ordering and paying, so that (1) consumers have a free dining experience, conveniently empowered by their smartphones; and (2) foodservices increase their efficiencies and have an unprecedented consumer understanding.”*

The implementation strategy will target, on an (1) end-consumer level, Generation Y and late Generation X (18-44 years old), living in an urban area, from middle to upper classes, and early adopters of technology innovation; on a (2) foodservice level, Yoodie will target Full Service Restaurants (FSRs), also located on urban areas.

The Marketing Mix strategies are also specific for each customer's group. Regarding placement/distribution, on the (1) consumer side, Yoodie will be available on all

operating systems' (OS) app-stores; for (2) FSRs, distribution will initially be focused on Great Lisbon, and performed by a trained sales team. Concerning promotion, investment efforts will include in-restaurant and digital touchpoints, equally affecting both customers. Given the assumption that implementation has to be *viral* for end-users and restaurants, Yoodie will have a free pricing strategy for the two sides. The business model will then be based on other revenue streams, namely (1) a fee charged per payment transaction, (2) a fee charged per click on restaurants' special offers (one of the S&D features), and (3) an income from selling consumers' database to restaurants.

Yoodie's financial projections for the first 3 operating years point to an initial investment of €77 thousand, reaching break-even on year 2. By the end of year 3, consumers' base is estimated to be 170 thousand users, and restaurants' outlets 2.3 thousand, which will lead to an operating profit of €700 thousand, gross margin of 49%, and associated return on investment (ROI) of 805%.

## A. EXTERNAL ENVIRONMENT

---

The emergence of On-Demand Economy, meaning “the economic activity created by technology companies that fulfill consumer demand via the immediate provisioning of goods and services” (Jaconi, 2014) is revolutionizing the way consumers behave, thus how businesses and industries operate. Advances in technology, changes in demand and consumption trends, access to capital at all stages, and new methods of supplying goods and services, are key forces enabling this instant connection between consumer and products and services. (Dudas, 2014)

### 1. CONTEXT

#### a. Technological Analysis

Technology advances allow consumers to carry on their pockets gateways through which they are instant and permanently connected and engaged with everything and everyone. Despite its compact size, smartphones provide far more computing power and data storage capacities than the desktop computers which reshaped companies in the 1990s (The Economist, 2015). On the one hand, these devices allow consumers a connected freedom, a convenience of use on the go, enabling to obtain products, services or information, with just a few taps. On the other hand, for companies, smartphones are always-On efficient and convenient means to acquire, communicate and transact with target consumers.

Smartphone penetration in Portugal has reached 46.4% in 2014 (more than 4 million people), increasing 42.8% over the last two years. Among younger population, the penetration rate is much higher, varying between 70% and 80%, as well as on major cities, where it is also above the average (e.g. Great Lisbon 51.4%, Great Oporto 48.0%) (Marktest, 2014). (**Appendix I**) These figures are expected to increase exponentially in upcoming years, as by 2020 it is projected that 71% of Portuguese mobile subscriptions

also include mobile internet subscription, an increase of 74% vs. 2014, clearly pointing a fast growing smartphone penetration (**Appendix II**) As a consequence, both mobile-commerce (m-commerce)<sup>4</sup> and online Ad expenditure are also expected to experience great growth (304% in 2019 and 119% in 2016, vs. 2014, respectively) (Passport, 2015). (**Appendix III**)

Additionally, technology advances are leveraging “API<sup>5</sup> revolution”, enabling coordinating communication across connected technologies such as mobile devices, home appliances, car and even clothing. Indeed, there are over 13 thousand public APIs (ProgrammableWeb, 2015) that are boosting on-demand businesses, driving connectivity between apps and other programs and servers, while sharing data and delivering insights back to business, in real-time, from billions of devices worldwide (Austin, 2014).

In this context, new and innovative on-demand solutions are emerging, with more than forty companies already available in at least ten markets, leveraged by the great capacity for scaling to other markets by repeating processes. Examples include the mobile applications (apps) Uber, Airbnb, Snapchat and Zomato, all at the “billions” valuation.

As pointed out by Business Insider, the “On-Demand Economy and the businesses within it are empowering a revolution. (...) soon every need we have, every car we take, every purchase we make will be available at the tap of a button”. (Jaconi, 2014)

#### **b. Socio-Cultural Analysis**

Mobile devices are increasingly becoming part of people’s lives, having evolved from a pure communication mean to a multi-activity portal, being indispensable for helping working and keeping lives organized. There has been a clear shift in mobile usage, from apps for entertainment to apps that help accomplish daily tasks. Actually, app usage

---

<sup>4</sup> Mobile commerce (m-commerce) includes both mobile phone and tablet commerce.

<sup>5</sup> API stands for Application programming interface.



increased by 76% worldwide (2014), driven by the categories of Shopping, Utilities and Productivity, and Messaging, as opposed to previous years, when drivers used to be Games and Entertainment. These categories have now decelerated growth, noticeably demonstrating the shift towards an always-on shopping, working, and communication usage of mobile devices. (Khalaf, 2015) (**Appendix IV**) As 85% of smartphone users consider it to be a central part of everyday life (Sales Force, 2014), their usage reflects this dependency: smartphone owners check their devices on average 150 times during a waking day of 16 hours, meaning every 6.5 minutes (Spencer, 2013), and spend an average of 3.3 hours a day on it (Sales Force, 2014).

In Portugal, this dependency is also observable, as 78% of smartphone users do not leave home without their devices, and 31% would rather give up TV than their smartphones. These are used everywhere including at restaurants and cafés, work, on-the-go, among other places, although internet usage still has some limitations. Indeed, only 54% of smartphone users connect to the internet every day and 11% do not connect at all. Still, there are some interesting figures on smartphones' internet usage, to know: 82% of smartphone users have browsed the internet, 75% have accessed social networks, 64% have used apps, 60% reviewed websites/blogs/message boards, 50% searched for restaurants/bars, and 24% used online coupons for shopping. Portuguese smartphone owners are also active users of apps, as they have on average 24.2 installed, from which actively use 9.8, and have paid for 4.8. (Ipsos, 2013) (**Appendix V**)

Regarding m-commerce, by 2013 only 21% of smartphone users had purchased a product or service through their devices, mainly because of the small size of the screen, lack of trust on credit card mobile security, and taking too much time (Ipsos, 2013). Nevertheless, smartphones are an emergent point of purchase, as both mobile phone and tablet m-commerce are expected to grow exponentially until 2019, 343% and 143%,

respectively. As a consequence, a growing number of retailers are opening online stores and banks are investing in new products and apps to remain competitive<sup>6</sup> (Passport, 2015). **(Appendix VI)**

Given the growing development of e-banking and m-banking<sup>7</sup>, Portuguese financial institutions are being pushed to create platforms to minimize fraud risks while providing greater security. The increased penetration of online banking users is boosting electronic direct/ACH<sup>8</sup> transactions, with a high percentage of consumers paying their household bills by direct debit. In fact, these transactions are considerably growing since 2012, being expected to grow 14% by 2019 vs. 2014, as consumers are highly in favor of using e-payments, valuing their simplicity, security and efficiency (Passport, 2015). **(Appendix VII)**

The boost of smartphones m-commerce “will result in one of the most transformational shifts in consumption patterns in history – never before has a consumer been able to buy anything they want at any time with simply the tap of a button” (Jaconi, 2014).

### **c. Economic Analysis**

From a Microeconomic standpoint, as technology advances, and consumer behavior and businesses change, the financing system scenery also evolves. New alternative ways of financing are appearing as a solution to the traditional sources of capital, further triggering the launch of new digital-based business. On the one hand, peer-to-peer lending platforms are exponentially growing worldwide, being already an indispensable source of capital in the US and UK (Raize, 2015). In Portugal, Raize was recently launched, having already more than 1,000 investors and 150 companies, only in the first

---

<sup>6</sup> E.g. Caixa Plim from Caixa Geral de Depósitos, a mobile app that allows small transfers of money between two or more people through the smartphone contact list, which originated the first social network for payments in Portugal.

<sup>7</sup> E-banking refers to electronic banking, m-banking to mobile banking.

<sup>8</sup> ACH stands for Automated Clearing House.

three months<sup>9</sup>. On the other hand, fundraising platforms represent a gateway for startups to connect with investors, accelerating early funding for on-demand entrepreneurs<sup>10</sup>, and investment funds are creating funds specifically focused on on-demand businesses. On top, there is a mindset shift from conservative investments in already established and publicly traded start-ups, to a more risky approach by investing earlier, before IPO growth<sup>11</sup> (Dudas, 2014).

From a Macroeconomic perspective, there are signs of a gradual economic recovery. According to Bank of Portugal, Portuguese GDP has grown for the first time in 2014 (+0.9%) after decreasing for three consecutive years, due to the increase of internal demand and exportations. Internal demand increased 2.0%, reflected among other factors by the 2.1% increase of private consumption, in line with the continued recovery of consumer confidence. To notice is the acceleration of current consumption<sup>12</sup> after three periods of substantial contraction, the improvement of labor market conditions (increased employment +1.6%, decreased unemployment rate from 16.2% in 2013 to 13.9% in 2014), the reduction of debt service due to the stabilization of interest rates in lower levels, and the improvement of financing conditions for consumption and other purposes (Bank of Portugal, 2015). Projections for the next two years reflect a sustained recovery of economic activity, with the continuous growth of private consumption, driven by the increase on real disposable income. Also projected are the acceleration trend of non-durable goods consumption (growing from 2016 on), the decline of household indebtedness, and the continued improvement of labor conditions. Business GFCF<sup>13</sup> is also projected to increase robustly as a result of some improvement in

---

<sup>9</sup> Information disclosed by Afonso Eça, Raize Co-Founder.

<sup>10</sup> As an example, AngelList, a US fundraising and job placement platform for startups and angel investors, comprises around 509 thousand companies and more than 35 thousand active investors.

<sup>11</sup> E.g. Uber, Airbnb, Snapchat and Zomato.

<sup>12</sup> Current consumptions refers to non-durable goods and services.

<sup>13</sup> CFCF means Gross Fixed Capital Formation

financing conditions, consistent with the decline in the indebtedness level of non-financial corporations (Bank of Portugal, 2015).

#### **d. Political Analysis**

According to the European Commission (EC), there are 96% of Europeans without legal protection for their right to access the full open internet, facing inconsistent and diverging rules in different Member States. Therefore, the EC adopted a Digital Agenda (May 2015) with the purpose of developing a Digital Single Market (DSM), including plans for the establishment of a single area for online payments (SEPA – Single Euro Payment Area), the seamless interaction between devices anywhere, and the reinforcement of personal data protection. In a market of more than 500 million consumers, the DSM can also create opportunities for small and medium enterprises (SMEs) and startups by easing the internationalization processes<sup>14</sup> (European Commission, 2015).

Concerning card payments, the EC has also recently approved a proposal for imposing a ceiling on interchange fees<sup>15</sup> for consumer's payments using debit and credit cards, which leads to improved competition and increased transparency on fees. At the same time, it "paves the way for more innovation and competition in the field of online and mobile payments" (with apps, fingerprints, contactless "swipes", etc.), by removing major obstacles to technological innovation in payment options. (European Commission, 2015) **(See Appendix VIII for banks and payment card schemes)**

With regard to easiness of starting a business, Portugal ranks among the top 10 (out of 189) economies, as it is not required a minimum capital, and it is only needed few

---

<sup>14</sup> Through clearing rules to sell cross-border and scale-up businesses, providing a unique VAT system better adapted to small e-commerce businesses, fewer bureaucracies towards public administration, greater access to content/goods/services from other EU countries, better access to finance and simplified company law.

<sup>15</sup> Interchange Fees are multilaterally agreed fees payable between the Payment Service Providers (PSPs) of the payer/consumer and of the payee/merchant. This regulation will cap interchange fees at 0.2% and 0.3% of the transaction value for consumer debit and credit cards, respectively.

procedures and time to open a business (World Bank Group, 2015) (**Appendix IX**). Also, Portuguese labor market conditions are getting more flexible, and the corporate income tax rate has decreased<sup>16</sup>, while a reduced corporate tax rate for a portion of the taxable profits<sup>17</sup> of qualifying SMEs was approved (Economias, 2015).

## 2. CUSTOMERS

### a. Foodservice Level of Analysis

#### *Market Size*

The foodservice industry in Portugal has an estimated market value of €5.9 billion (2014), which has been decreasing over the last years due to the economic downturn. The number of outlets has accompanied this decrease, existing nowadays around 76 thousand foodservices. Despite late years decreasing trend, both indicators are predicted to start growing from 2015, reaching in 2018 €6.4 billion and 80 thousand units, in line with Portuguese economic recovery expectancies. (**Appendix X**) The market is highly fragmented, given that 89% of its value comes from independent foodservices and only 11% from chained operators. The undoubted market leader is McDonald's, with 3.5% value share, followed by Pizza Hut with 0.8%, Telepizza with 0.6%, Lojas Tangerina (Galp Energia) with 0.6%, Bom Bocado (SONAE) with 0.5%, among others. (Passport, 2015) (**Appendix XI**)

The most representative market segments are Cafés/Bars (44.7% value share) and Full Service Restaurants (FSRs) (35.3%), which together account for 80% of the market value. Fast Food comes third with 12.1% value share, while the remaining 7.9% are distributed in Self-Service Cafeterias (3.3%), 100% Home Delivery/Takeaway (2.8%), and Street Stalls/Kiosks (1.9%). (Passport, 2015) (**Appendix XII**) The preferred places

---

<sup>16</sup> The corporate income tax rate reduced from 25% in 2013 to 21% in 2015.

<sup>17</sup> The first 15 thousand euros of taxable profits are taxed at 17%; after that, the tax rate is 21%.

for eating out are Cafés/Bars for breakfast; Cafés/Bars, Fast Food chains and FSRs for lunch; and FSRs during dinner (Passport, 2014).

### *Market Trends*

The key trends of consumer foodservice landscape in Portugal (2013) are demand for value-for-money and the appearance of low-cost chains. On the one hand, the economic downturn coupled with the VAT increase in 2013 (from 13% to 23%) and the growing price awareness, are forcing several operators to implement special offers more often. The effects of the economic crisis are also present in Portuguese consumers' habits, as there is an abandonment of foodservice outlets in favor of dining home and taking lunch boxes' to work. On the other hand, and as a consequence, many independent operators are closing, regularly in favor of newly chained outlets, which endowed by low promotional costs and high brand reputation, can assure a good level of traffic. This trend is expected to remain, as new openings by international and national chains are likely to occur, also because Portuguese consumers value the familiarity, greater availability and convenience that the leading brands convey to foodservice. (Passport, 2014)

At the same time, the foodservice operations are being influenced by the increasing smartphone penetration and broadband availability. Indeed, the growing significance of the internet as a distribution channel is leading players either to launch their own online platforms or to join online food delivery aggregators (e.g. NoMenu). Besides, internet and smartphones are shaping consumers' interaction with foodservices far beyond Facebook page, as new platforms are rapidly spreading, from ratings and reviews (R&Rs) (e.g. Zomato), to everyday discounts (e.g. Groupon) and even table reservation (e.g. BestTables). Finally, major players themselves are investing on technologically-

advanced solutions to track consumers' opinions, run innovative competitions or develop their own special offers schemes (e.g. H3 app). (Passport, 2014)

Portuguese consumers are going to increase their visits to and expenditure on foodservice, due to both economic gradual recovery and consumers' modern lifestyles, characterized by lack of time for daily tasks such as cooking. However, they are likely to remain cautious and progressively aware of prices and services' quality, leading to an increasing importance of the online point-of-sale as a relevant Marketing touchpoint. (Passport, 2014)

## **b. Consumer Level of Analysis**

### *Consumer Decision Journey*

In order to understand consumers' behavior towards foodservices, it is important to comprehend the moments and touchpoints that most influence their decisions. The established basis for understanding this will be the Consumer Decision Journey (CDJ) (Court, Elzinga, Mulder, & Vetvik, 2009), a framework that advocates four main consumer stages for decision-making<sup>18</sup>.

According to the Dining Decision Ecosystem (DDE) research (2012), there is a pattern by which diners choose foodservices based on the seamless flow of recommendations between offline and digital environments. This framework advocates three stages: (1) initial awareness resulting from media stimuli, (2) trial and recommendation from friends, family, and coworkers; and (3) evaluation through external sources, such as user-generated review platforms (Oliver, 2012). (**Appendix XIII**)

---

<sup>18</sup> The four main consumer stages for decision making are: (1) the initial consideration set of brands/services, based on brand perceptions and exposure to recent touchpoints; (2) the active evaluation, as consumers gather information and add or subtract brands; (3) the moment of purchase, when the consumer selects a brand/service; and (4) the post-purchasing experience, when the consumer builds expectation based on experience to inform the next decision journey.

While the DDE covers stages 1. and 2. of the CDJ, the remaining journey is easily understandable empirically. The table below puts together both frameworks, and indicates consumer interactions and touchpoints at each stage:

Consumer Decision Journey			
Consumer Decision Journey	Dining Decision Ecosystem	Interaction	TouchPoint
<b>1. Initial Consideration Set</b>	Awareness	I1. Decide the restaurant	<ul style="list-style-type: none"> <li>• Media: PR, blogs, restaurant search platforms, advertising, direct mail, e-mail marketing</li> <li>• Friends, family &amp; colleagues</li> </ul>
	Trial & Recommendation		
<b>2. Active Evaluation</b>	Evaluation		<ul style="list-style-type: none"> <li>• Restaurant search platforms</li> <li>• Blogs</li> <li>• Restaurant websites</li> <li>• Discount platforms</li> </ul>
<b>3. Moment of Purchase</b>	n.a.	I2. Reserve the restaurant	<ul style="list-style-type: none"> <li>• Telephone</li> <li>• Restaurant website</li> <li>• Reservation platform</li> <li>• Waiter (at the door, while waiting on the line)</li> </ul>
		Or	
		I3. Order the food from home	<ul style="list-style-type: none"> <li>• Telephone</li> <li>• Restaurant home delivery platform</li> <li>• Home delivery aggregator platform</li> </ul>
		I4. Order the food at the restaurant	<ul style="list-style-type: none"> <li>• Waiter</li> <li>• Restaurant's Digital Menu</li> </ul>
<b>4. Post Purchase Experience</b>	n.a.	I5. Pay the bill	<ul style="list-style-type: none"> <li>• Waiter (cash)</li> <li>• Card payment terminal (CPT)</li> <li>• Mobile payment platform</li> </ul>
		I6. Evaluate the restaurant	<ul style="list-style-type: none"> <li>• Survey</li> <li>• R&amp;Rs Platform</li> </ul>

Table 1

### Consumer Trends

By looking at the CDJ table, it is noticeable the technological penetration across all consumer interactions, which is leading to significant changes in consumers' needs and wants. These include (1) value-for-money, which is related to food quality, variety of choice and customizable offers; (2) unique menu items, meaning a balanced offer between traditional and innovative flavors; (3) customized service, meeting specific needs of each consumer segment (e.g. single diners, families with children, Millennials, Baby Boomers, seniors); and (4) convenience, which concept has evolved from portability, time-savings and order accuracy, to also include accessibility through "the tap of a button", providing faster and more efficient dining experiences. This is especially relevant for Generation Y/Millennials (from early 1980s to early 2000s), as these younger consumers have different needs and higher expectations than their older



counterparts. Therefore, operators will have to invest in connection technologies in order to conquer this group, and keep up with technological rapid advancements (NPD Group, 2014).

### 3. COMPETITION

Competition refers to all the players from the tech-foodservice industry that provide convenient technological solutions for each consumer interaction. The competition analysis will be performed based Figure 1, focusing on the Portuguese foodservice market. (See Appendix XIV for competition overview)

On II, decide the restaurant, consumers use search & discovery (S&D) and online discount platforms to evaluate their initial consideration set. In Portugal, Zomato and TripAdvisor are positioned as S&D, while Groupon and MyGon as online discounters, all providing both mobile apps and websites. Zomato was founded in 2008 and is present in 22 countries, being also a social network for *foodies*<sup>19</sup>. Launched in 2014 in Lisbon<sup>20</sup>, it is already expanding to Oporto (May/June), and planning on launching table reservation services in the near future, followed by mobile payment and home delivery. (Pinto R. , 2015) More recently it has acquired a customized cloud-based point of sale (POS), entering the B2B sector (Lunden, 2015). Its revenue model is based on restaurant advertising (~75% of total revenues) and also restaurant consulting services (Mehta, 2015). TripAdvisor was founded in 2000 and operates in 45 countries, enabling travelers to plan and book the perfect trip. Besides searching<sup>21</sup>, it also allows table reservation in restaurants, due to the recent acquisition of BestTables (Pimentel, 2015). It is also supported by an advertising business model (TripAdvisor, 2015). Groupon was

---

<sup>19</sup> A foodie is a person who is especially interested in food and alcoholic beverages, and that seeks for new food experiences as a hobby rather than simply eating out of convenience or hunger.

<sup>20</sup> In Lisbon, already counts with more than 12 thousand restaurants listed, 112 clients (restaurants that pay for advertisement and marketing consultant services), over 1 million visits per month, 300 reviews a day, and a team of 35 people that aims to expand.

<sup>21</sup> In Portugal, TripAdvisor has more than 5 thousand R&Rs in around 16 thousand listed restaurants (2,637 in Lisbon).

founded in 2008 and operates in 48 countries, including Portugal since 2010, offering deals in 17 cities. Its business model is based on a commission charged to the merchant over the consumer coupon online payment (Groupon, 2015). MyGon is a Portuguese start-up founded in 2012 that allow consumers to reserve deals and only purchase after receiving the service. The business model consists either on charging merchants a fee per sent client, or a fee for viewing the offer details (PPC – pay per click), depending on the business objectives and nature (MyGon, 2015).

For I2, restaurant reservation, besides restaurants own platforms, there is only BestTables, a Portuguese website and app founded in 2011, also present in Brasil (since 2013), and recently acquired by TripAdvisor<sup>22</sup>. It also provides free reservation management software for restaurants, BestManager (Pimentel, 2015). The revenue model consists on charging commissions to the restaurants per reservation per person. (Fernandes, 2011)

Alternatively, for I3, ordering food from home, there is only one website that aggregates several restaurants, noMenu<sup>23</sup>. Founded in 1998, its business model consists on charging consumers a fee (between €2 and €10) for the home delivery service, having a minimum order amount (€13.75). As drawbacks, it is not a mobile app neither accepts online payment (only cash or card). (noMenu, 2015)

As regards I4, ordering at the restaurant, there are mainly B2B solutions, which foodservices use to process their orders internally. Besides the basic offerings of POS management and control software solutions (PIE Group, Primavera, Zone Soft, etc.), SIMI is the only service offering a digital menu platform to equip the restaurants. PIE Group was founded in 1995, and is present in 19 countries, claiming to be in 95% of the Portuguese and Angolan markets. It offers two software solutions, WinRest and

---

<sup>22</sup> The platform counts with 864 restaurants listed and integrates restaurants special offers.

<sup>23</sup> It has more than 400 restaurants listed nationally, from which 100 are located in Lisbon.

PingWin, which include and initial fixed cost for the infrastructure (hardware), and a monthly maintenance fee (PIE Group, 2014). Primavera was founded in 1993 and is present in 20 countries, claiming to have 6% value market share of the Portuguese HORECA segment. It offers several solutions for foodservices, and also a free mobile app for consumers, Pssst! Experience, which includes digital menus that allow to self-order, search for listed restaurants (only 7 at the moment), reserve a table, access to promotions, get directions and evaluate the restaurant. The company's vision for the future POS is a fully integrated software, satisfying both clients' and restaurants' needs. (Primavera, 2013) SIMI was created in 2013, offering restaurants digital menus that allow ordering, calling the waiter and asking for the bill in one tablet. Since launched, it has sold more than 200 licenses, including to Pizza Hut (Pinto M. C., 2014). The business model consists on charging merchants a monthly fee (from €21.9), depending on the number of tablets needed (SIMI, 2015).

On I5, paying the bill, besides the traditional methods (cash or card), mobile payments are starting booming, with SEQR and MEO Wallet as major players. SEQR belongs to the Seamless Group and was founded in 2012. In the foodservice industry, it has already partnered with several POSs and restaurants. The payments rely on direct debit, which enables to skip the major bank's card networks and card issuing institutions processes (**Appendix VIII**), reducing in 50% transaction costs vs. card payment. (SEQR, 2015) MEO Wallet was launched in 2014 as a mobile wallet, meaning the user has to charge it in order to pay. From a restaurant viewpoint, it also allows to reduce the transaction costs<sup>24</sup> when comparing with traditional card payments. (MEO, 2015)

Concluding, Zomato and TripAdvisor reappear on I6, closing the interaction circle. (**See Appendix XV for further information on players**) As consumer foodservice is

---

<sup>24</sup> The price for merchants is 0.3%+VAT with a minimum commission of €0.01 per transaction

evolving towards a high-technological industry, with current players increasingly integrating business segments both B2B and B2C (e.g. Zomato, Primavera), upcoming years are expected to bring more and more innovation, answering consumers' and restaurants' search for integrated solutions that provide greater convenience.

#### **4. THE OPPORTUNITY**

Through the external analysis, it is possible to conclude that there is a growing and rapid technology penetration in the foodservice industry. On the one hand, there is a dramatic change in consumer behavior, driven by increasing penetration of smartphones that leads to new ways of demanding convenience. On the other hand, the boost of on-demand economy is imposing foodservices' adaptation to new consumer needs and changing business dynamics (e.g. invest in advertising and mobile payment). (See **Appendix XVI for Porter's Five Forces**)

By looking at the tech-foodservice value chain (**Appendix XIV**), it is identified a gap on the B2C landscape regarding I4, ordering at the restaurant. Therefore, the business plan presented intends to fulfill this market gap, increasing the value of the foodservice experience, both for the end-consumer and the foodservice providers.

### **B. STRATEGY FORMULATION**

---

#### **5. THE BUSINESS SNAPSHOT**

Foremost, the brand name will be Yoodie, resulting from the combination of the words "You" and "Foodie". The rationale is that "You" links with consumers' empowerment through smartphone usage, and "Foodie" with the interest on foodservices.

Yoodie needs to maximize the assumptions that (1) consumers are attracted to use it, and (2) foodservices have strong reasons to accept it. Thus, to set the base for strategy formulation and the action plan, the 5Ps will be briefly defined:

- Product: given (1), Yoodie will leverage major consumers' needs, particularly for greater convenience and mobile phone m-commerce. At the same time, considering (2), it will enable increasing efficiencies to foodservices. Therefore, Yoodie will be a mobile app that allows both self-ordering and paying at the restaurant, and at the same time, incorporates an S&D platform that permits restaurants to advertise their special offers.
- Partnerships: so that the app can incorporate payments, it will be set a partnership with a payment processing company that will guarantee merchants' expenditure reduction, addressing premise (2).
- Placement: for the end-consumer, Yoodie will be available on the App-store, easily and rapidly accessible, covering point (1). For the foodservices, implementation will be simple, as the connection with restaurants' POS will be done seamlessly. This will be possible due to an innovative technology that will allow Yoodie's activity without being necessary any partnership with POS companies, leveraging assumption (2).
- Promotion: given (1) and (2), Yoodie's go-to-market strategy includes a strong promotional plan, focused on two main touchpoints: in-restaurant and online.
- Price: so that (1) and (2) hold, Yoodie should be for free for both customers.

## **6. VISION & MISSION**

The vision represents “the basic vision that the firm strives to achieve in the long term”, while the mission the “enduring statement of purpose” that distinguishes it from similar enterprises (David, 2011).

### **a. Vision Statement**

The vision statement should synthesize in one sentence the company ultimate objective or long-term vision, so that the organization is aligned and aware of where to head. As so, the vision statement will be as follows:

*We aim to be a reference in the tech-foodservice industry, by providing consumers and restaurants an integrated end-to-end solution.*

#### **b. Mission Statement**

After having a clear vision, it is possible to define the first step towards its attainment. The mission statement includes a “description of what the organization actually does – what its business is – and why it does it” (David, 2011). As the business has two target customers, the end-consumer and the foodservices, there are two distinct messages:

*We will provide a mobile app for restaurant search & discovery, self-ordering and paying, so that (1) consumers have a free dining experience, conveniently empowered by their smartphones; and (2) foodservices increase their efficiencies and have an unprecedented consumer understanding.*

### **7. RESOURCES & CAPABILITIES**

According to the Resource-Based View (RBV) approach, there are three different categories of a company’s internal resources, namely (1) physical, (2) human and (3) organizational (David, 2011). Although the firm is not established yet, there are some key resources and capabilities essential for the business to succeed.

Regarding (1) physical resources, technology and equipment represent the most important assets. (1.1) Technology, as the business lies on an advanced technological product, and (1.2) equipment, as servers and computers will support core operating activities. In what regards (2) human resources, it will be fundamental (2.1) to set up a top notch developers’ team, and also (2.1) a highly efficient sales force, to place the product in the market. Finally, in (3) organizational terms, it is crucial (3.1) to raise the capital needed for the initial investment, (3.2) to create strategic partnerships so that the business becomes functional, and (3.3) to have a strong and innovative leadership team with a clear vision.

## 8. SWOT ANALYSIS

The analysis of the key strengths and weaknesses has as major assumption that Yoodie will undertake the key resources to succeed, referred on section 7.

<b>SWOT Analysis</b>	
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Technology</li> <li>• Financial capability</li> <li>• Skilled and innovative team</li> <li>• Strong leadership</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lack of credibility</li> <li>• Lack of market know-how</li> <li>• R&amp;D time- and cost- requirements</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Blue ocean market (unexplored)</li> <li>• Tech-foodservice penetration at the beginning</li> <li>• Smartphone penetration growing exponentially</li> <li>• Economic recovery (increase disposable income and private consumption)</li> <li>• Foodservice market positive projections</li> <li>• Demand for value-for-money forces several operators to implement special offers more often</li> <li>• No data-base on concrete consumption habits</li> <li>• Increasing demand for convenience</li> <li>• Digital Single Market agenda already on-going</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Other players in the industry have the same vision for technology integration (e.g. Zomato, Primavera), and are moving towards this direction</li> <li>• Smartphone penetration is yet too low, jeopardizing user-base</li> <li>• Rapid market innovation</li> <li>• High scaling capabilities of international players</li> </ul>

Table 2

## 9. THE BUSINESS STRATEGY

The concept of Blue Ocean<sup>25</sup> is associated with value innovation, where value is created by reducing or eliminating features or services that are less valued by the current or future market (Kim & Mauborgne, 2005). The strategy the business will pursue is identified to be driven by a value innovation process, ultimately defining its competitive advantage.

### a. Competitive Advantage

A competitive advantage is defined as “anything that a firm does especially well compared to rival firms” (David, 2011). By leveraging this definition, it is possible to identify three main sources of competitive advantages: (1) First and only player exploring the B2C tech-market of ordering meals at a restaurant, by seamlessly (2) integrate with all POSs without requiring partnerships, due to the usage of (3) an advanced technology.

<sup>25</sup> Blue Ocean means all the industries that does not exist today, the unknown market space in which demand is created rather than fought over.

### *Sustainability of Competitive Advantage*

“Whether or not a competitive advantage is sustained depends upon the possibility of competition duplicate. (...) a competitive advantage is sustained only if it continues to exist after efforts to duplicate that advantage have ceased” (Barney, 1991). The most common way of protecting a business against replication is through legal procedures, such as patents or trademarks. As Yoodie’s development will be based on free software, it is not possible to legally protect it; therefore, with time other players may duplicate and enter the market.

Nevertheless, the company will enjoy from a first mover competitive advantage, which will lead to developing learning economies, a solid reputation and trust from restaurants and consumers, and a network of partnerships, which will naturally protect it from competition, although not preventing from duplication. Thus, it is reasonable to assume the company will enjoy from a moderate sustainable competitive advantage.

#### **b. Value Proposition for Consumer**

The business purpose to end-consumer is to provide a free dining experience through smartphone’s convenient usage. Therefore, the value proposition will be, on the one hand, (1) the convenient ordering and purchasing at the restaurant, enabled by the integration of digital-menus and mobile-payment in one app. On the other hand, will be (2) the app usage for several interactions avoiding jumping from one app to another, allowed by the integration of several interactions (S&D, ordering and paying).

#### **c. Value Proposition for Foodservice**

The value proposition to restaurants will be based on the mission statement, i.e. (1) to increase restaurants’ efficiency and (2) to provide an unprecedented consumer understanding. The main value proposition, (1), will be attained through (1.1) expenditure reduction, by providing an alternative payment method to cards that allow



reducing interchange fees and eliminating fixed fees; (1.2) automation of manual processes that increases service efficiency and reduces error margins, leading to higher table rotation, increased customer satisfaction and loyalty, and ultimately upward revenues; (1.3) provision of an advertising platform for special offers and discounts; (1.4) integration of restaurant loyalty programs, avoiding systems complexity; and finally (1.5) extra visibility as part of the S&D platform.

A second highly important value proposition, (2), will be enabled by the storage of consumer data, greatly valuable for targeted Marketing campaigns.

## **C. ACTION PLAN**

---

### **10. SEGMENTATION & POSITIONING**

#### **a. Target Consumer**

The variables for consumer segmentation are (1) geographic, (2) demographic, (3) psychographic and (4) behavioral (David, 2011). Regarding (1) geographic, the target consumer lives in an urban area, where technology penetration is higher. In (2) demographic terms, is between 18 and 44, as this segment of the population has above national average smartphone penetration and is also more prone to adopt new technologies. **(See Appendix XVII for Generations characterization)** Concerning (3) psychographics, belongs to middle to upper class, groups characterized by high purchasing power and high likelihood of dining out frequently as well as owning a smartphone. Also, target group has an active and modern lifestyle, characterized by lack of time for everyday activities such as cooking (Passport, 2014), potentiating the increasing need for convenience. In (4) behavioral terms, is enthusiastic about technological innovations and adopts these at an early stage, is a frequent user of smartphones and mobile-apps, and also seeks convenience benefits on products and services. **(Appendix XVIII)**

### **b. Target Foodservice**

Segmentation variables include (1) type of foodservice and (2) geography<sup>26</sup>. The first (1) is FSRs, as for its procedures' complexity, Yoodie will enable significant improvement on service efficiency, once fully adopted. **(See Appendix XIX for restaurant procedures pre- and post-Yoodie implementation)** At the same time, as evidence shows, FSRs is the foodservice segment in which Portuguese individuals spend more money per transaction (Passport, 2015), and also spend a considerable time, therefore increasing chances of needing and exploring Yoodie. Regarding (2) geography, target foodservice is located in an urban area, likewise target consumer.

### **c. Brand Positioning**

The brand positioning towards consumers and foodservices will adopt a modern, young, funny, dynamic and pragmatic style. These characteristics will resemble the target consumers' lifestyle approach and also the foodservices' seek for efficiency, thus fostering a positive relationship with the brand. **(See Appendix XX for logotype)**

## **11. PRODUCT**

After defining the business basics, it is possible to materialize the solution into a product, defining its core dimensions, i.e. features and technology (David, 2011).

### **a. Product Features**

As a market innovation, it is essential that the product is extremely simple, intuitive and easy to use. When at a restaurant that provides Yoodie's service, the process of using the app will be as follows: (1) access the app by sign-up for free; (2) immediately receive a €3 bonus to use in any purchase; (3) check-in the restaurant, through a push-up that will request the table's QR code introduction; and (4) access restaurant's page to (4.1) search for information, (4.2) see other users' comments and photos, (4.3) access the menu for order, (4.4) view order status, and (4.5) pay the bill.

---

<sup>26</sup> Market size is excluded because the market is extremely fragmented and mainly composed by independent restaurants.

If not at a restaurant that provides Yoodie's service, the app will redirect to the S&D landing page, where consumers can (1) search for restaurants, (2) access special offers, (3) interact in the social network, or (4) access the personal area. Thus, in terms of R&D, there are two different modules with distinct features: Restaurant Module and S&D Module. (**Appendix XXI**)

#### **b. Technology**

It is necessary to create a bridge between the foodservice POS and the app, so that both the mobile order and payment can be integrated with the restaurant management and control system, without being necessary to partner with POS companies, as this would impose a barrier for market implementation. The bridge will then be allowed by the plugin of a 3G transmitter/receiver USB device within the system. If the software system has a public API, the device automatically recognizes the library and adapts. If the API is not public, the processing software resorts to an advanced pattern recognition system, relaying the inputs and simulating human interaction with the POS.

#### ***Technology Reliability***

It is extremely important to assure consumers' data is securely stored and protected against external attacks, and also that the information is legally disclosed. Besides, in order to build strong credibility, it will be assured that no fake user-content is generated. Therefore, the app will have a strong anti-astroturfing system.

### **12. PARTNERSHIPS**

In order to guarantee the product feasibility and implementation, it will be established a partnership with a mobile/web payment system (e.g. SEQR) to assure the payment processing. At the same time, it will allow merchants to reduce expenditures with payments' commissions when compared to current card payments' fees.

### **13. PLACEMENT/ DISTRIBUTION**

A company's placement or distribution strategy "is about how it plans to get its products and services to customers" (Sanders, 2013).

**a. Consumer Placement**

Yoodie will have two major distribution channels for end-consumers: (1) the smartphones' app-stores, and (2) the restaurants. Regarding (1), it will be compatible with all operating systems so that does not exclude any target user. Besides, (2) restaurant managers and staff will be trained to leverage Yoodie implementation through consumers' usage.

**b. Foodservice Placement**

Yoodie's distribution strategy for foodservices will be organized by city, starting by Great Lisbon, and divided in three stages. (1) Identification of FSRs and mapping through geolocation, starting by the cities with higher population density of target group (Lisbon, Sintra, and so on). For that, there are available databases, from which relevant information will be extracted. (2) Sales team approach for each target restaurant. This team will be organized by city zones and receive previous training, being highly focused on sales objectives, with financial incentives attributed according to performance. (3) Implementation on restaurants; at this stage, the equipment will be setup (3G pens, table QR codes, promotional material, etc.) and restaurant staff will be trained accordingly.

**14. PROMOTION**

Promotion refers to "the entire set of activities, which communicate the product, brand or service to the user. The idea is to make people aware, attract and induce to buy the product, in preference over others" (The Economic Times, 2015). Yoodie's promotion strategy will serve both end-consumers and foodservices, leveraging two main touchpoints: (1) the point-of-sale, meaning the restaurant itself; and (2) the digital domain, through a digital campaign.

(1) On the one hand, as Yoodie's main innovation lies on the Restaurant Module, the restaurant represents the point of market entry (POME)<sup>27</sup>. Therefore, investing in communication for end-consumers at the restaurant (e.g. merchandising, promoters), and for foodservices' staff (e.g. training, incentives to promote Yoodie) will embody a central part of Marketing efforts.

(2) On the other hand, the digital touchpoint is where the target consumer is engaged and ready to take action of using Yoodie's services and becoming aware of its offers. Thus, this promotion is consistent with Yoodie's overall strategy and endows lower costs, in opposition to traditional forms of media (TV, magazines, radio) (David, 2011). The campaign objectives will be to build brand equity, defined as "the differential effect that brand knowledge has on consumer response to the Marketing of that brand". In turn, brand knowledge has two components: (1) brand awareness, related to "the strength of the brand trace in the memory", and (2) brand image, i.e. "consumers' perceptions about a brand, as reflected by the brand associations held in consumer memory" (Keller, Apéria, & Georgson, 2011). Hence, in order to build brand equity, it will be necessary to address both awareness and image.

## **15. PRICE**

The pricing strategy will be the same towards both end-consumer and foodservice. On consumers' side, they seek value-for-money and are especially price aware in an unfavorable economic environment. Besides, are much more prone to download free apps than non-free, as only 20% of smartphone apps are paid. On foodservices' side, several independent operators are closing, and the remaining are looking for improving efficiencies without increasing costs neither complexity.

---

<sup>27</sup> The POME is the point where a potential customer becomes receptive to a company's offering.

Such barriers lead to one major assumption for Yoodie to be rapidly implemented and succeed: it must be priced at zero for both end-consumers and restaurants.

## **16. THE BUSINESS MODEL**

The business model “describes the rationale of how an organization creates, delivers, and captures value”. (Osterwalder & Pigneur, 2010)

### **a. Revenue Stream**

As mentioned, Yoodie will be free to end-consumers and foodservices to enable fast implementation and adoption. Therefore, in order to be feasible and profitable, Yoodie will provide other sources of revenues, namely: (1) fee charged per payment transaction, necessarily below the current merchant service charge (**Appendix VIII**); (2) fee charged per click on special offer (likewise Google Adwords PPC), and (3) income from consumers’ database.

Over time, as consumers’ and restaurants’ base increases, there is the possibility of shifting towards a database business model. For now, it is important to guarantee business sustainability through other sources of revenue.

### **b. Expenditure Stream**

The main sources of expenditures will be: (1) R&D, including developers salary and hardware; (2) equipment, including office equipment, servers, and 3G cards and pens; (3) restaurant acquisition cost, involving the fieldwork; (3) consumer acquisition cost that implies all Marketing expenses; (4) employees’ salaries; and (5) consumers initial incentive.

## **17. FINANCIAL FORECAST**

The financial forecast will allow estimate the future revenues and expenses, leading to business profitability, and also assessing the investment needed and consequent return on investment (ROI), an indicator for investment efficiency. Given the nature of the

business, i.e. a tech-startup, typically characterized by exponential growth, the forecast period is 3 years. In order to project the business financials, several assumptions were made (see **Appendix XXII**), being the major ones specified on the below table:

Major Assumptions and Proxy variables for Financial Assessment	
<b>Target Consumer estimates</b>	Target consumers were calculated based on INE statistics, being considered the population aged between 18 and 44 years old, leaving in Great Lisbon (GL), with or attending post high school or superior degrees (as a proxy for social class). After applying these criteria, target consumers represented 43% of GL population. It is assumed that all of them own a smartphone, as it is below smartphone penetration in GL (51.4%).
<b>Target Restaurant estimates</b>	Target restaurants were assessed based on Euromonitor International FSR Industry projections for the next three years. Data for GL and respective cities was extrapolated from INE statistics on population and foodservice industry, and weights were applied to Euromonitor projections.
<b>Target Consumer Penetration Rate</b>	Consumers' penetration rate respects the Diffusion of Innovation theory (Rogers, 1995). Therefore, in the first year on each city, it is assumed that only innovators (2.5%) and early adopters (13.5%) will use the app; in the second year, the base will also include early majority (34%); and in the third year, the late majority (34%). Therefore, it is expected that after three years in one city, 84% of target consumers are using the app.
<b>Target Restaurant Penetration Rate</b>	For foodservices' adoption rate, qualitative research (2010) suggests that several factors affect merchant adoption of mobile payments, namely consumer attitudes, market drivers, provider forces, and organizational enablers (Lai & Chuah, 2010). Therefore, to calculate the adoption rate, it was assumed that the four forces have equal weights on the adoption decision, and assigned a percentage to each factor. The final result is an initial adoption rate of 57% that is assumed to increase 5% year-on-year.

Table 3

Given the assumptions, the financial assessment results are as follows:

Financial Overview				
	Year 0	Year 1	Year 2	Year 3
# Consumers (units)		17,625	74,028	167,800
# Restaurants (units)		776	1,523	2,297
# Employees (units)		4	8	12
Revenues (eur)		221,035	698,443	1,437,380
Expenses (eur)	- 53,962	- 244,201	- 496,251	- 739,190
<b>Operating Profit (eur)</b>	<b>- 53,962</b>	<b>- 23,166</b>	<b>202,192</b>	<b>698,190</b>
<b>Gross Margin (%)</b>		<b>- 10.5</b>	<b>28.9</b>	<b>48.6</b>
Investment Needed (eur)	77,128			
ROI - based on Operating Profit (%)	n.a.	- 130.0	162.2	805.2

Table 4

Business profitability is only positive from year 2, greatly increasing as a result of consumer and restaurant growing base, and gross margin increase. The ROI accompanies operating profit evolution: despite negative in the first year it is positive from year 2, greatly increasing on year 3. Therefore, despite the initial investment of €77 thousand, the business becomes highly profitable and assures significant ROI.

## 18. CRITICAL SUCCESS FACTORS

The critical success factors (CSFs) include issues vital to an organization's current operating activities and to its future success. As identified, there are six CSFs to which Yoodie should pay special attention: (see **Appendix XXIII for success measurements**)

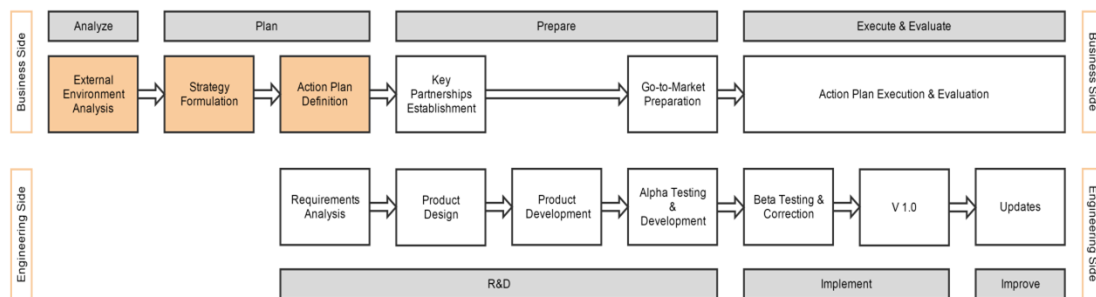
Critical Success Factors	
<b>User Acquisition and Retention</b>	Build a strong consumers' base and guarantee their loyalty.
<b>User Ordering and Purchasing</b>	Guarantee apps usage for ordering and paying, as these activities will leverage revenues.
<b>User Engagement</b>	Assure consumers are active users, as the more they are engaged with the app the more they are likely to be in the future and to encourage others in their scope of friends, family and peers to also engage; thus allowing more data to be generated.
<b>User Experience Design</b>	Guarantee that users navigate seamless, intuitively and easily through the app, as required to assure satisfaction and experience repetition.
<b>Restaurant Penetration</b>	Assure a solid market penetration, particularly crucial at the initial stage to create a usage loop and significant user-base.
<b>Restaurant Promotion of Special Offers</b>	Assure restaurants' ongoing special offers, as it represents the major source of revenues.
<b>Inter-exchange between Business and Engineering</b>	The seamless inter-exchange and coordination between these two fields of expertise are fundamental so that the business succeed. A reciprocal and complementary relation will enable a strong value proposition.

Table 5

## 19. WORK-FLOW

To conclude, it is presented a work flow of activities needed until market implementation. The below chart shows how business and engineering sides interact seamlessly, from analyzing and planning to execution and evaluation from the business field of expertise, and R&D to implementation and improvement from engineering side.

The inter-exchange between these two fields is crucial for Yoodie to succeed.



Graphic 1: Work Flow Chart

## 20. LIMITATIONS

The absence of quantitative studies and statistical base to fundament some of the financial forecast assumptions may jeopardize projections' results. However, given the extensive research and market understanding, assumptions are presumed to be credible, and therefore conclusions on business feasibility and profitability may hold. Nevertheless, in order prevent limitations, a close monitoring and evaluation of CSFs will be followed along the implementation process.



## REFERENCES

---

- Austin, B. (2014, April 10). *The API Revolution [Infographic]*. Retrieved May 10, 2015, from SmartBear: <http://blog.smartbear.com/api-testing/the-api-revolution/#comment-207046>
- Bank of Portugal. (2015). *Projeções Económicas*. Retrieved May 12, 2015, from Banco de Portugal: [https://www.bportugal.pt/pt-PT/EstudosEconomicos/Projecoeseconomicas/Publicacoes/projecoes\\_pt.pdf](https://www.bportugal.pt/pt-PT/EstudosEconomicos/Projecoeseconomicas/Publicacoes/projecoes_pt.pdf)
- Bank of Portugal. (2015, May). *Publicações económicas*. Retrieved May 12, 2015, from Bank of Portugal: [https://www.bportugal.pt/pt-PT/EstudosEconomicos/Publicacoes/BoletimEconomico/Publicacoes/bol\\_econ\\_mai2015\\_p.pdf](https://www.bportugal.pt/pt-PT/EstudosEconomicos/Publicacoes/BoletimEconomico/Publicacoes/bol_econ_mai2015_p.pdf)
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17, 102.
- Court, D., Elzinga, D., Mulder, S., & Vetvik, O. J. (2009, June). The consumer decision journey. *McKinsey Quarterly June*.
- David, F. R. (2011). *Strategic Management: Concepts and Cases*. Florence, South Carolina: Prentice Hall.
- Dudas, M. (2014, Dec 2). *The On-Demand Economy by Numbers*. Retrieved May 8, 2015, from The On-Demand Economy: <http://www.theondemandeconomy.org/news/2014/12/2/the-on-demand-economy-by-the-numbers>
- Economias. (2015). *Economias*. Retrieved May 12, 2015, from Economias: <http://www.economias.pt/taxa-de-irc-2015/>
- European Commission. (2015). *Digital Agenda For Europe*. Retrieved May 11, 2015, from European Commission: <https://ec.europa.eu/digital-agenda/en/digital-europe>
- European Commission. (2015, March 10). *European Commission - Press Release*. Retrieved May 9, 2015, from European Commission: [http://europa.eu/rapid/press-release\\_IP-15-4585\\_en.htm](http://europa.eu/rapid/press-release_IP-15-4585_en.htm)
- Fernandes, J. M. (2011, July 14). *Conquistar um lugar à mesa nas reservas on-line*. Retrieved May 9, 2015, from Jornal de Negócios: [http://www.jornaldenegocios.pt/empresas/pme/detalhe/conquistar\\_um\\_lugar\\_agrave\\_mesa\\_nas\\_reservas\\_on\\_line.html](http://www.jornaldenegocios.pt/empresas/pme/detalhe/conquistar_um_lugar_agrave_mesa_nas_reservas_on_line.html)

- Groupon. (2015). *Groupon Works*. Retrieved May 12, 2015, from Groupon: <http://works.groupon.pt/>
- Ipsos MediaCT. (2013). *Our Mobile Planet: Portugal - Understanding the Mobile Consumer*. Google.
- Jaconi, M. (2014, July 13). *The 'On-Demand Economy' Is Revolutionizing Consumer Behavior - Here's How*. Retrieved May 8, 2015, from Business Insider: <http://www.businessinsider.com/the-on-demand-economy-2014-7>
- Keller, K. L., Apéria, T., & Georgson, M. (2011). Customer-based brand equity. In K. L. Keller, T. Apéria, & M. Georgson, *Strategic Brand Management - A European Perspective* (pp. 53-93). Essex: Prentice Hall.
- Khalaf, S. (2015, January 6). *Shopping, Productivity and Messaging Give Mobile Another Stunning Growth Year*. Retrieved May 21, 2015, from Flurry Insights: <http://flurrymobile.tumblr.com/post/115194992530/shopping-productivity-and-messaging-give-mobile>
- Kim, W. C., & Mauborgne, R. (2005). *Blue Ocean Strategy*. Harvard Business School Press.
- Lai, P. M., & Chuah, K. B. (2010, October). Developing an Analytical Framework for Mobile Payments Adoption in Retailing: A Supply-Side Perspective. *Management of e-Commerce and e-Government (ICMeCG)*, 356-361.
- Lunden, I. (2015, April 14). *India's Restaurant Search App Zomato Raises \$50M At \$1B+ Valuation, Buys MaplePOS*. Retrieved May 5, 2015, from Tech Crunch: <http://techcrunch.com/2015/04/14/zomato-50m-maplepos/#.qmcln5:XstB>
- Marktest. (2014, August). Marktest Telecommunication Barometer. *Smartphone Penetration: Socio-Demographic Profile*. Portugal: Marktest.
- Mehta, J. (2015, January 22). *If you're a Zomato fan, here's what you should know (about Yelp)*. Retrieved May 7, 2015, from Your Story: <http://yourstory.com/2015/01/zomato-yelp/>
- MEO. (2015). *MEO Wallet*. Retrieved May 12, 2015, from Wallet: <https://wallet.pt/>
- MyGon. (2015). *Comerciantes - Atraia Clientes Quando Precisa*. Retrieved May 10, 2015, from MyGon: <https://www.mygon.com/#!/static/comerciantes>
- noMenu. (2015). *Quem Somos*. Retrieved May 12, 2015, from noMenu: <http://www.nomenu.pt/lx1/quem-somos>
- NPD Group. (2014, December 15). *Understanding Changing Consumer Dynamics Will Be Key To Restaurant Industry Growth in 2015, Reports NPD*. Retrieved May

- 21, 2015, from NPD Group:  
<https://www.npd.com/wps/portal/npd/us/news/press-releases/understanding-changing-consumer-dynamics-will-be-key-to-restaurant-industry-growth-in-2015-reports-npd/>
- Oliver, C. (2012, October 3). *Marketing Article Library*. Retrieved May 5, 2015, from AngelSmith: <http://angelsmith.net/integrated-marketing/the-dining-decision-ecosystem-how-diners-choose-restaurants/>
- Osterwalder, A., & Pigneur, Y. (2010). Canvas. In A. Osterwalder, & Y. Pigneur, *Business Model Generation* (pp. 11-52). New Jersey: John Wiley & Sons.
- Passport. (2014). *Consumer Foodservice in Portugal*. Euromonitor International.
- Passport. (2015). *Financial Cards and Payments in Portugal*. Euromonitor International.
- Passport. (2015). *Passport*. Retrieved April 30, 2015, from Passport - Euromonitor International: <http://fesrvsd.fe.unl.pt:2124/portal/>
- PIE Group. (2014). *Quem Somos*. Retrieved May 12, 2015, from Grupo PIE: <http://www.grupopie.com/empresa.html>
- Pimentel, A. (2015, Abril 9). *TripAdvisor comprou uma startup portuguesa. A BestTables*. Retrieved May 7, 2015, from Observador: <http://observador.pt/2015/04/09/tripadvisor-compra-portuguesa-best-tables-nao-mexer/>
- Pinto, M. C. (2014, October 9). *Jovens criam "software" de ementas digitais (e a Pizza Hut já comprou a ideia)*. Retrieved May 11, 2015, from P3 Público: <http://p3.publico.pt/actualidade/economia/14010/jovens-criam-software-de-ementas-digitais-e-pizza-hut-ja-comprou-ideia>
- Pinto, R. (2015, April 10). *Há um ano a "Zomatizar" Portugal*. Retrieved May 7, 2015, from <http://shifter.pt/2015/04/ha-um-ano-a-zomatizar-portugal/>
- Primavera. (2013). *Corporate Governance*. Retrieved May 12, 2015, from Primavera: <http://www.primaverabss.com/pt/UserFiles/Downloads/RelatorioContas2013.pdf>
- ProgrammableWeb. (2015). *ProgrammableWeb*. Retrieved May 10, 2015, from ProgrammableWeb: [http://www.programmableweb.com/category/all/apis?order=field\\_popularity](http://www.programmableweb.com/category/all/apis?order=field_popularity)
- Raize. (2015, March 24). *Os empréstimos coletivos são a nova moda do financiamento nos EUA e na Europa e já valem mais de 13 mil milhões de euros*. Retrieved

May 15, 2015, from Raize Blog: <https://www.raize.pt/blog/nova-moda-emprestimos-coletivos/>

Sales Force. (2014). *2014 Mobile Behavior Report*. Sales Force Marketing Cloud.

Sanders, N. R. (2013). Distribution Strategy. In N. R. Sanders, *Supply Chain Management: A Global Perspective* (pp. 44-45). Bethlehem: John Wiley & Sons.

SEQR. (2015). *SEQR - Uma Forma Mais Inteligente de Pagar*. Retrieved May 12, 2015, from SEQR: <https://www.seqr.com/pt/>

SIMI. (2015). *SIMI*. Retrieved May 11, 2015, from Get SIMI: <https://www.getsimi.com/>

Sinek, S. (2015). *Tools*. Retrieved May 1, 2015, from Start With Why: <https://www.startwithwhy.com/>

Spencer, B. (2013, February 11). *Mobile users can't leave their phone alone for six minutes and check it up to 150 times a day*. Retrieved May 9, 2015, from Daily Mail: <http://www.dailymail.co.uk/news/article-2276752/Mobile-users-leave-phone-minutes-check-150-times-day.html#ixzz3ZkzFu4Yl>

The Economic Times. (2015). *Definition of 'Promotions'*. Retrieved May 27, 2015, from The Economic Times: <http://economictimes.indiatimes.com/definition/promotions>

The Economist. (2015, January 3). *There's an app for that*. Retrieved May 10, 2015, from The Economist: <http://www.economist.com/news/briefing/21637355-freelance-workers-available-moments-notice-will-reshape-nature-companies-and>

TripAdvisor. (2015). *About TripAdvisor*. Retrieved May 10, 2015, from TripAdvisor: [http://www.tripadvisor.com/PressCenter-c6-About\\_Us.html](http://www.tripadvisor.com/PressCenter-c6-About_Us.html)

World Bank Group. (2015). *Ease of Doing Business in Portugal*. Retrieved May 11, 2015, from Doing Business: <http://www.doingbusiness.org/data/exploreeconomies/portugal/#starting-a-business>

## APPENDICES

### I. SMARTPHONE PENETRATION

Smartphone Penetration: 2012-14, Portugal			
	2012	2013	2014
# Smartphone Owners ('000)	2,795	3,613	4,134
% Smartphone Owners (%)	32.5	40.4	46.4
Variation Rate (%)		24.31	14.85

Source: Markttest Telecommunication Barometer, Aug 2014

Base: Mobile Phone Users

Table 1

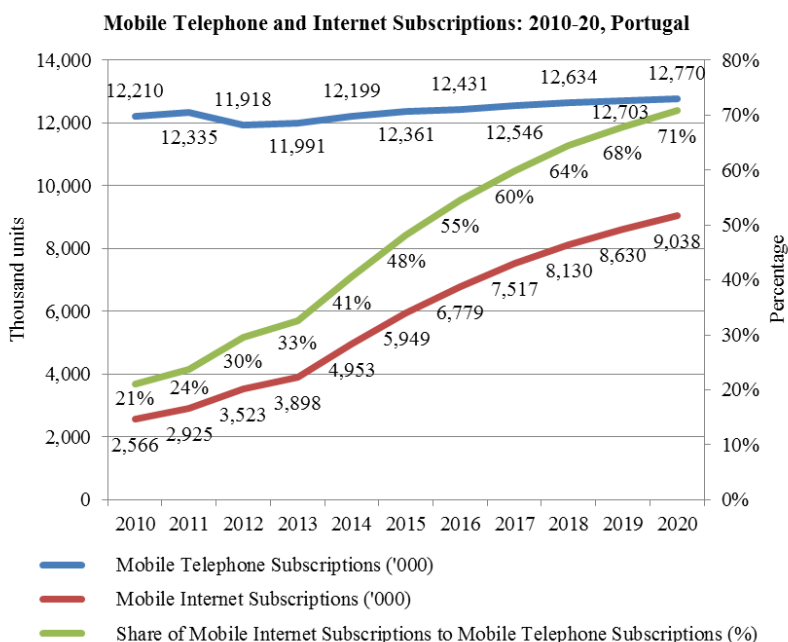
Smartphone Penetration - Socio-Demographic Profile: 2014, Portugal			
By Age (%)		By Geography (%)	
10-14 years	73.5	Great Lisbon	51.4
15-24 years	78.4	Great Oporto	48.0
25-34 years	71.4	North Cost	46.4
35-44 years	56.8	Central Cost	47.3
45-54 years	32.1	Inside Center	40.7
55-64 years	23.9	South	45.6
+64 years	13.1	Islands	43.3

Source: Markttest Telecommunication Barometer, Aug 2014

Base: Mobile Phone Users

Table 2

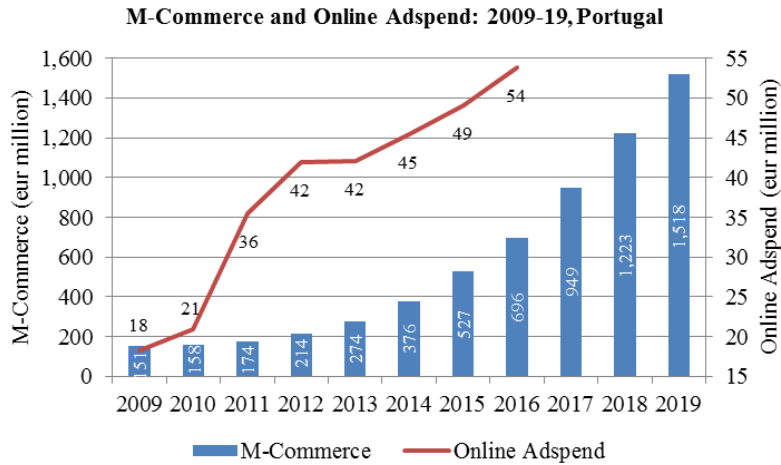
### II. MOBILE TELEPHONE AND INTERNET SUBSCRIPTION



Source: Euromonitor International (International Telecommunications Union/national statistics)

Graphic 1: Mobile and Internet Subscriptions: 2010-20, Portugal (estimates from 2014-20)

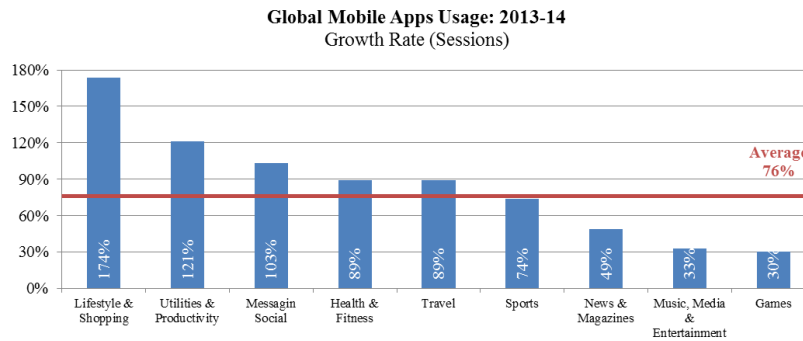
### III. M-COMMERCE AND ONLINE ADSPEND



Source: Euromonitor International (Consumer Finance: Euromonitor from trade sources/national statistics)

Graphic 2: M-Commerce and Online Adspend: 2009-19, Portugal (estimates from 2014-19)

### IV. MOBILE APPS USAGE



Source: Flurry Analytics (Yahoo)

Note: A *sessions* is recorded when a user open an app.

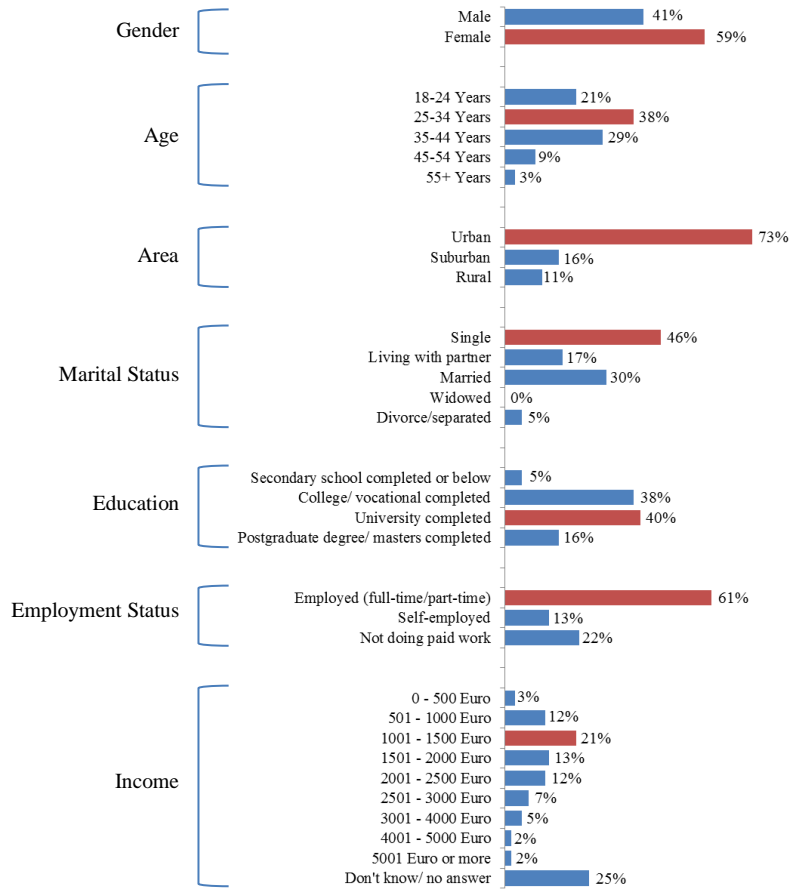
Graphic 3: Global Mobile Apps Usage, 2013-14

### V. SMARTPHONE USER: CONSUMER BEHAVIOR SURVEY

#### a. Research Methodology

The interviews were conducted online, in Q1 2013, to 1,000 Portuguese adults (18-64 years of age) who identified themselves as using a smartphone to access the Internet. A smartphone is defined as "a mobile phone offering advanced capabilities, often with PC-like functionality or ability to download apps".

## b. Demographics



Graphic 4: Consumer Behavior Survey Demographics

## c. Survey Results

Base Q1-Q8: Private smartphone users who use the Internet in general, n= 1,000

Base Q9: Private smartphone users who use the Internet in general and who not purchased via Internet on their smartphone, n= 788

Question 1: To what extent do you agree to each of these statements? (1 means "I completely disagree", 5 means "I completely agree")

I don't leave the house without my smartphone.

Mean	4.2
Top-2-boxes	78%
Bottom-2-boxes	8%

% I would rather give up TV than my smartphone.

Mean	2.8
Top-2-boxes	31%
Bottom-2-boxes	41%

Question 2: Where do you tend to use your smartphone? Please select at which locations you ever use it - even if only seldom.

Home	95%
Cafe or coffee shop	88%
Work	84%

On-the-go (e.g., while commuting, walking)	81%
Restaurant	80%
In a store	73%
At a social gathering/function/event	70%
Public transport	67%
Doctor's office	61%
Airport	58%
School	58%
Somewhere else	4%

Question 3: Thinking about the last seven days, on how many days were you online with your smartphone?

0 days	11%
1 out of 7	9%
2 out of 7	6%
3 out of 7	6%
4 out of 7	4%
5 out of 7	6%
6 out of 7	3%
7 out of 7	54%
Don't know/ no answer	2%

Question 4: Which of the following activities do you do with your smartphone? Please indicate whether you ever do this at all.

Took a photo or video	86%
Browsed the Internet	82%
Emailed (sent or read)	82%
Used a search engine for a general search	76%
Accessed a social network	75%
Looked up directions or used a map	73%
Looked up directions or used a map	73%
Listened to music	72%
Played games	70%
Used a search engine for product search	66%
Watched videos on a video sharing website (e.g., YouTube.com)	66%
Read news on newspaper or magazine portals	66%
Used an application (app)	64%
Reviewed websites, blogs or message boards	60%
Searched for restaurants or pubs/bars	50%
Downloaded or bought ringtones, wallpaper, applications (apps) or other content	48%
Did online-banking or other finance related activities	45%
Searched for travel-information or holidays	41%
Tethered to a computer (connected a computer to the Internet via my smartphone)	37%
Purchased a product or service	35%
Searched for job-offers	33%
Searched for a flat or house	31%
Used online/mobile coupons for shopping	24%
Watched full episodes of TV programme online	24%
I do not do any of these activities with my smartphone	2%
Other activities	1%
Stay Informed (net)	76%
Entertainment (net)	93%



Communication (net)	88%
Search (net)	86%
Video (net)	67%

Question 5: How many apps do you currently have on your smartphone? If you are not sure please take a quick look at your phone or give your best estimate.

Average (excl. 0)	24.2
Average (incl. 0)	24.1

Question 6: And of the apps you currently have installed on your smartphone, how many have you used actively in the last 30 days?

Average (excl. 0)	9.9
Average (incl. 0)	9.8

Question 7: And of the apps you currently have installed on your smartphone, how many have you purchased for a certain amount in an app distribution platform such as Apple App Store and Google Play?

Average (excl. 0)	9.9
Average (incl. 0)	4.8

Question 8: Have you ever purchased a product or service over the internet on your smartphone? With product or service we mean everything you can buy excluding apps.

Yes	21%
No	79%

Question 9: Why have you not made a purchase using your smartphone?

Screen size is too small	33%
Cannot trust credit card security on mobile device	33%
It takes too much time to open the web site page	27%
Hard to compare prices and options	24%
Cannot see detailed product/service information	22%
Mobile online access tend to be interrupted	16%
Not used to smartphone interface	15%
Hard to type	14%
Other	14%
Information is not rich enough	12%
Battery life is short	6%

Source: Google in partnership with Ipsos MediaCT, 2013

## VI. MOBILE PHONE AND TABLET M-COMMERCE

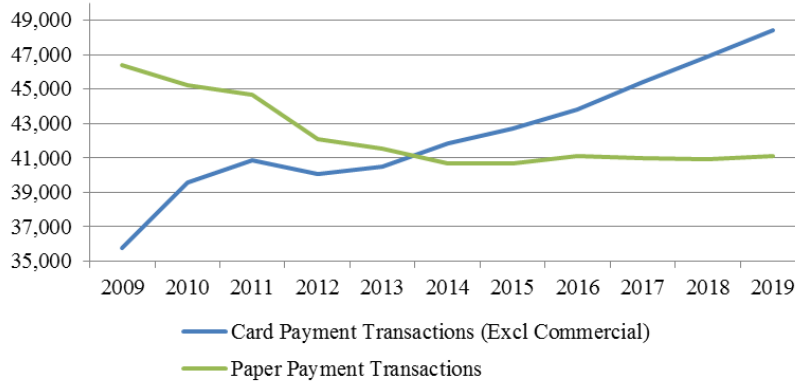
M-Commerce: 2013-19, Portugal (eur million)							
	2013	2014	2015	2016	2017	2018	2019
Mobile Phone M-Commerce	177.9	242.2	345	470.7	657.2	869.2	1,073.60
Variation (%)		36.1	42.4	36.4	39.6	32.3	23.5
Tablet M-Commerce	95.8	133.7	174.9	206.2	250.8	278.7	325
Variation (%)		39.6	30.8	17.9	21.6	11.1	16.6

Source: Euromonitor International

Table 3

## VII. CONSUMER PAYMENTS BY CATEGORY

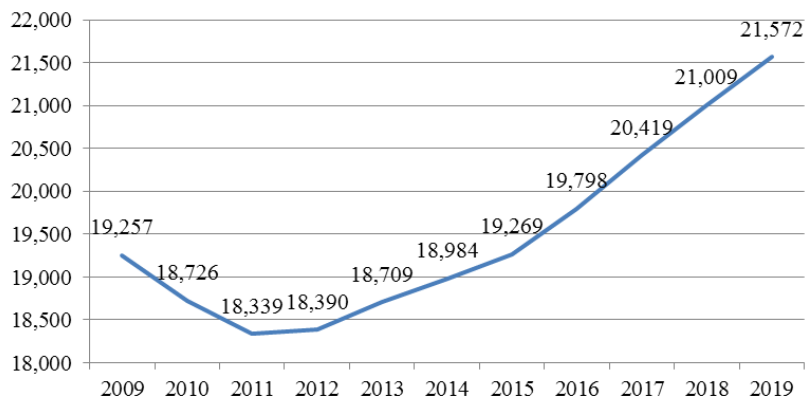
**Consumer Payments by Category: 2009-2019, Portugal**  
(eur million)



Source: Euromonitor International

Graphic 5: Consumer Payments by Category: 2009-2019, Portugal

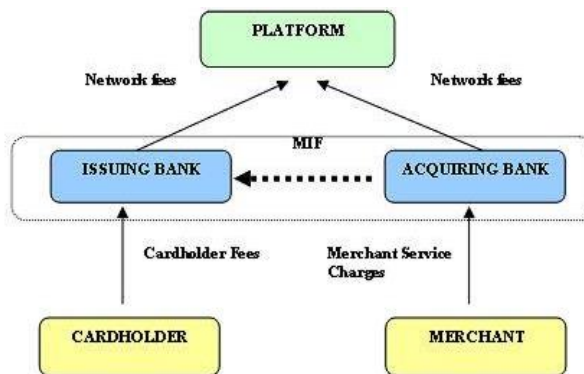
**Electronic Direct/ACH Transactions: 2009-2019, Portugal**  
(eur million)



Source: Euromonitor International

Graphic 6: Electronic Direct/ACH Transactions: 2009-2019, Portugal

## VIII. BANKS AND PAYMENT CARD SCHEMES



Source: European Commission

Figure 1: Illustration of the operation of a four-party scheme

### a. Explanation

For each transaction the retailer/merchant pays a fee to its bank called a Merchant Service Charge (MSC) – the acquiring bank pays the merchant the sales price after deduction of the MSC. Most of this MSC is made up of the multilateral interchange fee (MIF) – other elements include a card scheme fee (network fee) and a fee paid by merchant for the services of the acquiring bank. The MIF are multilaterally agreed fees payable between the Payment Service Providers (PSPs) of the payer/consumer and of the payee/merchant. The MIF is then passed on by the bank of the merchant to the bank of the cardholder. In competition enforcement proceedings it has been found that interchange fees thus act as a minimum price floor and determine to a large extent (in general 70% or more) the price charged by PSPs to merchants for card acceptance.

### b. Definitions

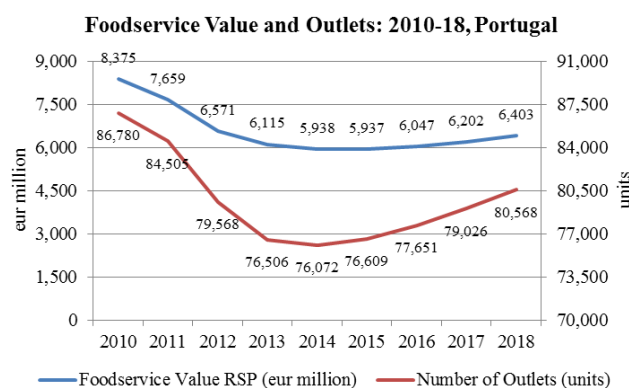
- Platform: the payment card scheme (*Visa, Mastercard, etc.*).
- Acquiring bank: the bank that serves the store.
- Issuing bank: the bank that issued the payment card to the consumer.

## IX. EASINESS OF STARTING A BUSINESS: MEASURES

Easiness of Starting a Business: Measures		
Indicator	Portugal	OECD
Procedures (number)	3.0	4.8
Time (days)	2.5	9.2
Cost (% of income per capita)	2.3	3.4
Paid-in min. capital (% of income per capita)	0.0	8.8

Source: World Bank Group: Doing Business – Measuring Business Regulation  
Table 4

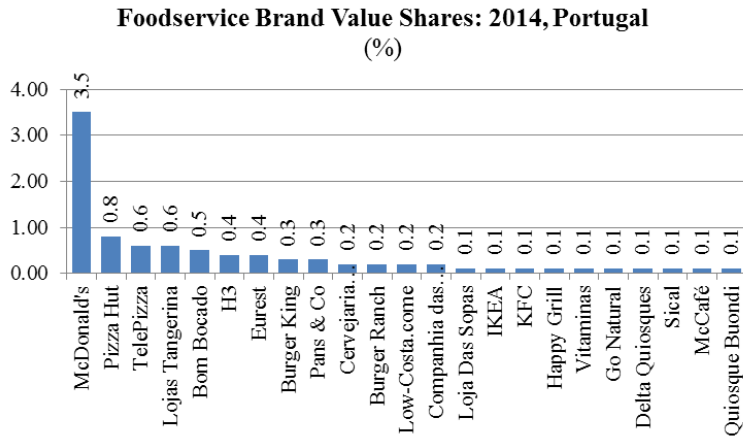
## X. FOODSERVICE VALUE AND NUMBER OF OUTLETS



Source: Euromonitor International

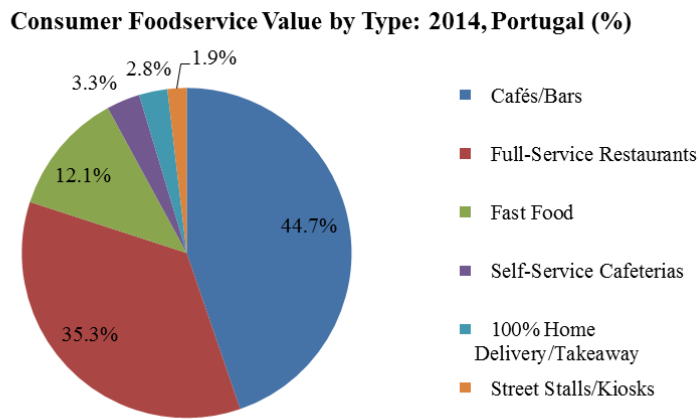
Graphic 7: Foodservice Value and Outlets: 2010-18, Portugal

## XI. FOODSERVICE COMPETITORS: MARKET SHARE



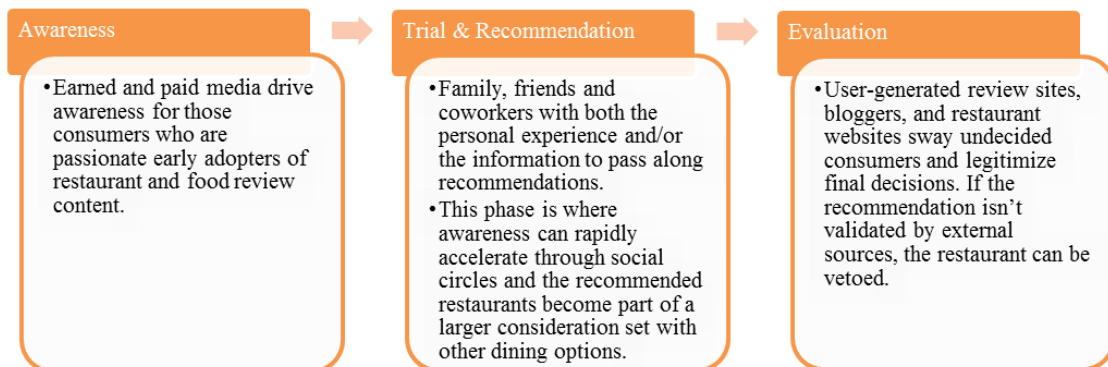
Graphic 8: Foodservice Brand Value Shares: 2014, Portugal  
Source: Euromonitor International

## XII. FOODSERVICE MARKET SEGMENTATION



Source: Euromonitor International  
Graphic 9: Consumer Foodservice Value by Type: 2014, Portugal

## XIII. DINING DECISION ECOSYSTEM (DDE)



Source: AngelSmith  
Figure 2: Dining Decision Ecosystem

## XIV. COMPETITIVE LANDSCAPE OVERVIEW

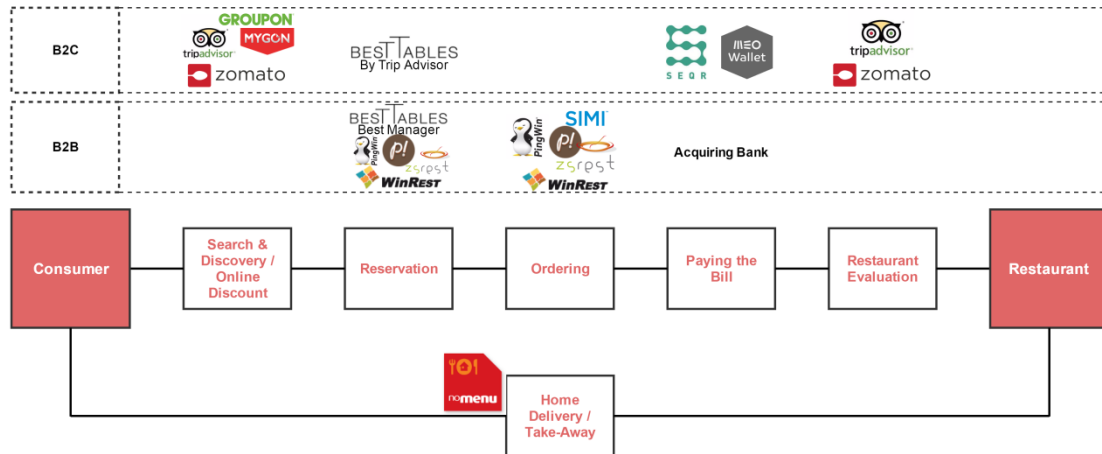


Figure 3: Value chain of the tech-foodservice industry

## XV. PLAYERS STRENGTHS AND WEAKNESSES

### Search & Discovery and Online Discount: Players Strengths and Weaknesses

Player	Strengths	Weaknesses
<b>Zomato</b>	<ul style="list-style-type: none"> <li>Scaling capabilities and agility                             <ul style="list-style-type: none"> <li>Business processes (22 countries since 2008, Lisbon since 2014, already expanding to Oporto)</li> <li>Business segments (in Portugal, already integrates <i>foodie</i><sup>28</sup> social network, and soon will integrate table reservation, mobile payment and home delivery)</li> <li>Technology</li> </ul> </li> <li>Innovative culture and talented human resources (in Lisbon, 35 people team)</li> <li>Market approach (growth through vertical integration and also <i>white spaces</i> development, platform updates every 90 days)</li> <li>Consumers engagement (in Lisbon, over 1 million visits per month, 300 reviews a day)</li> <li>Access to capital and financial capabilities</li> <li>Leadership with clear vision: provide end-to-end tech to the restaurant industry (already acquired a B2B cloud POS)</li> </ul>	<ul style="list-style-type: none"> <li>Technology bugs (start-up)</li> <li>Business model dependency on foodservices willingness to pay for advertisement and advisory services, a practice that is just starting</li> <li>Lack of trust on reviews</li> </ul>
<b>Trip Advisor</b>	<ul style="list-style-type: none"> <li>Scaling capabilities (45 countries)</li> <li>Brand reputation and awareness</li> <li>Clear scope: user-generated travel site to plan and book the perfect trip</li> <li>Integration of R&amp;Rs with reservation feature, addressing consumers' need for convenience (recent acquisition of Portuguese BestTables)</li> <li>Business model relying on hotels, restaurants and attractions advertisement</li> <li>Access to capital (publicly traded)</li> </ul>	<ul style="list-style-type: none"> <li>Lack of trust on reviews</li> </ul>

<sup>28</sup> A foodie is a person who is especially interested in food and alcoholic beverages, and that seeks for new food experiences as a hobby rather than simply eating out of convenience or hunger.

<b>Groupon</b>	<ul style="list-style-type: none"> <li>Scaling capabilities (48 countries, in Portugal present in 17 cities)</li> <li>Brand reputation and awareness</li> <li>Wide and selective offering (several categories, few deals)</li> <li>Business model relying on merchants' fee for sold deal</li> <li>Access to capital (publicly traded)</li> <li>First mover advantage</li> </ul>	<ul style="list-style-type: none"> <li>Deals not profitable for merchants</li> <li>Lack of consumers' loyalty (easily switch for better deals)</li> </ul>
<b>MyGon</b>	<ul style="list-style-type: none"> <li>Business model adapted to merchants' needs (fee per sent client or Price Per Click-PPC)</li> <li>Convenient usage (consumers reserve through the platform and just pay to the merchant, after receiving the service)</li> <li>Support from several institutions, such as Startup Lisboa, QREN, Compete and EU</li> </ul>	<ul style="list-style-type: none"> <li>Low financial capacity (start-up)</li> <li>Lack of brand awareness</li> </ul>

Table 5

### Reservation: Players Strengths and Weaknesses

Player	Strengths	Weaknesses
<b>BestTables</b>	<ul style="list-style-type: none"> <li>International presence (Portugal and Brasil)</li> <li>Convenient usage (reserve online, access special offers)</li> <li>Free management software for merchants (BestManager)</li> <li>Brand umbrella from TripAdvisor</li> </ul>	<ul style="list-style-type: none"> <li>Business model dependency on foodservices willingness to pay for getting reservations</li> </ul>

Table 6

### Home Delivery/ Take-Away: Players Strengths and Weaknesses

Players	Strengths	Weaknesses
<b>noMenu</b>	<ul style="list-style-type: none"> <li>First mover in Portugal</li> <li>Industry know-how (founded in 1998)</li> <li>Logistics network</li> <li>Merchants extra source of revenue</li> <li>Restaurants base (100 in Lisbon, 400 in Portugal)</li> </ul>	<ul style="list-style-type: none"> <li>Lack of technology advancement (not on app, no online payment)</li> <li>Business model relies on charging end-consumer an extra fee (between €2 and €10) for the service</li> </ul>
<b>FoodPanda (not in Portugal)</b>	<ul style="list-style-type: none"> <li>Global presence (40 countries, over 580 cities)</li> <li>Technology capabilities</li> <li>Restaurants diversity regarding type of food, price, quality, location,</li> <li>Financial access (Rocket Internet, Goldman Sachs)</li> <li>Local logistics network and integration with restaurants own distribution</li> <li>No extra costs for consumer (same menu prices as at the restaurant)</li> <li>Business model relying on fee per ordering, supported by the merchants</li> <li>Convenient usage (search, order and pay)</li> </ul>	<ul style="list-style-type: none"> <li>Only present in emergent countries, not being able to scale to developed countries</li> </ul>

Table 7

### Ordering at the Restaurant: Players Strengths and Weaknesses

Players	Strengths	Weaknesses
<b>PIE Group (WinRest and PingWin)</b>	<ul style="list-style-type: none"> <li>• Brand reputation</li> <li>• Restaurants loyalty (95% of the Portuguese and Angolan markets)</li> <li>• Industry know-how (founded in 1995)</li> </ul>	<ul style="list-style-type: none"> <li>• Business model relies on fixed fee plus variable maintenance fee charged to merchants</li> </ul>
<b>Primavera</b>	<ul style="list-style-type: none"> <li>• Brand awareness</li> <li>• Industry know-how (founded in 1993)</li> <li>• Different solutions adapted to businesses' needs (free software for businesses starting)</li> <li>• Innovation (accessibility through different devices)</li> <li>• End-consumer solution (mobile app to search, self-order, reserve a table, write reviews, etc., compatible with the POS)</li> <li>• Reduced costs for merchants (compatibility with Widows and Linux, no hardware needed)</li> <li>• Clear vision: future POS is a fully integrated software, satisfying both clients and restaurant needs</li> </ul>	<ul style="list-style-type: none"> <li>• Market share (6% of HORECA segment)</li> <li>• Only seven restaurants listed on consumer's app (Pssst!)</li> <li>• Low reach of B2C solution</li> </ul>
<b>ZSRest</b>	<ul style="list-style-type: none"> <li>• Technology innovation (cloud storage)</li> <li>• Merchants' convenient usage (online back-office management, connection of all the restaurant gadgets (PDA, CPT, tablets, etc.))</li> <li>• Consumers' convenient usage (digital menu with self-ordering, POS integration with mobile payments' Meo Wallet and SEQR Wallet)</li> </ul>	<ul style="list-style-type: none"> <li>• Market penetration</li> </ul>
<b>SIMI</b>	<ul style="list-style-type: none"> <li>• Design (food presented through appealing photos, suggesting combinations)</li> <li>• Consumers' convenient usage (allow ordering, calling the waiter or asking for the bill in one tablet)</li> </ul>	<ul style="list-style-type: none"> <li>• Limited innovation</li> <li>• Business model lying on the merchants willingness to pay a monthly fee for the hardware</li> </ul>

Table 8

### Paying the Bill: Players Strengths and Weaknesses

Players	Strengths	Weaknesses
<b>SEQR</b>	<ul style="list-style-type: none"> <li>• Consumers' convenient usage (pay in-store and online through direct debit, send money peer-to-peer, control e-receipts, access merchants' offers, aggregate loyalty programs)</li> <li>• Merchants' savings (reduces 50% transaction costs vs. card payment)</li> <li>• Agreements with several POSs and restaurant chains</li> <li>• Allows paying abroad without changing anything (due to SEPA)</li> </ul>	<ul style="list-style-type: none"> <li>• Only allow purchases until €250 (already solving this issue)</li> </ul>
<b>MEO Wallet</b>	<ul style="list-style-type: none"> <li>• Consumers' convenient usage (pay in-store and online, send money peer-to-peer, control e-receipts, aggregate loyalty programs)</li> <li>• Merchants' savings (only pay 0.3% + VAT, with a minimum commission of €0.01)</li> <li>• Agreements with POSs</li> </ul>	<ul style="list-style-type: none"> <li>• Payments only if wallet is charged</li> </ul>

Table 9

## XVI. PORTER'S FIVE FORCES

This framework allows a systematic view on the forces that determine the profitability of an industry and shape a firm's competitive strategy.

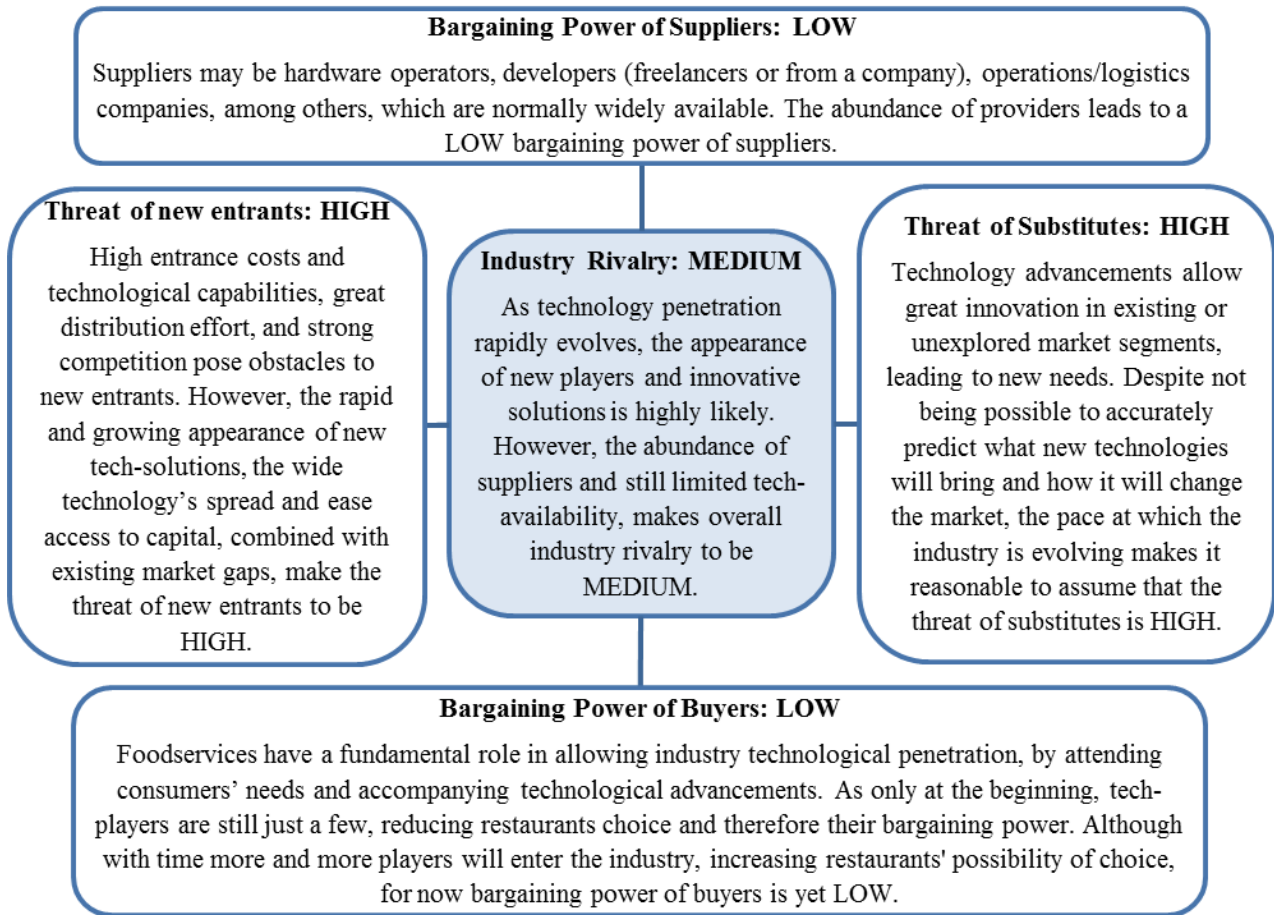


Figure 4: Porter's Five Forces



## XVII. GENERATIONS CHARACTERIZATION

Linked with demographic criterion of age, consumers can be characterized by Generation. However, Generation is not only linked with age, but also with all other segmentation dimensions, being then transversal to all criteria. In this case, the target belongs to late Generation X and to Generation Y a.k.a. Millennials.

<b>Generations Characterization</b>	
<b>Generation X (1960s-80s)</b>	From early 1960s to early 1980s, this Generation grew up in a time of economic, political and social changes, and is characterized for assimilating technology easily and seamlessly and although at the peak of spending, have a cautious and conservative financial approach. Gen X is time starved, so solutions that save time are key for long term success with this group.
<b>Generation Y/ Millennials (1980s-2000s)</b>	Born from early 1980s to early 2000s, Millennials are growing on the digital era with internet, mobile computing, social networks, and streaming media on their smartphones. They are highly technology dependent, which makes them early adopters of technology and the ones who move it forward. They are heavily influenced by friends and social communities, and their financial philosophy is “earn to spend”. To achieve success with this generation and effectively reach them, it is critical that brands/ products create touchpoints that combine physical and virtual.

Table 10

## XVIII. SEGMENTATION OVERVIEW: TARGET CONSUMER

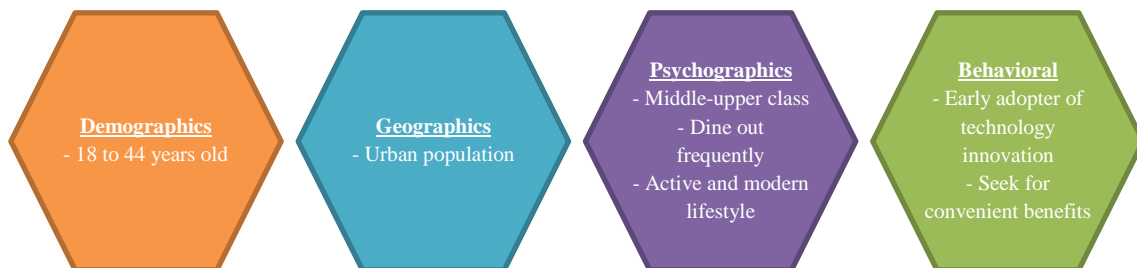


Figure 5: Segmentation Overview – Target Consumer

## XIX. RESTAURANT PROCEDURES PRE- AND POST-YOODIE IMPLEMENTATION

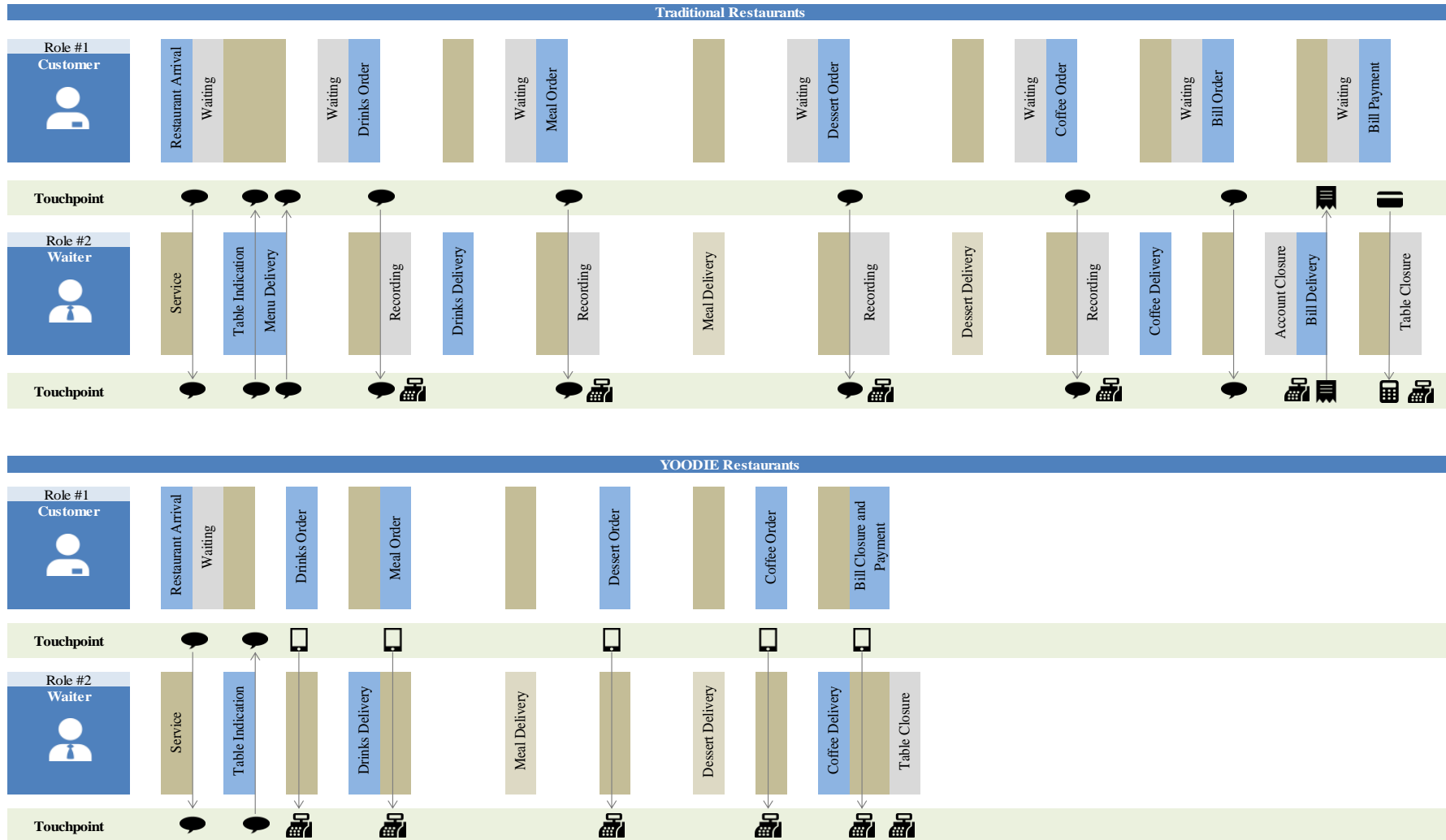


Figure 6: Restaurant Procedures per- and post- Yoodie Implementation

## XX. BRAND LOGOTYPE



Figure 7: Brand Logotype

## XXI. PRODUCT MODULES

### a. Search & Discovery Module

- Search: this is the landing page when not at a restaurant. On top, there is a box with the weekly special offers. Then, the remaining restaurants are organized by collections (e.g. brunch time, terraces, etc.), and has several filtering options (e.g. type of food/foodservice, cost, distance, Wi-Fi, etc.). When the search results are showed, restaurants appear in a default sequence, through a smart algorithm that combines restaurants' number of views, location (nearby), and overall rating.

- Special offers: this section allows restaurants to market their promotions and discounts, which are only redeemed if the consumer orders and pays through the app.

- Feed: in this section the consumer can see friends' activities on the app, including R&Rs, photos uploaded, check-ins at restaurants, and also private recommendations.

- Personal area: here the consumers can access to their purchases historic and e-receipts, restaurants visited and saved to favorite, loyalty achievements and credit levels, and also their social network profile.

### b. Restaurant Module

- About: detailed information on the restaurant, including map and directions, specialties, opening time, average cost, Wi-Fi availability, among others. Other relevant information can be included at the merchant's discretion.

- Menu: digital menu with dishes' photo, description, overall rating, number of reviews and number of photos uploaded that can be seen only if clicked, price and ordering option.

- Photos: all users' uploaded photos from the restaurant or dishes, with "like" and "comment" options.

- Comments: all users' R&Rs.

- Favorite button: add to favorites' option.

- Side bar: this is always present along the different windows of the Restaurant Module. When consumers have already checked-in the restaurant, the side-bar shows the options of order status and pay the bill. If haven't, it has the options of call and check-in.

## XXII. FINANCIAL FORECAST

### a. Statistical Information

<b>FSRs Projections: 2016-18, Portugal</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
Value RSP (eur million)	2,030	2,054	2,083
Units/Outlets (units)	19,583	19,794	20,033
Number of Transactions (thousand)	98,964	99,375	99,785
Value per outlet (eur thousand)	103.67	103.75	103.97
Value per transaction (eur)	20.51	20.67	20.87

Source: Euromonitor International (projections)

Table 11

<b>Foodservice Value and Number of Outlets: 2012, Great Lisbon</b>		
<b>(% of Total National)</b>		
	<b>Value</b>	<b># Outlets</b>
<b>Great Lisbon</b>	31.9%	18.5%
Lisbon	15.7%	7.0%
Sintra	2.8%	2.8%
Cascais	3.0%	1.9%
Oeiras	2.4%	1.3%
Loures	2.1%	1.5%
Amadora	3.5%	1.3%
Odivelas	0.9%	1.0%
Vila Franca de Xira	0.8%	1.0%
Mafra	0.7%	0.7%

Source: INE 2012 (last available data)

Table 12

<b>Population: 2011, Great Lisbon</b>	
<b>(% of Total National)</b>	
<b>Great Lisbon</b>	19.3%
Lisbon	5.2%
Sintra	3.6%
Cascais	2.0%
Oeiras	1.6%
Loures	1.9%
Amadora	1.7%
Odivelas	1.4%
Vila Franca de Xira	1.3%
Mafra	0.7%

Source: INE 2011 (last available data)

Table 13

<b>Population from Target Consumer: 2011</b>	
<b>(% of Total National)</b>	
<b>Great Lisbon</b>	7.3%
Lisbon	1.8%
Sintra	1.4%
Cascais	0.7%
Oeiras	0.6%
Loures	0.7%
Amadora	0.6%
Odivelas	0.5%
Vila Franca de Xira	0.5%
Mafra	0.3%

Source: INE 2011 (last available data)

Table 14

## b. Calculus based on statistical information

	FSRs Value, Outlets and Transactions: 2016-2018, Great Lisbon														
	2016					2017					2018				
	Value RSP (eur million)	# Outlets (units)	# Trans. (thous)	Value/ outlet (eur thous)	Value/ trans. (eur)	Value RSP (eur million)	# Outlets (units)	# Trans. (thous)	Value/ outlet (eur thous)	Value/ trans. (eur)	Value RSP (eur million)	# Outlets (units)	# Trans. (thous)	Value/ outlet (eur thous)	Value/ trans. (eur)
<b>Great Lisbon</b>	647	3,627	19,137	178	33.8	654	3,667	19,217	178	34.0	664	3,711	19,296	179	34.4
Lisbon	318	1,373	5,132	232	61.9	322	1,388	5,153	232	62.4	326	1,404	5,175	232	63.0
Sintra	58	551	3,540	104	16.3	58	557	3,555	105	16.4	59	564	3,570	105	16.6
Cascais	60	376	1,935	161	31.3	61	380	1,943	161	31.5	62	385	1,951	161	31.8
Oeiras	48	246	1,613	196	29.8	49	248	1,619	196	30.1	49	251	1,626	196	30.4
Loures	42	292	1,921	145	22.0	43	295	1,929	145	22.2	43	299	1,937	145	22.4
Amadora	70	253	1,641	278	42.9	71	256	1,648	278	43.2	72	259	1,655	279	43.6
Odivelas	18	205	1,354	90	13.6	19	207	1,360	90	13.7	19	210	1,366	90	13.8
Vila Franca de Xira	17	202	1,283	83	13.0	17	204	1,288	83	13.1	17	206	1,293	83	13.3
Mafra	15	130	719	115	20.8	15	131	721	115	21.0	15	133	724	115	21.2

Table 15

In order to calculate the variables from Table 15, several calculus and assumptions were made:

### *Calculus*

- (1) Value: to define the value of FSRs in each city, “*Value*” percentages from Table 12 were applied to “*Value RSP*” data from Table 11.
- (2) Number of Outlets: to define the FSRs number of outlets in each city, “*# Outlets*” percentages from Table 12 were applied to “*Units/Outlets*” data from Table 11.
- (3) Number of Transactions: to define FSRs number of transactions in each city, population was used as a proxy. Therefore, to define the FSRs number of transactions in each city, “*Population*” percentages from Table 13 were applied to “*Number of Transactions*” data from Table 11.
- (4) Value per Outlet: By dividing the variables (1) and (2), it was calculated the average “*Value/Outlet*”.
- (5) Value per Transaction: By dividing the variables (1) and (3), it was calculated the average “*Value/transaction*”.

### *Assumptions*

- The value contribution by city remains constant throughout the years.
- The number of outlets proportion by city remains constant throughout the years.
- The population proportion by city remains constant throughout the years.
- The number of transactions is proportional to population density.

<b>FSRs # Transactions from target universe: 2016-18</b>			
<b>(thousand)</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Great Lisbon</b>	7,198	7,227	7,257
Lisbon	1,815	1,822	1,830
Sintra	1,415	1,421	1,427
Cascais	711	714	717
Oeiras	582	585	587
Loures	722	725	728
Amadora	608	611	613
Odivelas	535	537	540
Vila Franca de Xira	519	521	524
Mafra	289	290	291

Table 16

The values from Table 16 were calculated based on the following calculus, given that previous assumptions hold:

- (6) Number of Transactions from Target Consumer: To define FSRs number of transactions from target consumer in each city, target population was used as a proxy. Therefore, “*Population from Target Consumer*” percentages from Table 14 were applied to “*Number of Transactions*” data from Table 11.

### c. Revenues Stream

As defined in Business Model section, there are three sources of revenues, namely (i) fee charged per transaction, (ii) fee charged per click on special offer (likewise Google Adwords PPC), and (iii) income from consumers’ database. For each revenue stream, there are key assumptions:

<b>Source of Revenues</b>	
Fee per Transaction (%)	0.10%
Fee per Click (eur)	0.15
Fee per database (eur/month)	200

Table 17

#### *Fee per Transaction*

Fee per transaction was set assuming it has to be lower than what merchants face currently with payments through debit and credit cards. According to field research<sup>29</sup>, it was concluded it rounds 1%. Therefore, and considering a partnership with a mobile payment processing operator, which charges around 0.50%, the fee was set at 0.10%, so that the merchants pay a total of 0.60%.

<sup>29</sup> It was asked four full service restaurants with different dimensions, how much they pay per transaction; all answered around 1%.

### *Fee per Click*

The fee per click was set at €0.15, to assure restaurants invest on special offers. This value is sufficiently high to allow significant revenue flows, and at the same time logically lower than Google AdWords<sup>30</sup>.

### *Fee per Database*

The fee per database was established considering an annual price of €2,400, as Yoodie will have the monopoly regarding consumer eating habits at restaurants.

### *Key assumptions for calculating revenues*

- Consumers' penetration rate respects the Diffusion of Innovation theory (Rogers, 1995). Therefore, in the first year on each city, it is assumed that only innovators (2.5%) and early adopters (13.5%) will use the app; in the second year, the base will also include early majority (34%); and in the third year, the late majority (34%). Therefore, it is expected that after three years in one city, 84% of target consumers are using the app.
- For foodservices' adoption rate, qualitative research (2010) suggests that several factors affect merchant adoption of mobile payments, namely consumer attitudes, market drivers, provider forces, and organizational enablers (Lai & Chuah, 2010). Therefore, to calculate the adoption rate, it was assumed that the four forces have equal weights on the adoption decision, and assigned a percentage to each factor depending on the level of readiness to adopt technology. The final result is an initial adoption rate of 57% that is assumed to increase 5% year-on-year.

Foodservice Adoption Rate	Year 1	Year 2	Year 3
Market Drivers	70%	75%	80%
Provider Forces	80%	85%	90%
Organizational Enablers	16%	21%	26%
Consumer Attitudes	60%	65%	70%
Average	57%	62%	67%

Table 18

Given (a), (b) and (c), the following key variables were calculated:

KEY VARIABLES (units except when indicated)	Year 1	Year 2	Year 3
# of Restaurants Implemented	776	1,523	2,297
Variation (%)		96%	51%
# of Consumers Acquired	17,625	74,028	167,800
Variation (%)		320%	127%
# Transactions	290,340	1,346,357	3,334,159
# Transaction/Consumer	16.47	18.19	19.87
Average Value/Transaction (eur)	62	40	34
Total Value of Transactions (eur)	17,982,547	53,722,239	114,660,672

Table 19

<sup>30</sup> Refer to <http://www.adgooroo.com/resources/blog/adwords-cost-per-click-rises-26-between-2012-and-2014/> regarding Google AdWords PPC for industry.

- It was assumed every user visits Yoodie on average once per week.
- From weekly users, 80% visits the Special Offers (SOs) menu.
- From the above, it is expected that 50% click on SO.
- A consumer who clicks on SOs, do it 2 times.
- These assumptions are assumed to hold throughout the forecast period.

Special Offers (SO) Assumptions	Year 1	Year 2	Year 3
# Visits per person per week	1.0	1.0	1.0
% Visits to SO	80%	80%	80%
% Consumers who visit, that also click on SO	50%	50%	50%
# Clicks per consumer who clicks on SO	2.0	2.0	2.0

Table 20

- The percentage of restaurants that is expected to buy database is a minority, defined as 5%.

### *Expected Revenues*

Given these assumptions, the Revenues are as follows:

REVENUES (eur)	Year 1	Year 2	Year 3	TOTAL
Payments Fees	17,983	53,722	114,661	186,365
Special Offers Fee	109,981	461,936	1,047,074	1,618,991
Consumer Database	93,072	182,785	275,646	551,502
<b>TOTAL REVENUES</b>	<b>221,035</b>	<b>698,443</b>	<b>1,437,380</b>	<b>2,356,858</b>

Table 21

### d. Expenditure Stream

As defined in Business Model section, there are six main sources of revenues, namely (1) R&D, including developers salary and hardware; (2) equipment, including office equipment, servers, and 3G cards and pens; (3) restaurant acquisition cost, involving the fieldwork; (4) consumer acquisition cost that implies all Marketing expenses; (5) employees' salaries; and (6) consumers initial bonus. For each expenditure stream, key assumptions are summarized on the table below:

	SOURCE OF EXPENSES (eur)		
	Annually	Monthly	Daily
Developers' & Employees' Salary (eur)	n.a.	1,000	n.a.
Sales Team Salary	n.a.	n.a.	n.a.
Fix (eur)	n.a.	500	17
Variable per accomplished objective (eur)	n.a.	150	5
<b>Marketing Activities Expenses</b>			
In-Restaurant (eur/restaurant)	40	n.a.	n.a.
Digital Campaign (eur/year)	7,000	n.a.	n.a.
Creative Agency (eur/year 1)	1,000	n.a.	n.a.
Creative Agency (eur/years 1 and 2)	5,000	n.a.	n.a.
Consumers' Bonus (eur/consumer)	3.0	n.a.	n.a.



Price of 3G Card (eur/pen)	72.0	6	n.a.
Transmitter/receiver USB device	48	4	n.a.

Table 22

- Cost of 3G Card and Transmitter/receiver were set based on average market values from Vodafone, MEO and NOS.
- Cost of ongoing digital campaign was calculated based on other small companies average annual spending.

### *Key Assumptions for Calculating Expenditures*

- Number of employees is expected to grow according to bellow table, given the increasingly growing number of customers (end-consumers and foodservices):

# EMPLOYEES (units)	Year 0	Year 1	Year 2	Year 3
Management Team	2	2	2	2
Total Employees	-	4	6	8
Account Managers	-	2	3	4
Financial & Operational Managers	-	1	2	3
Developers	-	1	1	1

Table 23

The management team is composed by one manager and one developer. Therefore, for year 1, developers for R&D will be externally hired, only to assure the initial development. Once Yoodie passes the beta phase, it will be hired one developer to support the managing-developer.

- Regarding R&D, the assumptions are as follows:

Product Development Assumptions	
# Months for R&D	3
# Developers needed for R&D Phase	3
# Months for Beta testing	2
# Developers needed for Beta testing phase	1

Table 24

- Regarding fieldwork, assumptions are indicated on Table 25:

Fieldwork Assumptions	
# Days to acquire target restaurants	30
# Restaurants visited per day per person	6
# People achieving daily objective	85%
#Days to Implement in all target restaurants	30
# Restaurants implemented/technical team/day	4
# People achieving daily objective	95%

Table 25

### *Expected Expenditures*

Given these assumptions, the Expenditures are as follows:

<b>EXPENSES (eur)</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>TOTAL</b>
<b>Research and Development</b>	12,000	1,000	1,000	1,000	15,000
<b>Equipment</b>	1,000	96,272	187,556	282,015	566,842
<b>Fieldwork</b>	8,938	17,126	25,235	31,420	82,719
<b>Marketing Activities Expenses</b>	32,024	72,928	103,882	128,484	337,318
<b>Employees' Salaries</b>	-	4,000	5,964	7,962	17,926
<b>Consumer Initial Credit</b>	-	52,875	169,209	281,316	503,401
<b>TOTAL EXPENSES</b>	<b>53,962</b>	<b>244,201</b>	<b>492,846</b>	<b>732,197</b>	<b>1,523,206</b>

Table 26

### e. Financial Forecast

By putting together both expected revenues and expenditures, the result is the below financial forecast:

<b>Financial Overview</b>				
	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
# Consumers (units)		17,625	74,028	167,800
# Restaurants (units)		776	1,523	2,297
# Employees (units)		4	6	8
Revenues (eur)		221,035	698,443	1,437,380
Expenses (eur)	- 53,962	- 244,201	- 492,846	- 732,197
<b>Operating Profit (eur)</b>	<b>- 53,962</b>	<b>- 23,166</b>	<b>205,597</b>	<b>705,183</b>
<b>Gross Margin (%)</b>		<b>- 10.5</b>	<b>29.4</b>	<b>49.1</b>
Investment Needed (eur)	77,128			
Operating Profit ROI (%)	n.a.	- 130	167	814

Table 27

## **XXIII. SUCCESS MEASUREMENTS**

### **a. Consumers acquisition and retention**

- User acquisition: either from organic search, paid advertisements, word of mouth or restaurant recommendation, it is essential to understand how existing users found the app in order to optimize acquisition efforts.
- Retention rate: the app's retention rate, specifically the one-, seven- and 30-day retention rates, is an accurate indicator of its quality, longevity and market viability.

### **a. User ordering and purchasing**

- Number of Orders/Purchases ratio: by understanding the drivers of this ratio, it is possible to increase it and reach the full app potential.
- Value purchases: by knowing the value of several consumers it is possible to identify key segments of successful users and of the ones who need improvement.
- Average revenue per user (ARPU): to measure individual contribution for the app's business, and assess the profitability of current users' base.

### **a. User engagement**

- Active users: tracking active users and understanding everything about them is essential to measure loyalty and convert more users into active users.
- App usage: beyond pure usage, it should be assessed who and how people are using it, i.e. demographics, usage frequency and usage occasions (day/night, smartphone/tablet, Android/iOS, the flow through the app).

### **a. User experience design**

- App load time: consumers must be able to load new pages and make purchases seamlessly, otherwise will not use Yoodie again.
- User satisfaction: in order to measure satisfaction and leverage key insights for improving user experience, the app should include in-app user self-service (e.g. ask users to score and review the app, have FAQ section, etc.).

### **a. Restaurants penetration**

- Number of restaurants providing the service
- Segmentation of restaurants: to understand which type of FSRs are subscribing the most and which are providing more revenues (size, lunch/dinner, location, etc.).

### **a. Restaurants promotion of special offers**

- Number and diversity of special offers: guarantee the target number of weekly special offers as well as diversity (type of food, usage occasion, etc.)
- Special offers characteristics: assess what are the preferred special offers in order to optimize this section and maximize revenues.
- User visualization of special offers: track consumers' profile, app journey until reach special offers, to leverage these insights.
- User special offers redemption: understand incremental revenues coming from payments on special offers.