

A Work Project, presented as part of the requirements for the Award of a Master's Degree in Management from the NOVA - School of Business and Economics

## **Kenkō – Sushi Burrito**

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## **Executive summary**

In this masters work project we present a business plan for a new food concept, a product which strives to challenge the status quo of sushi restaurants through creativity and innovation of flavors, form, and sourcing. We are pleased to present you Kenkō – Sushi Burrito.

Starting by the characterization of the sector in Portugal, we analyze the market structure and our main competitors within the fast casual food segment, assessing the market attractiveness based on micro and macroeconomic factors.

A marketing plan is presented with the objective to create a short-term strategy for Kenkō followed by a financial planning in order to assess Kenkō's profitability and milestones for the next year.

**Keywords:** fast casual food, food truck, sushi burrito, new concept

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## **1- Introduction**

Me and my partner, José Cautela, are sushi lovers, but were feeling constrained by time-consuming sit-down sushi restaurants with most times pre-made options lacking freshness, quality and originality. We were wishing something different, an innovative way of eating sushi.

Kenkō was born with the determination to find a better way to serve sushi. We offer multi-cultural flavors, fresh, convenient, large, hand-held sushi burritos.

We infuse multi-cultural flavors into every sushi burrito by blending the premium flavors and healthiness of sushi with the form factor and convenience of burritos.

What started as a simple idea is now our start-up company, from the dream to reality we keep rolling, with the mission to revolutionize the fast casual market, introducing a completely new concept never seen before in Portugal and a trend in the United States.

Kenkō will start as a street food concept, selling sushi burritos as its flagship product, will have a differentiated and appealing food truck placed on strategic places. Within less than one year we hope to sell our products on a physical store located inside a shopping mall food court, pursuing our vision to be recognized as the best sushi burritos in Portugal.

Through this project we will be assessing the market structure of our industry and its attractiveness, followed by a marketing strategy and implementation plan, concluding with a financial planning to test the feasibility of our project.

We are determined to market our product starting from mid-July 2016 and so this project was crucial to guide us on decisions and plan our market strategy.

## **2- Market structure**

### **2.1 Industry**

Restaurant Industry sector is defined as a monopolistic competition structure, characterized by its large fragmentation, each player has a small market share from the overall market, from single traditional restaurants to big international food chains, managers try to differentiating on concept, menu, service and location.

Portugal is still on a recover process from its last economic downturn, started in 2008. The consumer behavior of the Portuguese population has changed since then, with people saving more and expending less, mainly on other activities as eating out.

As per INE records, the restaurant sector directly employs 254,400 people from 90.000 establishments with revenues of more than 10 billion euros per year. These figures have been decreasing, as in 2008, due to government account deficit, Portuguese government increase the tax rate for food and beverage products (IVA) from 13% to 23%. As comparison, in 2008 more than 337,000 people were employed in the sector. Please see appendix 1.

Approved in congress, IVA for food services will drop from its previous level of 13%, starting in July 2016, expecting to boost the entrance of new businesses. This results in an opportunity for Kenkō moving in the sector but a threat of possible new entrants too.

### **2.2 – Market Segmentation**

The restaurant industry can be divided in 4 sub categories as fast food, fast casual, casual dining and fine dining, which differ by price range, service style, atmosphere and location. Please see appendix 2 for a better characterization of each of them.

Kenkō will position on the fast casual segment, a less saturated market, characterized by not offering full table service, but promising a more customized, freshly prepared and

higher quality meals than other fast food restaurants, all in an upscale and inviting ambiance an intermediary concept between fast food and casual dining restaurants.

Please see appendix 3 regarding Kenkō's positioning.

It is notorious, the increase of restaurants across Lisbon with the fast casual concept. This fast casual concept is a new trend that has been adopted by some Portuguese entrepreneurs and fine-dining chefs, though physical stores our street food concepts, innovating fast food meals with healthy food ingredients in a relaxed environment for which consumers have seemed quite willing to pay for quality.

### **2.3 - Competition**

For street food we have picked two well-known players, Hotdog Lovers and Hamburgueria da Parada, and a third one offering sushi, due to their similarities with our concept and project. Please see appendix 4 a) and 4 b)

Hotdog lovers and Hamburgueria da Parada serve universal products such as hamburgers and hotdogs as per their names, have medium price ranges (below Kenkō), focus on fast and convenient meals, with good ingredients, a reduced menu list and standard processes. Have youthful images and young educated people serving. Both have as competitive advantage their kiosk locations and experience in the sector.

Wasabi leans towards a higher quality product, which can be seen as grommet for a street food concept. They offer different types of sushi, from temakis, uramakis, futomaki and sashimi, most of these have to be eaten with wood sticks which make it impossible to eat on the go. Have higher price ranges and nonstandard processes. We see their competitive advantage being the first introducing sushi to the street food market. In June 2015, they opened the first sushi restaurant.

We have also identified potential competitors within the shopping center segment.

These were chosen based on Centro Comercial Colombo food court offering, a potential shopping center to take Kenkō. All four are seen as alternatives to choose from when a client is already walking around the food court, deciding on which restaurant to eat. We have chosen 4 well known restaurants, positioned as fast casual, fast food or pre made food concept.

Burger king represents the traditional American style fast-food, offering several burger combos with French fries and soft drinks. Have perfect standard processes and low price ranges, low quality ingredients and processed food, which are reflected on their low prices. Rely mostly on their brand awareness and fast service.

H3 is a Portuguese success case study within the fast casual segment, offering the same grilled burger serving with good quality different ingredients. Their service is super-fast due to highly standardized processes. Extremely focused on customer loyalty and have prices in line with Kenkō perspectives.

Go-natural sells mainly pre made healthy food, from salads and wraps to sushi, based on self-service, clients can choose from different packed products exposed on shelves, but also have on time made pastas. Focuses on healthy products and in some cases have their own tables' zone to seat and eat. All this is reflected on a premium price.

Noori, was identified as our closest competitor and possible biggest rival. Their flagship product is sushi temakis and the concept has its roots from the Brazilian "temakerias". Were one of the pioneers to bring this sushi format to Portugal, having an impressive market acceptance of their products.

They have been spreading their chain, and nowadays are present on 6 of the biggest Lisbon shopping malls. Their standard menu of two temakis and a drink costs 9€.

## **3-Market Attractiveness**

### **3.1 - Porter's five forces and complements**

#### **Threat of new entrants: Medium**

- **Economies of Scale: Low**

Fixed costs represent a significant part of our monthly costs, mainly the store rent costs and salaries, but these are linked with the area required for our production and the number of meals sold. Increasing production would lead to an increase on costs too.

- **Product differentiation: High**

Kenkō will introduce a completely new product, never sold in Portugal. This product cannot be patented, but there is an evident first-mover advantage if clients get satisfied.

Other new entrants can copy the product real quick, but at that point we already expect to have good brand awareness, leading people to associate Kenkō with Sushi Burritos.

On our point of view this is seen as an important barrier to new entrants.

- **Capital requirements: Medium**

Our products do not require much preparation and cooking, so we will not need to invest too much on kitchen equipment.

Our plan is to start by doing an alpha test at outdoor music and food festivals, with an original food truck. As per our financial estimates and calculus, there are no significant upfront capital investments required even for a single entrepreneur who wants to invest its savings, even less for a restaurant chain which wants to expand its business or product offering.



- **Distribution Channels: Low**

There are no intermediaries between the production and sale of our product as we will be the ones doing it all at our store.

- **Threat of Substitute products: Medium**

We integrate our business within the fast casual food industry. We resume our analyses to the shopping mall occasion.

In our case, shopping malls under consideration are nearby office centers where customers can come during lunch time, so one substitute is homemade food brought from home or ready-to-eat food from supermarket chains. Clients doing shopping at the mall can opt from vending machines or grab some snack at the supermarket too.

- **Switching costs: Low**

There is little if anything stopping the consumer from purchasing the substitute instead of the industry's product even more when these substitutes can be bought at a cheaper price.

**Suppliers Bargain Power: Low**

- **Supplier concentration versus buyer concentration: Medium**

Sushi restaurants have been growing in number, increasing the demand for raw fish such as salmon and tuna as well as all other ingredients needed to prepared sushi.

Regarding fish, there are many fishmongers around Lisbon. Prices have been kept stable as well as quality, delivering orders on time. Kenkō will have a supply contract with a fishmonger, which already supplies our advisor sushi restaurant.

Regarding the other ingredients, these can be bought from different wholesalers.

### **Buyer Bargaining Power: High**

Across all the Porter's 5 forces, buyer bargaining power is the one which represents the biggest concern to Kenkō, and so, the one we should analyze more in detail.

Day by day, customers are getting more cautious and exigent regarding product quality, looking for a customer tailored service, product customization, low prices and pleasant experiences.

Consumers are trending toward more health-conscious eating, changing their food habits by looking for healthier alternatives to the traditional fast food style.

Healthier ingredients and fast casual meal choices continue to pop up. This new trends bring challenges to the fast food industry who continue to add healthy options to their menus, but also opportunities to new entrants offering a healthier menu, such as the sushi burrito concept.

Having our location on a food court of a shopping mall, we will be highly exposed to price comparison against our competitors. The number of alternatives is vast and switching costs are almost none, it is crucial to deliver a good product with an excellent service in order to loyal our customers.

### **Internal Rivalry: High**

The fast-food industry has a monopolistic competition market structure characterized by a fierce internal rivalry, each player advertising its strengths and trying to attract as many clients as possible, gaining market to attain higher profits.

Direct competitors are all the fast-food and fast casual restaurants placed on the same food court. These are competitors not only by the price range, but also due to its self-service, product customization, payment, stand-up queue and shared table service.

On the market structure and competition topics we have already mentioned how fierce competition is within the fast food and casual food segment.

### **Complements: High**

Complementary goods offer more value to the consumer together than apart. When one product or service complements another then exists a condition called complementarity.

Inside a shopping mall there are several complements which can benefit our business, such as easy accessibility, the availability of car parking, nearby metro station help people to get quicker to our location. All the stores and movie theater are important complements in a location like our, most clients go to a shopping mall primarily to do shopping and as a consequence eat on the same place (“one-stop-shop”).

Having large office sets nearby, opens a new array of potential clients which can have their lunches at the shopping mall. This customer class fits perfectly on our target client.

All these reasons lead us to conclude that the perfect location for our business would be a small food store inside the shopping mall.

Analyzing this industry’s 6 forces, we have identified two forces which were considered as the ones with highest importance: Buyer bargaining power and Internal Rivalry.

### 3.2 - PESTEL analysis

Force	Cause	Effect
<b>Political</b>	<ul style="list-style-type: none"> <li>. Austerity measures: IVA on food consumer goods will be reduced from 23% to 13% in July 2016 (beverages will persist at 23%).</li> <li>. Most Lisbon parish councils are open to street food licensing except Santa Maria Maior (Baixa Chiado).</li> </ul>	<ul style="list-style-type: none"> <li>More money to invest in other activities such as marketing and product research and development.</li> <li>. Openness from parish councils to street food</li> </ul>
<b>Economical</b>	<ul style="list-style-type: none"> <li>. Portugal GDP increased 1.46% in real terms during 2015</li> <li>. On last quarter of 2015 Private consumption increased 2.4% in comparison with previous year.</li> <li>. During the first quarter of 2016 unemployment rate rose to 12.4%</li> <li>. Labor costs have been decreasing since 2013.</li> </ul>	<ul style="list-style-type: none"> <li>. Portugal is facing an economic recovery from the last crises.</li> <li>. Having more money to spend, consumers will be more propitious to eat out and spend more money.</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>. 18.4% Portuguese population is obese.</li> <li>. Our target group aged between 18 and 45 years old has an average of only 9% obesity rate. (DGS - Direcção Geral Saúde and INE)</li> <li>. Care about healthy food habits is growing (DGS)</li> </ul>	<ul style="list-style-type: none"> <li>. Despite the increase on the number of obese people, is the young generation the one more cautious about food habits and its image.</li> </ul>
<b>Technological</b>	<ul style="list-style-type: none"> <li>. Facebook has 5.100.000 Portuguese daily users. With 94.6% penetration rate. (Source: Marktest). (70% of users have between 18 – 44 years old)</li> <li>. 69% of Internet users follow brands or companies on Social Networks (source: Markets) - and 13% of those considers that following a brand influences its buying decision</li> <li>. Instagram comes on second place with a penetration rate of 15.6% (source: Markets)</li> <li>. Increase on the number of people who has smartphone or tablet with access to internet</li> </ul>	<ul style="list-style-type: none"> <li>. Internet post information through its channels in a fast an easy way to its users. Consumers are more informed and cautious about the products they buy and brands they associate themselves with.</li> <li>. Social media channels introduced a new way for brands to communicate with clients.</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>. Global warming</li> <li>. Organic products</li> </ul>	<ul style="list-style-type: none"> <li>. Climate changes have a direct effect on food harvesting.</li> <li>. Organic ingredients are healthier.</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>. ASAE: Autoridade de Segurança Alimentar e Económica</li> <li>. HACCP: Segurança alimentar na confecção das refeições</li> <li>Associação Nacional de Empresas de Segurança Alimentar</li> <li>. Traffic license at Lisbon CML</li> <li>Food truck homologation for traffic</li> </ul>	<ul style="list-style-type: none"> <li>. The process of ensuring a good product quality begins with the choice of suppliers. Regulators are very demanding on requirements, always ensuring client's health safety.</li> </ul>

### **3.3 - Mode of entry**

As our product could fit perfectly on a street food environment, we decided to do our alpha test during this summer on several street food festivals and music festivals around Lisbon. Several contacts were started in order to get our product rolling. We see the grab-and-go features as one of our product advantages, which suits perfectly the music festivals target group, we see our product as a healthier and fresher alternative mainly to the feminine group, to the traditional fast food offering in these events.

Starting as a street food concept has several advantages which we can exploit, such as the number and diversity of people who attend these outdoor festivals, openness to new concepts, curiosity, having a movable selling point which enables us to choose where we want to be, always looking for the best opportunities and places.

We are planning to start during mid-July on the Lisbon Outjazz music fest, Festas do mar in Cascais and Electronik brunch in Lisbon. These are seen as low rent cost festivals and appropriate in terms of our customer target group.

On a second phase, planning to occur during 2017 and depending on the results of our alpha test, we want to open our first physical food store in one of the three big 3 Lisbon prime shopping centers (Centro Comercial Colombo; Centro Comercial Vasco da Gama and Centro Comercial Amoreiras).

## **4-Marketing Strategy**

### **4.1 - Customer Segmentation**

Kenkō will follow much more a target rather than mass market marketing. Even though we would like to please all population, that is rarely possible, due to different customer preferences and habits which need to be taken in consideration and analyzed in order to identify which can be our potential target groups.

#### **Geographic:**

Kenkō's location will be crucial and so we need to be located in urban areas where there is a big population density, crowded locations in order to assure a significant sales stream. For street food alpha test we are looking for outdoor festivals during summer, located in city gardens around Lisbon. For our physical store we will be marketing our product to young adults, who frequently go to Lisbon prime shopping centers, or work and live nearby them.

#### **Demographics:**

Demographic segmentation divides the market into groups based on demographic variables including age, gender, family size and life cycle.

Consumer needs and wants change with age, so it can be established a relationship between age and food preferences. Usually, young people are more willing to try new products and new experiences and have more healthy food habits than an older segment. We will focus on a sub-group including people with ages between 18 and 40 years old, the so called millennial generation or Generation Y. These are seen as the focus group due to their healthy food habits, time constraints and medium to high purchasing power, not differentiating on gender neither religion.

**Psychographics:**

Purchases often relate to lifestyles and interests. Psychographic segmentation is dividing the market based upon consumer personality values, attitudes, interests, and lifestyles.

Regarding the life-cycle stage we will be looking for university students and employed young adults, included within the medium to high social class and purchasing power.

This group is interested in new ideas, and brand new concepts. Outgoing and informed about trends. Sports and gymnasium practitioners, who like to take care of their bodies, being cautious about their food habits. Adventurous who like to travel and take risks, try new concepts and taste new flavors. Like to share their opinions through different social media channels of their daily experiences, posting pictures and comments on them. As well as searching for their friends and followers recommendations.

**Behavioral:**

In behavioral segmentation, we divide the market on the basis of their knowledge of, attitude toward, use of, or response to a product.

Occasion: Our product can be eaten any time during the day, even though we characterize it as a main meal. We expect it to be sold more during lunch and dinner hours, such as from 12:30 to 14:00 and from 19:30 to 21:00. Perfect for customers who have short lunching hours or use part of that time to go to the gym and so want to get a fast, fresh and convenient meal which can be taken to the office.

Benefits: We see our product as more than just sushi. Clients need to perceive the benefit of our ingredients quality and the healthy consequences by eating our sushi burritos.

Readiness to buy: This is a brand new product, consumers will not be familiar with it, so we will have to educate, inform and persuade consumers, so that they start accepting our new offer. In the early stages we will be looking for open minded and easy going people, who are willing to give a chance to new experiences.

#### 4.2 - Target Group

Young employed adults, with medium to high salaries living in the Lisbon area. Health-conscious who like to practice sports and have healthy food habits. Open minded and curious about new product concepts willing to try new flavors. Well informed and constantly connected through social media channels, posting photos and commenting friends' posts.

#### 4.3 - SWOT analysis

<b>Strengths</b>
<ul style="list-style-type: none"> <li>• Brand new food concept, fusion between Japanese and Mexican cuisine</li> <li>• Fresh, convenient, healthy, affordable and easy to eat meal</li> <li>• Very good and appealing brand image</li> <li>• Good location, on a shopping mall food court</li> <li>• High gross margin</li> </ul>
<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Lack of experience on the restaurant sector from Kenkō's owners</li> <li>• Big initial investment, mainly fixed costs on the creation of physical store</li> <li>• No brand recognition</li> </ul>
<b>Opportunities</b>
<ul style="list-style-type: none"> <li>• Care about healthy issues and increase education regarding food habits</li> <li>• Easy scalability and possible franchise, spreading brand recognition</li> <li>• Extend menu offerings</li> <li>• Decrease of restaurants food government tax (IVA) from 23% to 13%</li> </ul>
<b>Threats</b>
<ul style="list-style-type: none"> <li>• Fast food franchises are strong competitors, who can react to this concept</li> <li>• Easy to copy product, allowing new entrants to get into the market</li> <li>• Changes in regulations from Government and ASAE can impact the business</li> </ul>



We identify our main competitive advantage as being the pioneers of the sushi burrito concept in Portugal. We will differentiate from our competition on ingredients quality and convenience, revolutionizing the traditional sushi format with an appealing and fresh brand image, which aims to associate Kenkō as the best Portuguese sushi burritos.

Consumers are becoming more health-conscious and more concerned about their appearance and image, changing their food habits towards more nutritious and fat-free meals, willing to pay a premium price for healthy and convenient products.

Due to our lack of experience on the restaurant sector we will try to learn from our competition and our advisors suggestions to keep continuously evolving to satisfy our clients, aiming to make them loyal and connected with Kenkō strengthening our brand equity while protecting from possible new entrants.

<b>Strengths and Opportunities</b>
<ul style="list-style-type: none"> <li>• Economic recovery, will allow people to spend more eating out</li> <li>• Brand-new concept which captures attention on social media – word-of-mouth;</li> <li>• Product quality – Homemade and Portuguese product</li> </ul>
<b>Strengths and Threats</b>
<ul style="list-style-type: none"> <li>• New product, focus on product quality and marketing campaigns</li> <li>• Big rent costs related with top location inside Shopping mall, will lead to higher sales</li> <li>• Easy to copy if starts to generate profits, develop customer loyalty</li> </ul>
<b>Weaknesses and Opportunities</b>
<ul style="list-style-type: none"> <li>• Despite its huge population's density, Lisbon is certainly the city where most of events take place, and this workload's challenge will afford and improve the lack of work experience of the two main members.</li> <li>• Mono product which can lead us to introduce new product offerings</li> </ul>
<b>Weaknesses and Threats</b>
<ul style="list-style-type: none"> <li>• Try to learn from similar businesses in the Portuguese market to gather more information about competitors, costumers and the product itself.</li> <li>• Create strong brand equity to reduce the influence of the competitors' actions.</li> </ul>

## 4.4 - Marketing-Mix

### 4.4.1 - Branding

**Memorable:** Most sushi restaurants had the word sushi included in their brand name.

We adopted a different strategy, using an unknown word which raises curiosity. Also its short number of letters makes it easy to be memorable.

**Meaningful:** Kenkō means healthy in Japanese, transmitting one of our main product characteristics. Also introducing the sushi logo in the center of the word last “O” helps the client to identify our food category. We have also replaced the accent with a green leaf expressing the freshness and vegetarian side of our sushi burritos.

**Likable:** It has a general clean lettering in a brown bamboo shape, related with the roots of the Japanese cuisine. We focused on appealing and neat elements, which would enable to transmit our values as fresh, healthy and tasty.

**Transferable:** Having the sushi logo included in our branding, will restrict new product introductions, unless these are related with the same product. As long as we have a significant and measurable brand awareness we can possibly introduce new products without causing confusion to clients perception.

**Adaptable:** Due to the trademark registration, our brand logo cannot be changed.

**Protectable:** We have already protected the Kenkō brand with a Portuguese trademark, for the food and beverage sector.

Please find Kenkō brand image in appendix 6

#### **4.4.2 - Product**

In our early stage and alpha test, we will be selling our sushi burritos, which can be accompanied with a drink.

We have tested different ingredients and mixtures and gave to try to some of our friends and family. We have our sushi burritos menu, which help on decision process and assembly, but also provide the alternative of “creating your own”, allowing clients to choose their ingredients as one type of fish, three vegetables, two fruits and two sauces. Please see appendix 7a) and 7b)

We have created our menu based on several tests, done with friends and family who gave us sincerely feedbacks on their preferences. These are composed with a main fish, vegetables, fruits and sauces, based on chefs’ recipes, which combined result in a complete meal, full of vitamins and proteins.

As Kenkō is positioned as a healthier fast-food, offering nutritious and convenient meals, we will emphasize our home made fruit drinks (25 cl glass) such as our lemonade with spearmint, strawberry lemonade and fresh mango and green tea, due to their high vitamin composition, showing to clients our concern with their health and life quality. Nevertheless we cannot restrict our drinks offering to homemade, we have to include soft drinks, as we can benefit from high margin and the fact that some people do not abdicate of a soft drink during meals, which could reduce our sales.

Please see appendix 8 for our sushi burrito production process

#### **4.4.3 - Packaging**

The industry is seeing a dramatic shift toward flexible retail packaging and the power it has to build brands and attract loyal customers. Marketers are paying more and more

attention about their products packaging, because basically “packaging is the signature you leave everywhere”.

As we sell a product with the grab and go possibility, packaging is crucial to ensure transportation does not reduce our product’s quality and freshness.

By selling a sushi burrito, our customers can add our available sauces, such as soy and teriyaki sauce, which can drain through the bottom of the cylindrical shaped burrito. We have to be cautious about this unpleasant situation of having sauce drops draining from the sushi burrito, possible dirtying our clients hands. After some test and experiences we decided to wrap it with cooking paper printed with our brand logo, sealed with a Kenkō sticker in the middle. Please see appendix 8

For take-away option we have developed a cylindrical shaped carrying box, which can be easily opened. We estimate that our packaging can ensure 100% product quality for 30 minutes before being eaten. We have also designed card bags for take-away option.

#### **4.4.4 - Price**

Price is a sensitive variable which determines business profitability and is always associated with the value of its underlying, determining and reflecting the social-economic status of the buyer.

Our price should also be in line with prices charged by competition “market based pricing”, not only based on our costs and applying a margin on them “cost-based pricing”. We will follow a product differentiation strategy rather than a cost leadership, as so we will not cut on quality in order to offer a cheaper product.

Throughout our alpha street food test during this summer we will test our product acceptance, if they like our product and how do they perceive the cost/benefit of it. We

decided to price our Sushi burrito full menu, including, a sushi burrito and a drink, for 7.5€ each, not differentiating on the sushi burrito chosen neither the drink. If the client does not want a full menu, a single sushi burrito will cost 6.5€ and a drink for 2€.

For comparison Noori, sells each temaki for 4.15€ (specials are sold for 4.45€). We have tested their product and comparing temaki's portions, we concluded that two temakis are equivalent as one sushi burrito. Noori has a menu of 2 temakis plus a drink for 9.40€ which is approximately 25% more expensive than Kenkō prices. The option for a single Tamaki and drink will cost 5.45€, which on our point of view is not sufficient for a main meal.

Compared with street food competition our prices are lightly higher, as expected due to our ingredients quality, concept, freshness and portion size. Also, during our initial stage we cannot charge less and in the future decide to increase prices, to avoid losing clients.

#### **4.4.5 - Place**

During the alpha test, our food truck can easily be moved from one place to another, letting us place our point of sale where our client target group is expected to be. Several contacts with parish councils were put in place and negotiations are in process. We also want to be present in several music and food festivals around Lisbon during this summer, such as brunch elektronik fest, festas do mar in Cascais, outjazz Lisboa.

On a medium run we want to place Kenkō on a food court of a prime shopping mall, due to a series of reasons: convenience is core for fast food consumers, shopping malls offer, besides safety, parking lots and easy access via metro, a bunch of entertaining complements, ensuring a very interesting flow of people. If we add its surroundings as an area full of office buildings, the better our location would be.

At this stage, we already had several meetings with the management of the biggest shopping malls located in Lisbon and its surroundings, read Colombo, Vasco da Gama, Atrium Saldanha and Amoreiras. Please see appendix 9 for restaurant layout

As per our estimates, we believe a 40 square meter food store would be enough, due to our reduced kitchen and tight investment resources.

#### **4.4.6 - Promotion**

Promotion is the communication aspect of the marketing mix. It is creating a channel for conversation with the targeted consumer base. Through promotion, the company aims to attract the customer's attention and give them enough information about the product to foster enough interest to motivate them to purchase.

As strategy we will not promote something we cannot provide, never inflating our products attributes more than we should, avoiding below expectation experiences and misperceptions from our clients

There are two different targets for our communication, internal and external players. Internal players are all the ones within the organization, such as management team and employees. It is fundamental to explain and express clear to our internal players what image and values we want to transmit to our external players. A weekly meeting will be held to brain storm, clarifying doubts and share ideas. Continuous cooking and customer service trainings will be given with the objective to keep evolving.

The main objective for Kenkō's promotion is to attract, retain and loyal our customer base. Our street food alpha test will help us promoting our brand, launching the product into an open minded and relaxed environment, where people are more curious about new concepts and are willing to try new products.

Before our launch we will start spreading the launching announcement through our social media channels as Facebook, Instagram, Twitter and Pinterest. We have support of well-known Portuguese famous people who are followed on these social media channels by thousands of people, which will help us promote our brand. Please see appendix 10 for Facebook page.

Discounts will be given to loyal customers. We plan to have our 10 meals 1 for free cards, which will give one meal for free when the client fulfills the card with ten stamps.

During the first year customers who share photos through social media channels and have more than 100 like on photos with #kenkosushiburritos will get 20% discount on their meals.

We also want to establish partnerships with gymnasiums, giving 10% discount for subscribers. The same 10% discount will be given to shopping mall workers and people working on companies which offices are located close to the shopping center.

## **5 - Financial Model**

A business plan is all conceptual until we start filling in the numbers which can forecast the business profitability. The previous sections about the marketing plan and strategy are also extremely important, but they have no value if we cannot justify our business with good figures on the financial point.

For Kenkō financial model we focused on the shopping center format forecasting revenues and costs for the first three years from the launching day. To express the financial viability of this project we will use some financial metrics as Payback period (expresses the time required for the amount invested to be repaid by the net cash outflow generated by the same) and ROI (measures the rate of return on an investment relative to the investment's cost) for the first three years.

We have created three scenarios which are differentiated by market demand. We have also made several assumptions based on our market research and experienced people working in the sector.

Initial investments, revenues and costs forecasts were considered for our physical store. For the street food test we have also created some forecast regarding initial investments and potential revenues, but this makes it more difficult due to the flexibility and volatility of working days, at this point is still difficult to be exact about dates and places where our clients can find Kenkō and so numbers will not be accurate.

### **5.1 - Assumptions**

Kenkō, as any other restaurant requires a significant initial investment from kitchen equipment, kitchen materials, store preparation, marketing campaigns, Information systems, website, uniforms and others. To sum-up all these costs we got around 70.000€ as initial investment.

Regarding fixing costs we have concluded that as starting point we will need 4 employees, two sushi men, one kitchen assistant and one cashier, this number will increase during the second year, when we expect to contract one more sushi man. Salaries were set higher than competition levels, due to long hours worked and to motivate our employees.

Store rent costs vary according from the shopping center under analysis. From our meetings with shopping center managers we concluded that 3.000€ would be enough to get a 40 square meter food store on a prime shopping center.

Variable costs are related with our production levels, vary on the number of meals we sell and can expressed as cost of goods sold, electricity, gas, water and marketing



campaigns. Ingredient prices were taken from our suppliers which we are building a strong business relationship, crucial for the survival of our business. Based on those prices we were able to reach an average cost per good sold, around 2€ per menu, depending on the sushi burrito, leading to an attractive gross margin. For electricity, gas and water costs we assumed an average of 900€ per month as we won't need to cook most of our ingredients.

Marketing campaigns will be a percentage of our revenues, 7% during the first year and 3% from the second year on. During our first year we have to invest massively on marketing campaigns to promote our product. Regarding government taxes, as mentioned before, IVA for food products will be reduced from 23% to 13%, starting on July 2016. IRC will hold on 21%.

For both scenarios we have assumed different growth rates base on the product stage. During the first 6 months we expect a monthly growth rate of 5%, resulting from the initial curiosity and concept novelty. On the following semester this growth rate is expected to decrease to 3%. For the second year, growth rate will cut down to 2% reaching a steady sales volume on the third year. Please see appendix 11 to 13

## **5.2 - Base Case Scenario**

We have diving each week by week days and weekends and each day by lunch and dinner timer, differentiating revenues based on market demand for each moment in particular. As base case scenario we forecast serving 60 meals for lunch and 30 meals for dinner during week days and 50 meals for lunch and 40 meals for dinner during weekends, this differences on marked demand are related with the location of our store. We expect that a significant percentage of our revenues will result during lunch time, mainly from clients who work inside the shopping mall and nearby offices. During

dinner time our expectations are lower as we expect people to eat at home mainly and when thinking about going to have dinner out, will opt from other alternatives.

Based on all assumptions presented above, we can conclude that Kenkō project is expected to be highly profitable, with an expected payback period of 26 months and a ROI of 38% during the first 3 years. Please see appendix 14

### **5.3 - Best Case Scenario**

On this scenario we anticipate a stronger market demand which will be expressed on great revenues and profits. We forecast serving 70 meals for lunch and 40 meals for dinner during week days and 60 meals for lunch and 40 meals for dinner during weekends. Growth rates are assumed to be the same as the base case scenario, resulting into a striking payback period of only 14 months and an impressive three year ROI of 148% during the first three years. Please see appendix 14

### **5.4 - Worst Case Scenario**

On this scenario we anticipate a weaker market demand which would result on worst revenues and profits. We forecast serving 50 meals for lunch and 30 meals for dinner during week days and 50 meals for lunch and 30 meals for dinner during weekends. Growth rates are assumed to be the same as the base case scenario, resulting into a disappointing payback period of only 46 months and a negative three year ROI of -21% during the first 3 years, if we consider a longer time range, this return on investment would turn positive put our business model would have to be reformulated in order to generate higher profits. Please see appendix 14

## **5.5 - Street Food alpha test**

We also have to financially value our street food alpha test starting this summer. We will have our food truck as movable selling point, this is a 1980 used Volkswagen Kombinationsfahrzeug which requires some modifications on the kitchen already assembled on the back seats. Licenses to sell on the Lisbon streets and licenses to sell on each festival also need to be taken into consideration.

It is hard to forecast revenues and the costs behind those revenues as licenses vary from each festival and market demand is extremely volatile. As said before our main objective with this test is to give to try our product and concept to potential customers and sell enough to pay variable costs such as COGS and licenses as well as repay some of our initial investment related to the food truck acquisition and adaptation.

As per appendix we can see that we have an initial investment of around 21.000€, with this we will be able to start selling our product from our food truck. Variable costs will vary from the festivals we decide to go, until now we already had several meetings with management teams from some festivals placed in Lisbon, but no contract has been closed yet. Fixed costs will be significantly less than the ones behind the physical store in a shopping center, but variable costs as festival rents start playing an important factor which needs to be carefully analyzed.

During this initial phase, it will be me, José and some family and friends the one working in the food truck. These will help us to better understand our market needs and wants, as well as our product. Processes will develop and experience will be gained. Please see appendix 15

## **6- Milestones**

Kenkō is still on an early stage, it is now more than just an idea that two friends had in February 2016, but still has a long path to cross. Expectations are high, but we have to be very careful about them, assessing risks and uncertainties by following our business model and be aware that most times things take longer than expected.

By the end of June we expect to have our food truck completely prepared, including licensing and uniforms to start selling. During June too, we will focus on establishing agreements to sell in at least 3 music festivals during the summer season, for which several meeting already took place.

We plan to launch our product by mid-July as a street food alpha test, where it will be me, José and some family and friends working on the food truck. No financial goals were set for this alpha test which will hold until end of September (Seasonal demand), but we will analyze what are our customers' preferences such as best seller products, concept acceptance and feedback on quality and price. During this test and not discarding the possibility to extend the period we will assess the feasibility of opening a physical store on a shopping center food court.

The alpha test will also works as a marketing campaign, fostering Kenkō's brand awareness and grow our customer base through word of mouth buzz recommendations. We will start our marketing campaign before launching, but by the end of September we hope to reach the 5000 likes mark on Facebook and 4000 followers on Instagram, and keep increasing that number.

If all goes as planned we hope to be opening our first physical before 2018, which depending on that date might allow us to do a second alpha test during 2017 summer.

## **7 - Conclusion**

The aim of this project was to assess if there was a market opportunity to introduce Kenkō to the Portuguese market. Few months ago, Kenkō was just one more idea that came to light between friends' discussions, now it is the base of our first startup company which we want to grow during the next years.

We had no knowledge about the restaurant industry and the forces that rule it. If our goal was to take this idea and turn it into a company, several steps had to be taken, and this business plan was crucial for us and Kenkō itself.

We were able to identify our competitive the restaurant market is and divide it by segments to better understand how we can position our brand. We have also identified which are our concept strengths and weakness and how we can react to new market opportunities and prepare for future threats.

This was not just a theoretical project, during these months we had a hard work on the field too, developing our product, its packaging, promotion plan, distribution channels and pricing as the street food test is getting close.

The financial model based on our assumptions expresses the feasibility of our concept and supports our idea that our concept can be an innovative profitable idea.

It has been a long journey not traveled alone, we had support from a lot of people during these months, for which we want to thank to all and promise a free sushi burrito at our launching day.

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## 9 - Appendices

### Appendix 1 – Restaurant sector workers evolution



### Appendix 2 – Restaurant industry segmentation

	Fast Food	Fast Casual	Casual Dining	Fine Dining
<b>Price per person</b>	Less than 6 €	From 6€ to 12€	From 15€ to 25€	More than 25€
<b>Service</b>	Standup order with cashier Get meal on tray	Receive food first, then pay Customized service	Geared toward families Server explains in detail menu	Well trained and experienced Menu and wine knowledge
<b>Atmosphere</b>	Dynamic, loud and dirty	Menu defined Enjoyable and clean	Family friendly and cozy	Light and elegant and comfortable
<b>Location</b>	Shopping centers and crowded places	Shopping centers and crowded places	Spread around the city, some with esplanade	Touristic places and good views
<b>Advantages</b>	Quick service and assembly	Healthier than fast food and customization	Attract a wider customer base	Food quality for special occasions

### Appendix 3 – Kenkō Positioning



#### Appendix 4a) – Street food competitors

Sector	Street food	Street food	Street food
Name	Hotdog lovers	Hamburgueria da Parada	Wasabi - roulote de sushi
Portugal launching	1988	2012	2012
Concept	Traditional Hot-dogs	Burgers with traditional Portuguese ingredients	Sushimovel
Product offering	Hot-dogs	Traditional Hamburgers	Sushi temakis
Average price	4€ - 5,5€	6€ - 8€	8€ - 10€
Quality level	Medium	Medium	Medium/ High
Place	Av Liberdade Kiosk and food truck	Campo de Ourique Kiosk and food-truck	Martim Moniz Kiosk and food truck
Slogan	"World's best hotdog"	Not identified	"Lançar o verbo "temakar" é o objectivo seguinte"
Competitive advantage	Location and experience	Location	First mover advantage

#### Appendix 4b) – Shopping center competitors

Sector	Fast-food	Fast-casual	Fast-food	Pre-made food
Name	Noori	H3	Burger king	Go-natural
Portugal launching	2009	2007	2001	2004
Concept	First fast-food temakeria	New hamburgology	Combo menu burgers - American fast-food	Pre-made healthy food
Product offering	Sushi temakis	Grilled burgers served on place or on bread	30 menus mainly based in bread hamburgers	salads, wraps, sushi and soups
Average price	6€ - 13€	7€ - 10€	4€ - 6€	8€ - 12€
Quality level	Medium	Medium	Low	Medium
Place	8 shopping malls - 6 in Lisbon	47 different locations; 16 in Lisbon shopping malls	international chain, several locations in shopping malls	19 stores - 16 in Lisbon
Slogan	"A melhor forma de comer sushi"	"Not so fast food"	"Taste is King"	Not identified
Competitive advantage	Scalability and	Customer loyalty and branding	Brand awareness and marketing	Product variety

#### Appendix 5 – Kenkō Image





Appendix 6 a) – “Make your own” ingredients

**Fish**

- Salmon
- Tuna
- Shrimp
- Fried shrimp
- Crab sticks

**Vegetables**

- Grated Carrot
- Iceberg lettuce
- Green lettuce
- Cucumber sticks
- Purple cabbage
- Tomato
- Grated beets
- Coriander

**Fruits**

- Avocado
- Mango
- Apple slices
- Strawberries

**Sauces**

- Philadelphia cheese
- Crab cream
- Yogurt sauce
- Bittersweet sauce
- Onion and garlic
- Garlic and coriander

Appendix 6 b) – Sushi burrito menu

**Sangoku**

- Salmon
- Grated Carrot
- Iceberg lettuce
- Purple cabbage
- Cucumber sticks
- Avocado
- Philadelphia cheese
- Onion and garlic

**Sangoten**

- Tuna
- Grated Carrot
- Iceberg lettuce
- Purple cabbage
- Cucumber sticks
- Avocado
- Philadelphia cheese
- Onion and garlic

**Satan**

- Shrimps
- Crab sticks
- Grated carrot
- Iceberg lettuce
- Cucumber sticks
- Purple cabbage
- Avocado
- Philadelphia cheese
- Yogurt sauce

**Fried Satan**

- Fried Shrimps
- Crab sticks
- Grated carrot
- Iceberg lettuce
- Cucumber sticks
- Purple cabbage
- Avocado
- Philadelphia cheese
- Onion and garlic

**Vegeta**

- Green bean tempura
- Carrot tempura
- Iceberg lettuce
- Purple cabbage
- Cucumber sticks
- Avocado
- Philadelphia cheese
- Yogurt sauce

Appendix 7 – Sushi burrito assembly



Appendix 8 – Packaging



Appendix 9 – Shopping center food store



Appendix 10 – Kenkō Facebook page



Appendix 11 a) – Salary costs

Personnel costs	Quantity	Base Salary	Food allowance	Social security contributions	Work accident insurance	Total cost
Sushiman	2	1.000,00 €	180,00 €	237,50 €	10,00 €	2.855,00 €
Cashier	1	800,00 €	180,00 €	190,00 €	8,00 €	1.178,00 €
Kitchen assistant	1	800,00 €	180,00 €	190,00 €	8,00 €	1.178,00 €
						5.211,00 €

Lunch subsidy	6,00 €
Social Security	23,75%
Work accidents insurance	1%

Appendix 11 b) – Food and beverages suppliers and prices

Food Suppliers	Beverages suppliers
<b>Makro:</b> Vegetables; Fruits; shrimp and crab sticks	<b>Sumol + Compal</b> (7up, ice tea, compal)
<b>Wholesaler:</b> Rice; vinegar; nori	<b>Coffe:</b> Nespresso machine
<b>Fishmonger:</b> Fresh tuna and salmon	<b>Soft drinks:</b> Coca-Cola
	<b>Unicer:</b> Super bock
	<b>Makro:</b> lemonade and tea ingredients

	Price/Kilo
Salmon	7,90 €
Tuna	8,90 €
Shrimps	6,90 €
Crab sticks	2,80 €
Sushi rice	1,50 €
Vinager	2,00 €
Sugar	1,00 €
Salt	0,40 €
Nori	0,23 €
Cucumber	0,78 €
Carrot	0,33 €
Avocado	2,35 €
Beet	1,19 €
Purple cabbage	0,89 €
Alface Iceberg	1,43 €
Mango	2,68 €
Papaio	3,79 €
Lemon	1,15 €
Strawberries	2,50 €
Philadelphia cheese	7,32 €
Sauces	5,60 €
Sesame seeds	3,70 €

Appendix 12 – Growth rates and Government taxes

	1st year	2nd year
Marketing Costs	7%	3%
IVA	13%	
IRC	21%	
Fisrt semester grwth margin	5%	
Second semester growth margin	3%	
Second year growth rate	2%	
Third Year growth rate	0%	



Appendix 13 – Profit and Losses for Base Scenario; Best case Scenario and Worst case Scenario (from right to left)

Month	1	2	3	4	5	6	7	8	9	10	11	12	1st Year Totals	2nd Year Totals	3rd Year Totals
Revenue (meals)	18,000.00	18,300.00	19,845.00	20,837.25	21,873.11	22,373.07	23,662.26	24,371.53	25,032.23	25,856.33	26,620.08	27,431.04	275,431.63	281,001.66	281,001.46
Cost of goods sold COGS	5,280.00	5,544.00	6,182.20	6,412.26	6,487.87	6,738.77	6,940.93	7,143.16	7,362.63	7,584.54	7,812.08	8,046.44	80,810.88	80,810.88	80,810.88
Gross Margin	12,720.00	13,356.00	14,023.80	14,724.99	15,465.24	16,234.30	16,721.33	17,228.37	17,733.60	18,271.79	18,820.00	19,384.60	194,680.75	200,190.78	200,190.58
IVA tax on sales	2,340.00	2,457.00	2,579.85	2,708.84	2,844.28	2,988.50	3,076.09	3,166.38	3,265.43	3,364.33	3,462.17	3,560.04	35,813.91	36,530.19	36,530.19
Gross Margin less IVA	10,380.00	10,899.00	11,443.95	12,016.15	12,619.96	13,245.80	13,645.24	14,059.99	14,468.23	14,907.46	15,357.83	15,824.57	158,866.84	163,660.59	163,660.39
Salaries	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	67,743.00	85,943.00	85,943.00
Store rent	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	36,000.00	36,000.00	36,000.00
Total Fixed Costs	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	103,743.00	121,943.00	121,943.00
Variable Costs	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	10,800.00	10,800.00	10,800.00
Marketing costs	1,280.00	1,323.00	1,383.15	1,458.61	1,531.54	1,608.11	1,686.36	1,767.23	1,850.95	1,938.21	2,029.17	2,123.17	19,284.41	8,430.04	8,430.04
Total	10,371.00	10,434.00	10,500.15	10,569.61	10,642.54	10,719.11	10,761.36	10,810.05	10,866.23	10,920.35	10,975.25	11,029.17	133,827.41	141,173.04	141,173.04
Gross Profit	3,009	465.00	343.80	446.54	487.42	526.69	587.88	627.54	668.00	708.21	748.29	788.50	25,039.42	22,487.35	22,487.35
Taxes (IRC)	1,891	31,651	198,201	303,771	414,631	531,021	604,351	679,881	751,681	837,811	920,341	1,006,961	5,258,281	4,722,341	4,722,341
Profit/loss	7,118	367,351	745,601	1,142,771	1,559,791	1,997,661	2,273,521	2,577,661	2,890,321	3,151,761	3,462,241	3,744,651	19,781,151	17,765,011	17,765,011

Month	1	2	3	4	5	6	7	8	9	10	11	12	1st Year Totals	2nd Year Totals	3rd Year Totals
Revenue (meals)	24,000.00	25,200.00	26,460.00	27,783.00	29,172.15	30,630.76	31,549.68	32,426.17	33,418.18	34,471.06	35,509.44	36,574.73	367,322.17	374,668.61	374,668.61
Cost of goods sold COGS	7,040.00	7,392.00	7,761.60	8,149.68	8,557.16	8,985.02	9,254.57	9,532.21	9,818.18	10,112.12	10,416.10	10,728.59	107,747.84	107,747.84	107,747.84
Gross Margin	16,960.00	17,808.00	18,698.40	19,633.32	20,614.99	21,645.74	22,295.11	22,963.96	23,652.88	24,362.47	25,093.34	25,846.14	259,574.33	266,920.78	266,920.78
IVA tax on sales	3,120.00	3,276.00	3,433.80	3,611.79	3,782.38	3,982.00	4,101.46	4,224.50	4,351.24	4,481.77	4,616.23	4,754.71	47,751.88	48,706.92	48,706.92
Gross Margin less IVA	13,840.00	14,532.00	15,264.60	16,021.53	16,832.61	17,663.74	18,193.65	18,739.46	19,301.64	19,880.69	20,477.11	21,091.43	211,822.45	218,213.86	218,213.86
Salaries	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	67,743.00	85,943.00	85,943.00
Store rent	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	36,000.00	36,000.00	36,000.00
Total Fixed Costs	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	103,743.00	121,943.00	121,943.00
Variable Costs	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	10,800.00	10,800.00	10,800.00
Marketing costs	1,680.00	1,764.00	1,852.20	1,944.81	2,042.05	2,144.15	2,208.48	2,274.73	2,342.97	2,415.26	2,485.66	2,560.23	25,712.55	11,240.06	11,240.06
Total	10,791.00	10,875.00	10,963.20	11,055.81	11,255.15	11,539.48	11,385.73	11,453.97	11,524.26	11,594.26	11,666.66	11,739.23	140,255.55	143,983.06	143,983.06
Gross Profit	3,049.00	3,657.00	4,295.40	4,965.72	5,669.56	6,408.58	6,874.17	7,355.73	7,847.67	8,356.43	8,880.45	9,420.19	71,566.90	74,230.80	74,230.80
Taxes (IRC)	640,231	767,971	902,031	1,042,801	1,190,611	1,345,801	1,443,581	1,544,281	1,646,011	1,746,831	1,846,831	1,946,831	15,029,051	15,588,471	15,588,471
Profit/loss	2,408,771	2,889,031	3,393,371	3,922,921	4,478,951	5,062,781	5,430,601	5,809,441	6,193,661	6,601,581	7,051,621	7,485,321	56,537,851	58,642,331	58,642,331

Month	1	2	3	4	5	6	7	8	9	10	11	12	1st Year Totals	2nd Year Totals	3rd Year Totals
Revenue (meals)	20,250.00	21,262.50	22,325.63	23,441.91	24,614.00	25,844.70	26,620.04	27,418.64	28,241.20	28,088.44	29,361.09	30,859.33	309,928.08	316,126.64	316,126.64
Cost of goods sold COGS	5,340.00	5,637.00	6,548.95	6,876.29	7,220.11	7,581.11	7,808.55	8,042.80	8,284.09	8,532.61	8,788.59	9,052.24	90,912.24	92,730.48	92,730.48
Gross Margin	14,910.00	15,625.50	15,776.68	16,565.61	17,393.89	18,263.59	18,811.50	19,375.84	19,957.12	20,555.83	21,172.51	21,807.09	219,015.84	223,396.16	223,396.16
IVA tax on sales	2,632.50	2,764.13	2,902.33	3,047.45	3,193.82	3,338.31	3,480.61	3,554.42	3,671.36	3,781.50	3,884.94	4,011.79	41,036.46	41,036.46	41,036.46
Gross Margin less IVA	11,677.50	12,861.38	12,874.35	13,518.17	14,199.07	14,925.28	15,330.89	15,821.42	16,285.76	16,774.33	17,287.56	17,795.31	178,725.19	182,299.70	182,299.70
Salaries	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	5,211.00	67,743.00	85,943.00	85,943.00
Store rent	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	36,000.00	36,000.00	36,000.00
Total Fixed Costs	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	8,211.00	103,743.00	121,943.00	121,943.00
Variable Costs	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	10,800.00	10,800.00	10,800.00
Marketing costs	1,417.50	1,488.38	1,562.79	1,640.33	1,722.38	1,809.13	1,893.40	1,981.31	1,976.88	2,036.19	2,091.28	2,160.19	21,639.97	9,483.80	9,483.80
Total	10,528.50	10,539.38	10,673.79	10,751.33	10,833.98	10,920.13	10,974.40	11,030.31	11,087.88	11,147.19	11,208.28	11,269.19	136,237.97	142,226.80	142,226.80
Gross Profit	1,143.00	1,662.00	2,200.65	2,766.23	3,360.09	3,983.65	4,376.49	4,781.11	5,197.88	5,627.14	6,068.29	6,527.70	42,487.29	40,072.90	40,072.90
Taxes (IRC)	241,231	343,921	462,141	580,311	705,621	836,571	919,061	1,004,031	1,091,551	1,181,701	1,274,551	1,375,881	8,922,321	8,415,311	8,415,311
Profit/loss	907,771	1,323,981	1,738,511	2,185,921	2,654,471	3,147,081	3,457,431	3,777,081	4,106,321	4,445,441	4,794,741	5,151,821	33,564,971	31,657,591	31,657,591

Appendix 14 – Payback and ROI for each scenario

**Base Scenario**

	Week Days (WD)		Weekends (WE)	
	Lunch	Dinner	Lunch	Dinner
Number of meals served	60	30	50	40
Total	90		90	

<b>Initial Investment</b>	<b>70.000,00 €</b>
<b>Average Monthly profit</b>	<b>2.691,11 €</b>
<b>PayBack period in months</b>	<b>26</b>
<b>ROI</b>	<b>38%</b>

**Best Case Scenario**

	Week Days (WD)		Weekends (WE)	
	Lunch	Dinner	Lunch	Dinner
Number of meals served	70	40	60	40
Total	110		100	

<b>Initial Investment</b>	<b>70.000,00 €</b>
<b>Average Monthly profit</b>	<b>4.828,40 €</b>
<b>PayBack period in months</b>	<b>14</b>
<b>ROI</b>	<b>148%</b>

**Worst Case Scenario**

	Week Days (WD)		Weekends (WE)	
	Lunch	Dinner	Lunch	Dinner
Number of meals served	50	30	50	30
Total	80		80	

<b>Initial Investment</b>	<b>70.000,00 €</b>
<b>Average Monthly profit</b>	<b>1.536,42 €</b>
<b>PayBack period in months</b>	<b>46</b>
<b>ROI</b>	<b>-21%</b>

**Street-food festivals costs**

<b>Initial investment</b>	
Food truck	10.000,00 €
Repair and equipment	6.000,00 €
Non-kitchen equipment	2.000,00 €
Licensing	2.000,00 €
Software - Winrest	200,00 €
Uniforms	300,00 €
Website design	250,00 €
Fleyers	120,00 €
Brand trademarks	130,00 €
Sub-Total	21.000,00 €
<b>Montly variable costs</b>	
Licensing for Hygiene	50,00 €
Licensing for Work safety	50,00 €
Ensurance	30 €
Electricity; water and gas	200 €
Salaries	0
Sub total	330,00 €