FoodiePal

surge pricing

Problem

- Order processing
- Daily/weekly/monthly peeks
- Priority deliveries

Solution

- Order processing platform
- Surge pricing
- Time slots

Demo

"I am hungry!"

Timmy

1

Carrier 11:27 AM

Order food | My order | Settings

Choose restaurant

Search

- Pizzerija Ona — Ljubljanska 123, Šmarje-Sap
- Gostilna Abc — Celovška 12a, Ljubljana
- Halo Katra — Slovenska 5, Ljubljana
- Halo Lucy — Večna pot 113, Ljubljana
- Bar Zofka — Cankarjeva 98, Vrhnika
- McDonald's — Kolodvorska 1, Ljubljana
- Food delivery — Address
- Text Label — Detail text label
- Text Label — Detail text label
- Text Label — Detail text label

2

Carrier 11:27 AM

Order food | My order | Settings

Choose food

Pizzerija Ona: Menu

- Margheritta — tomatoes, cheese, origano
- Romana — tomatoes, cheese, ham, origano
- Mushrooms — tomatoes, mushrooms, cheese
- Four seasons — tomatoes, cheese, ham, mushrooms, origano
- Cake — chocolate
- Text Label — Detail text label
- Text Label — Detail text label
- Text Label — Detail text label
- Text Label — Detail text label
- Text Label — Detail text label

3

Carrier 11:27 AM

Order food | My order | Settings

Order item

Margheritta Price: 8€

olive oil, garlic cloves, basil, tomatoes, mozzarella, salt, pepper

A light pizza with olive oil, garlic, fresh basil, fresh tomatoes, mozzarella and Parmesan cheeses. Perfect with a beer on a hot summer night. I was inspired to try and make this myself after having an delicious version of it at Small Bar in Chicago. Yum!

Amount: 3

Cancel | Add

4

Carrier 11:27 AM

Order food | My order | Settings

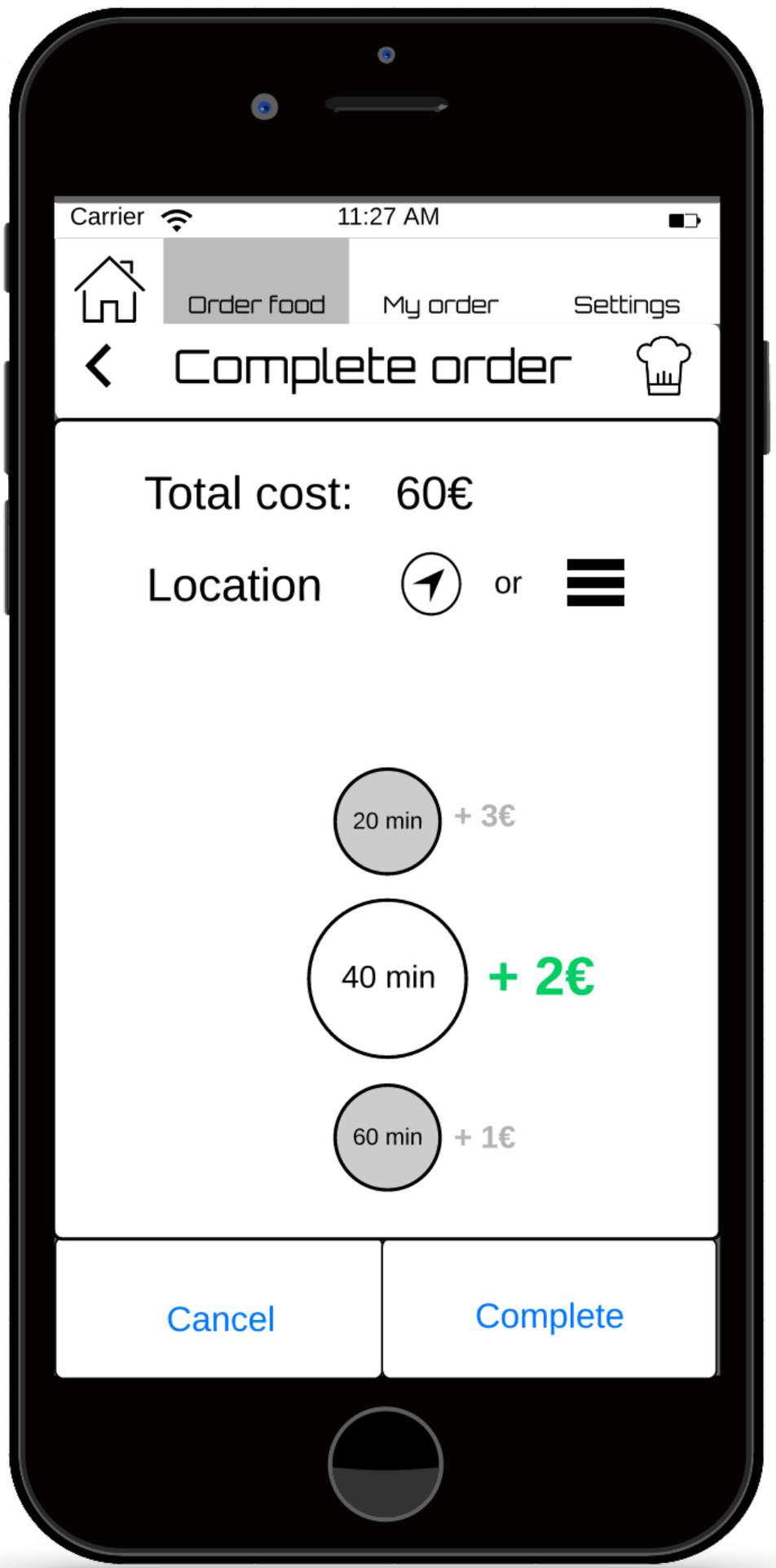
Order list

Margherita	3 com. | 24€
Mexican	1 com. | 11€
Four seasons	2 com. | 23€

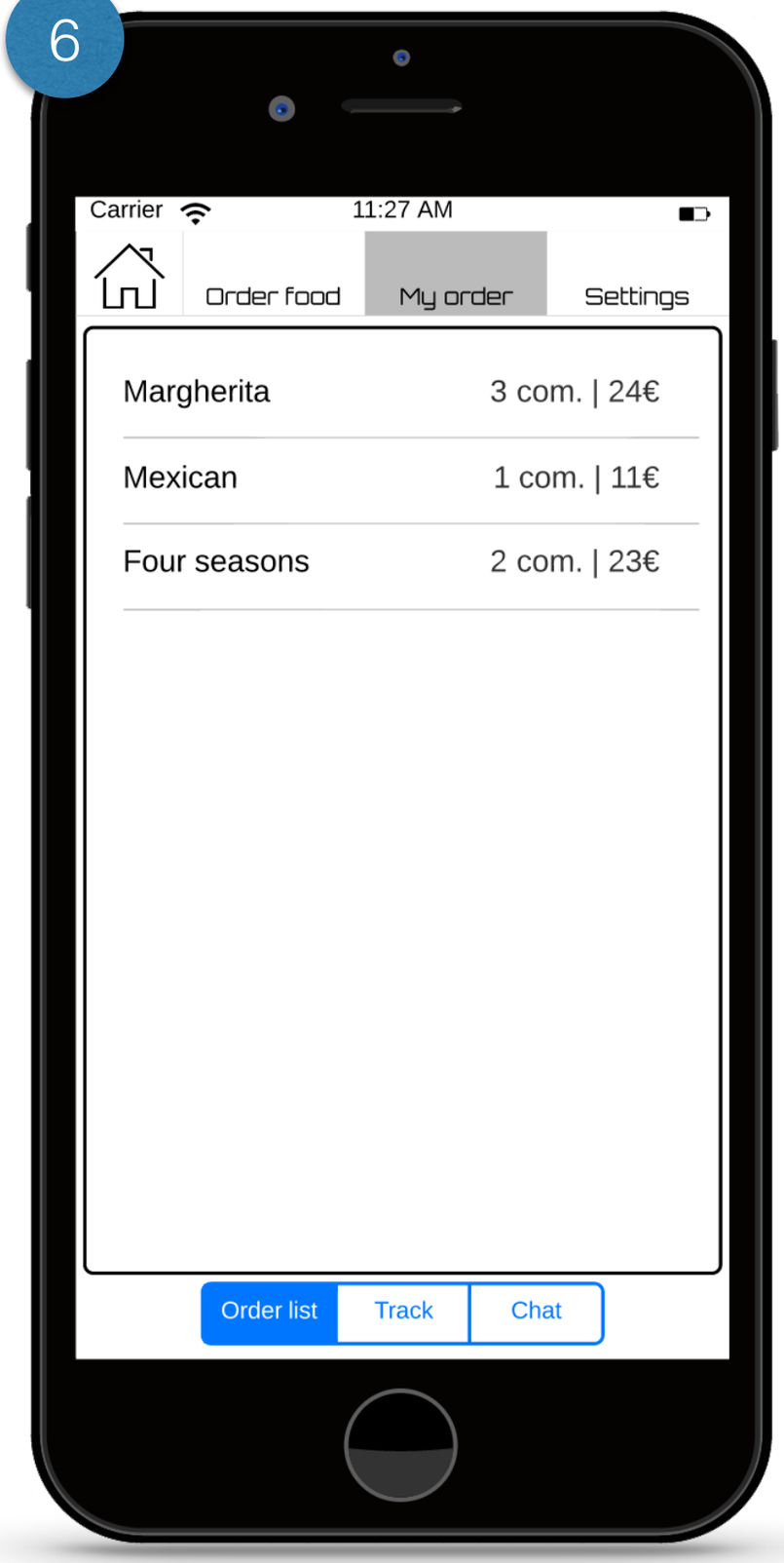
Reset | Order items

http://www.pd4pic.com/man-person-boy-cartoon-mouth-male-figure-avatar.html

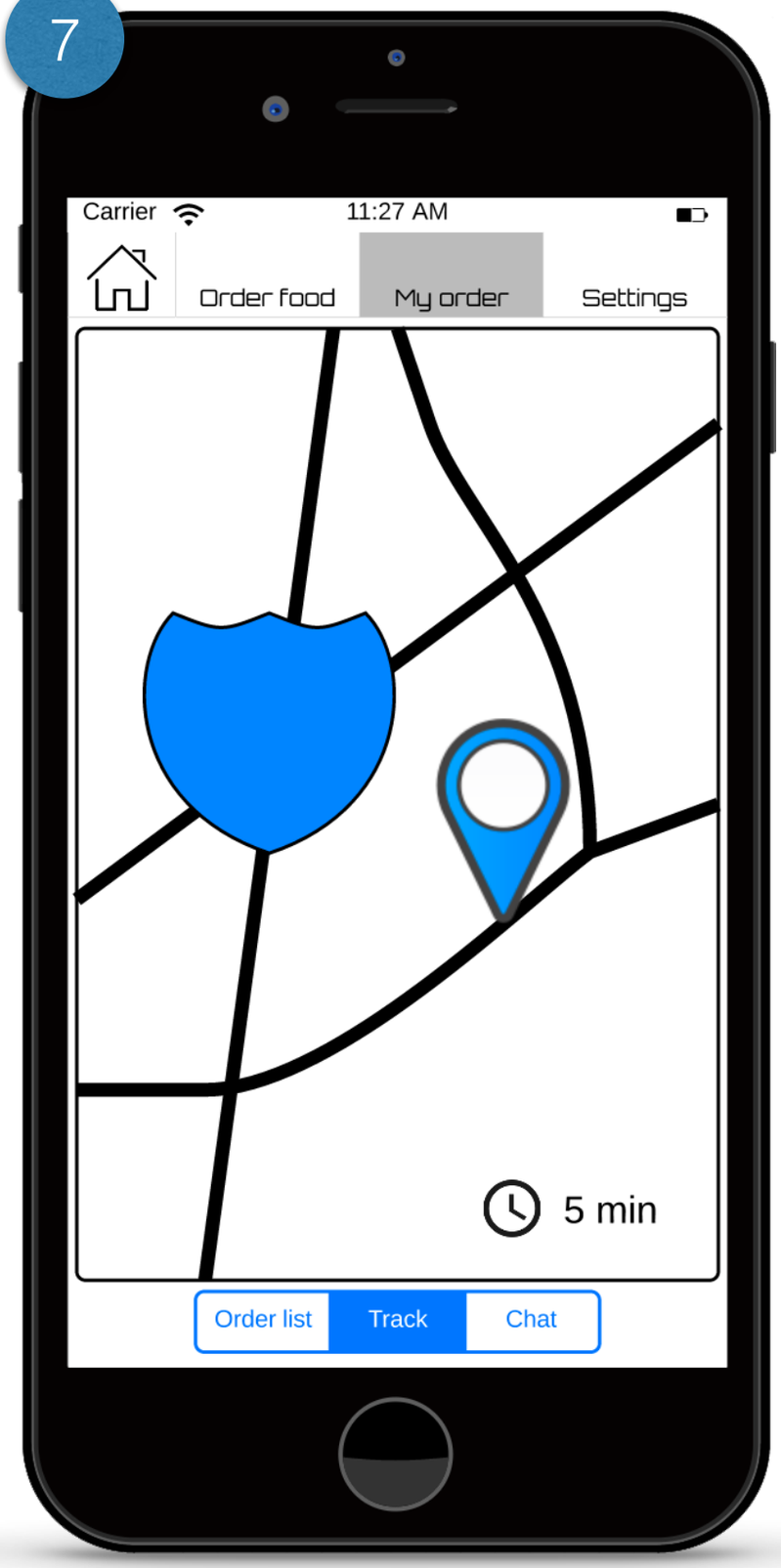
5


Carrier
11:27 AM
Order food
My order
Settings
Complete order
Total cost: 60€
Location
or
20 min
+ 3€
40 min
+ 2€
60 min
+ 1€
Cancel
Complete

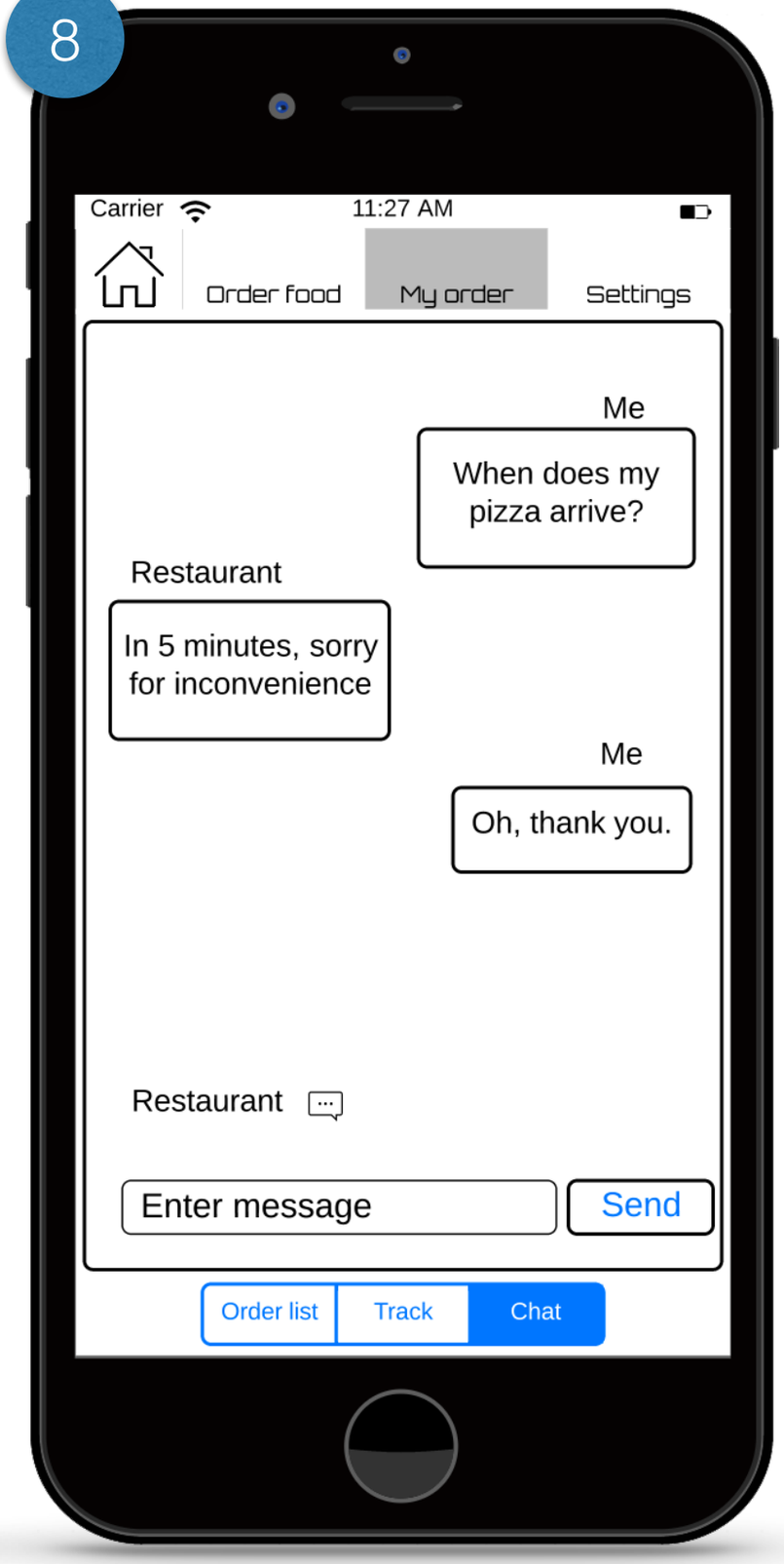
6


Carrier
11:27 AM
Order food
My order
Settings
Margherita
3 com. | 24€
Mexican
1 com. | 11€
Four seasons
2 com. | 23€
Order list
Track
Chat

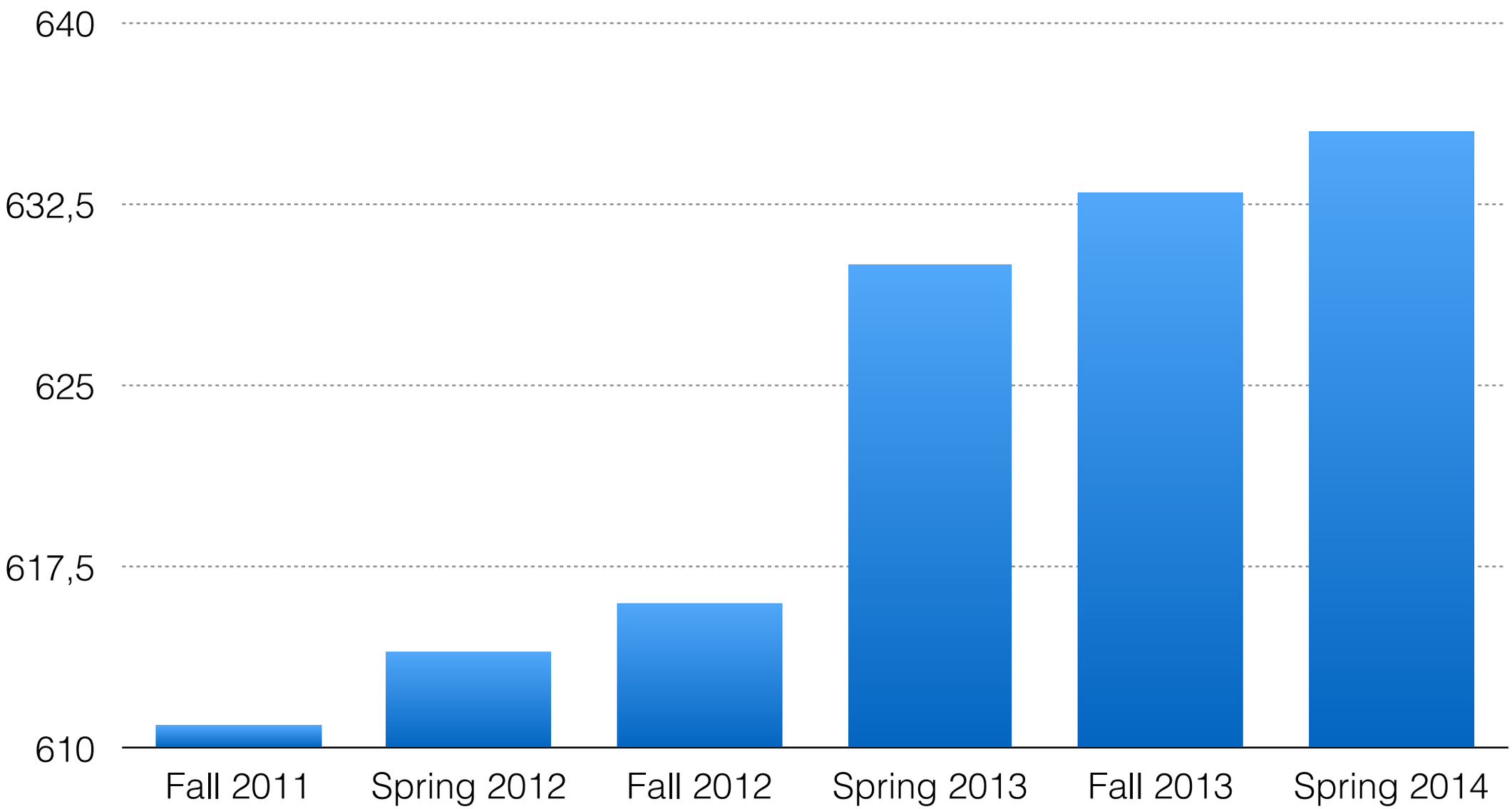
7


Carrier
11:27 AM
Order food
My order
Settings
5 min
Order list
Track
Chat

8


Carrier
11:27 AM
Order food
My order
Settings
Me
When does my pizza arrive?
Restaurant
In 5 minutes, sorry for inconvenience
Me
Oh, thank you.
Restaurant
Enter message
Send
Order list
Track
Chat

Market



Source: statista.com

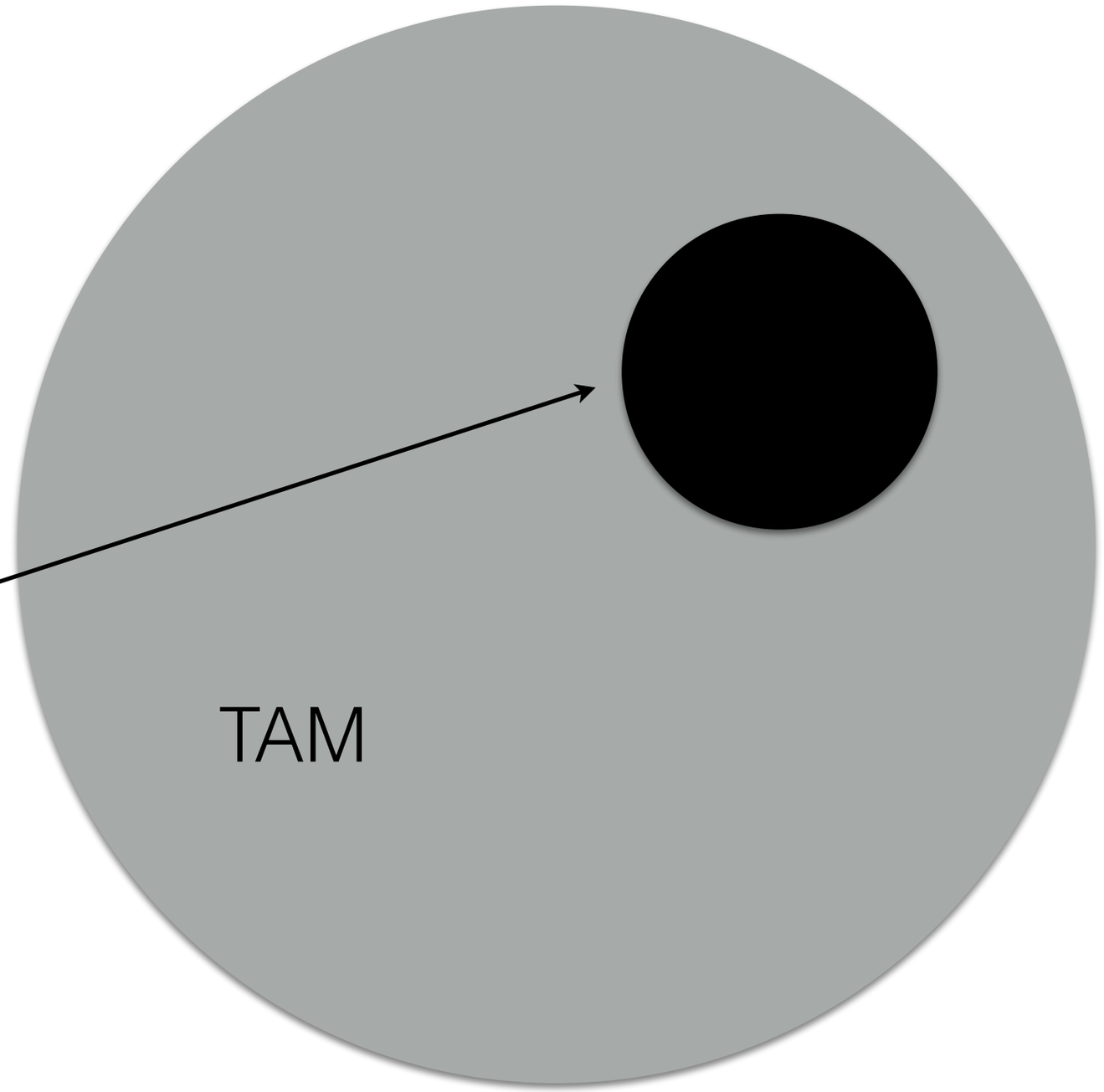
Market

635.5k restaurants in US

≈ 14% are food deliveries

Target market

≈ 88k



Competition

- GrubHub
- Seamless
- MenuDrive

Monetization

- 5% of every transaction's regular price

Team

- Aleksander Tomič - CEO
- Žiga Černigoj - CTO
- Matic Tkalec - CMO
- ? - Design

We need

- Time for developement
- Money for developement
- Money for marketing

Thank you!

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Appendices

Monetization overview

- Monetization:
  - 5% of every transaction's regular price. If surge pricing was used while ordering, we subtract the price of fast delivery(surge + delivery price) and take 5% from the **regular** price.
  - We decided on this because:
    - it can bring a lot of money
    - the percentage can be increased or decreased, based on the restaurant's income
    - the surge pricing income to the restaurant is usually bigger than our 5% fee, their revenue increases
- Competition:
  - GrubHub and Seamless take 13,5% of every order price on average. That is a lot compared to our 5% fee, and with us, the restaurant has an option of earning more with the surge pricing.
- http://www.eater.com/2014/3/3/6270739/grubhub-charges-restaurants-an-average-13-5-commission-per-order

Monetization overview

Example.

Assumptions:

- all orders are processed via FoodiePal
- average restaurant has ≈ 30 food deliveries per day
- average order is 20 EUR

40% of orders uses surge pricing: (12 orders)

- 17% orders per day(5 orders) … 20min [3EUR]
- 13% orders per day(4 orders) … 40min [2EUR]
- 10% orders per day(3 orders) … 60min [1EUR]

For restaurants

- fee for our service = 0.05*20EUR*30 = 30 EUR (per day)
- profit from surge pricing = 5*3EUR + 4*2EUR + 3*1EUR = 26EUR
  -> spent only ≈ 4 EUR per day instead of 30EUR (if there is no surge pricing and fee only 5%)

Cashflow

description		y1			
	subdesc.	**Q1**	**Q2**	**Q3**	**Q4**
from operation		-12.550	-7.250	-6.700	14.500
	salary for 3	-9000	-9000	-13.500	-13.500
	workspace rent	-600	-600	-600	-600
	IT expences	-250	-350	-600	-900
	sales	0	5.400	18.900	40.500
	marketing	0	0	-4000	-2000
	designer	-2700	-2700	-2700	-2700
	extra programmers	0	0	-4200	-6300
from financing					
from investments		30.000	0	0	0
	seed	30.000	0	0	0
NET(O) per q's		17.450	-7.250	-6.700	14.500
Total in Budget		17.450	10.200	3.500	18.000
all number represent EUR					

minimum seed is 26.500 for positive balance

Cashflow overview

- Average values
  - Avg. # of deliveries per day: 30
  - Avg. price of delivery: 20€

  - We get 5% of every delivery's original price, even during peaks, when price is higher
  - Avg. from 1 delivery: 20€*0,05 = 1€

- Our income per day and month
  - Per day: (30 deliveries)*(1€) = 30€
  - Per month: (30 days)*(30€) = 900€
  - From one customer in a quarter: 3(months)*(900€) = 2700€

- Rentals
  - Office rent:
    200€ per month, 600€ per quarter

Cashflow overview

- Our income per quarters
  - Q2: we get 3 new customers (we start sales in 5th month)
    900*(2 months)*3 = 5.400
  - Q3: we get 4 new customers, 7 total
    2.700*7 = 18.900
  - Q4, we get 8 new customers, 15 total
    2.700*15 = 40500
- Salaries
  - Cofounders:
    1000€ per month (Q1, Q2)
    1500 € per month (Q3, Q4)
  - Designer:
    900€ per month, 2700€ per quarter
  - Extra programmers:
    700€ per month, 2100€ per quarter

Cashflow overview

Our IT expenses will be

- One-time distribution fee for AppStore in Q1
- Monthly subscription to Adobe CreativeCloud tools
- Monthly fee for cloud service usage, starting with end of month 4, when our product will be released

We need designer

- We won’t have time (and relevant skills) to design quality user interfaces
- So we will need to hire designer at the start of development

Cashflow overview

We will need extra programmers

- For easier and faster development, we will hire
  - Two programmers in Q3
  - One additional programmer in Q4

In case of investment, we will use money for:

- Better infrastructure and plan execution
  - Better cloud service or our own cloud
- Salaries, extra personnel

Business Model Canvas

Key Partners

Insert

Marketing companies

market growth

IT experts

cloud hosting, infrastructure optimization

Key Activities

Insert

Development and maintenance

use modern technologies, work efficiency optimization

Gaining new customers

by increasing the size of our network(increasing the number of users who want to order food), more and more restaurants will want to join

Key Resources

Insert

Platform

Platform for order processing and for ordering, includes surge pricing

Surge pricing

predicting peaks and balancing prices

Value Proposition

Insert

Increase profit

our customers are able to optimize their earnings at high peaks - they create more revenue because there are customers who are willing to pay more money for faster delivery

Restaurant customers

Are able to get their delivery faster

Increase customer satifaction

picky/more demanding customers can order food faster if they want to (but pay more for that service)

Simple design

simple to use, practical

Customer Relationships

Insert

Restaurant system support

Instructions
IT support

Restaurant customer support

Tutorial
Instructions
Updating based on reviews

Channels

Insert

Direct sales

Marketing to aquire new customers(1) - market growth.

Apple App store, Google Play

Distributing app to customers(2) of restaurants through online app markets

Customer Segments

Insert

Restaurants

increase their revenue during high peaks, optimize deliveries and increase their customers(2) satisfaction

Restaurant customers(2)

dependents of restaurants that will offer ordering via app

Cost Structure

Insert

IT expenses

Cloud services, Graphics tools, Hosting

Development and maintenance

Updating applicatons, maintaining databases and servers, customer support, new features

Offices & workspace rent

Marketing

Advertisement, gaining new customers

Revenue Streams

Insert

Transactions

5% regular price of every transaction

Advertising

Ads in application for regular users

Brainstorming Space

Insert Brainstorm Mode

customers(1) / customers(2)

customers(1): our customers (restaurants)
customers(2): customers of our customers (restaurants)

SWOT analysis

Strengths

Insert

Key partners
- Good IT experts are vital

Key resources
- surge pricing
- order processing platform

Value proposition
-Profit increase
-Secondary customers get faster delivery, everyone is happy

Key activities
- Modern technologies
- by increasing the number of users who order food, the interest of restaurants in us grows

Customer relationships
Good IT support

Cost structure
- Not a lot of expenses in the beginning

Channels
Two very powerful stores, Appstore and Google Play

Revenue streams
- Not expensive for the restaurant
- Advertisers want their add in our app

Weaknesses

Insert

Key partners
Hard to get good IT experts, hard to find good marketing

Key resources
- not all customers are using smartphones to order food

Key activities
- If the number of restaurants grows, so does the size of our support team, and also our expenses

Value proposition
- Restaurants could be afraid that their customers will abandon them

Customer relationships
Not every problem can be solved online

Channels
- Extremely hard to get users to download the app, and hard to sell the system to restaurants

Cost structure
- Grows together with the number of restaurants

Revenue streams
- Restaurants may prefer subscription

Opportunities

Insert

Key partners
- Convince IT experts that our solution is better

Key resources
- import surge pricing in food industry

Key activities
- The company could hire lots of support staff if the number of restaurants increases swiftly

Value proposition
- convince restaurants that they earn more with our solution

Customer relationships
- Cooperate with restaurants for better updates

Cost structure
Could limit it to a certain number

Revenue streams
- Could raise the percentage.

Threats

Insert

Key partners
- Marketing companies already supporting competition

Key resources
- people will be afraid that surge pricing is a scam

Key activities
- Competition already has the order processing implemented, they also have the customers and employees, they just pop our idea of surge pricing in and we are done.

Value proposition
- Restaurants will not want to accept this new type of selling food

Customer relationships
Customer not satisfied, support not good, customer leaves

Channels
- We cant't sell anything

Cost structure
- Marketing is ineffective, but burns a lot of cash

Revenue streams
- Customers believe it's too expensive

Value chain

Primary	product management	tech (sw) dev.	distribution	design	support
	planning, realization	*app development, iterations, improvements*	*platform delivery to our customers(1)*	*dedicated design for our app*	*user support*
Secondary	**distribution (1)**	**marketing**			
	app delivery for customers(2) through Google Play in Apple App Store	*marketing*			

customers(1) : restaurants
customers(2) : restaurant customers

Competition analysis

attributes	FoodiePal	GrubHub	Seamless	MenuDrive
distribution	Appstore, Google Play, WWW	Appstore, Google Play, WWW	Appstore, Google Play, WWW	Android, WWW
time evaluation of order delivery	yes	yes	yes	yes
customer feedback	yes	yes	yes	yes
delivery tracker	yes	yes	no	no
surge pricing	yes	no	no	no
priority ordering	yes	no	no	no

FAQs

Q: How to get first customers (restaurants) to use our product?

A:

(We will send an offer or/and call a lot of restaurants and introduce our idea to them)

Just a few restaurants will accept the offer. They will have to introduce the new way of ordering to their customers. And if the idea catches on, these customers will suggest other restaurant to start using it.

Q: How to manipulate prices of time-slots?

A:

Every restaurant decides for itself, how much would they like to charge for faster delivery. They also determine which and how many time slots should currently be available, based on their capability to deliver food in time for these time slots.

Q: What happens when the user wants to order food to be delivered in 30min but location of the user is, let's say 40 min away from the restaurant?

A:

After he completes the order, the restaurant reviews it. They can see the location of the user who ordered food.

The manager can either accept the order or deny it, and propose a new, more realistic time for delivery and also the fee.

Then the user can either accept the proposed time, or cancel and start a new order.

Other

http://pizza.com/fun-facts

http://www.statista.com/statistics/244616/number-of-qsr-fsr-chain-independent-restaurants-in-the-us/

http://www.quora.com/How-many-restaurants-in-U-S-offer-home-delivery