

## **App Income, Ad Costs, Pricing Strategy, and Other Research:**

### **(Per Marketing, Finance, and Project Managers):**

This document covers:

1. Current position for ad and app income and costs: Pending Further Research..
2. App Income and Ad Costs for Profit and Loss: Pending Further Research.
3. Pricing Strategy : Pending Further Research.
4. Other Marketing Plan and Pricing Strategy Information: Pending Further Research.
5. Other Supporting Market Research: Pending Further Research.
6. Research on Salaries and Assets: Pending Further Research.

### **1.Current Position Pending Further Research:**

1. A provisional 3 year maximum window has been examined, as all initial assumptions may need to change after that time span. (The app market is volatile and much depends on uptake traction and gaining market share). If anticipated subscription volumes are not finally achieved, additional loan financing may be required to cover costs.
2. Using full absorption costing for sales pricing is not feasible in view of what the app market will bear (low price 17p per app advertising income is offset by more easily attainable and valuable £12 per subscriber per annum app income).
3. Full absorption costing and costs recovery are achieved in Year 2 provided:
  - the volume of app subscribers can be obtained. (Volumes have been kept the same for year 2 and year 3 to ensure a conservative approach is maintained).
  - the volume of app uptake can be obtained. (Volumes have been kept the same for year 2 and year 3 to ensure a conservative approach is maintained).
  - the advertising costs known so far prove to be accurate and are not understated.
4. Longer term, a company structure with competitive salaries will need to be developed. In addition, IT costs will need to adjust from using a service to in-house development. What the enterprise can afford and needs to purchase will depend on how market share for advertising is achieved and uptake traction for the app product. (Therefore, the cost of a server has not been taken into account within the 3 year window, as IT will continue to be provided by a service until certainty over app subscription volume emerges).

### **2. App Income, and Ad Costs for Profit and Loss:**

The app market is volatile and heavily dependant on uptake traction and market share. As a result, such income needs to adopt a conservative, prudent view.

	Period 1	Year 2	Year 3
	(24wks)	(52wks)	(52wks)
<b><u>COSTS (FULL ABSORPTION):</u></b>			
Per profit and loss : gain/loss	-38,216	230,926	229,339

	Period 1 (24wks)	Year 2 (52wks)	Year 3 (52wks)
Costs for recovery(cumulative)	-£39,216	-39,216 <u>-50,148</u> <u>-£89,364</u>	-39,216 <u>-50,148</u> <u>-51,191</u> <u>-£140,515</u>

### **APP INCOME-SUBSCRIPTIONS:**

YR2 : 30,000 SUBSCRIBERS per year at £12 a year each-(PER 4. below) £360,000

YR3: 30,000 SUBSCRIBERS per year at £12 a year each-(PER 4. below) £360,000

These costs are therefore fully absorbed in year 2, not by app income, but by app subscription income (assuming the volume of subscribers at £12 per year each can be achieved).

### **TOTAL PRODUCT IINCOME:**

#### **1.ADVERTISING INCOME:**

Range 1k to 10k volume-(PER 4. below) 0 Assume 5,000 Assume 5,000

Price17p-will stay same once set 0 £850 £850

(Lowest 13p, highest22p, mode 17p-PER 4. below)

### **2.APP INCOME - SUBSCRIPTIONS:**

YR2 : 30,000 SUBSCRIBERS per year at £12 a year each-(PER 4. below) £360,000

YR3: 30,000 SUBSCRIBERS per year at £12 a year each-(PER 4. below) £360,000

### **OTHER NON-WAGE RELATED DIRECT COSTS:AD/MARKETING COSTS:**

#### **1.AD COSTS (PRE INC Domain cost for adverts):**

YR2: AdWord 1,200 FOR 12 Months-(PER 4. below) £14,400

YR 2: Social Media £43,600

YR3:AdWord 1,200 for 12 Months-(PER 4. below) £14,400

YR3: Social Media £43,600

#### **2.AD COSTS (Domain cost for adverts) -(PER 4. below)**

Domain yr2 and 3: £264.96 divided by 10yrs=£26.50 per year £26.50 £26.50

**3.Total Ad costs:** £58,026.50 £58,026.50

### **3.Pricing Strategy : Pending Further Research:**

Pricing for app income (2 types: subscription and advertising income) is based on what the market will take and can provide rather than on full absorption costing plus a profit margin.

We've already decided on the freemium model where subscription will give the user access to an ad free platform which offers an o2 priority like 'members club' where the users can get discounts for products, entry to events and freebies.

Freebies might include:

Herbs and spice samples – we could think about partnering with a brand such as Schwartz or Knorr

Bottles of sample sauces from new or existing companies looking to promote their products – Lea and Perrins/ Heinz/ Nandos/ Encona etc we can maybe have a similar partnership with such companies. There are fairly new brands such as Bandar Sauces which isn't available in the UK but have sachets and Naan chips in their product range.

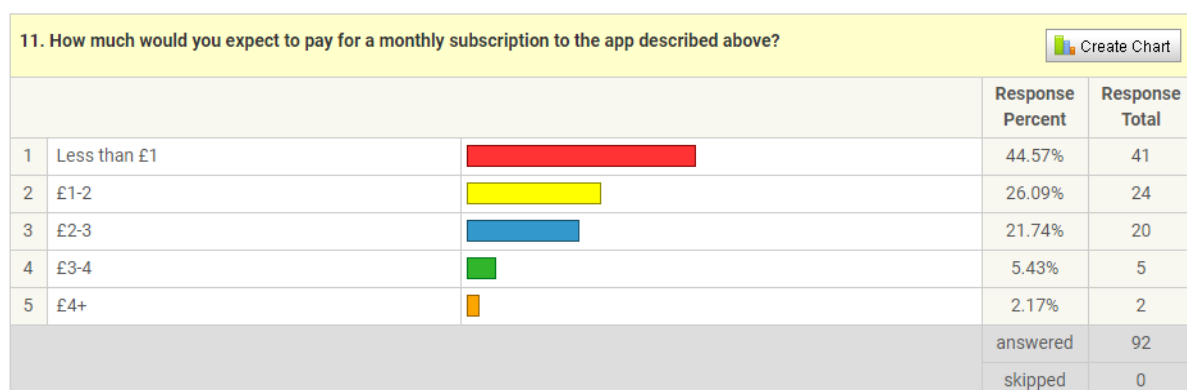
BBC Good Food subscribers can apply for tickets to events put on by BBC Good Food, at first it's probably not going to be feasible to put on events ourselves so we should maybe pursue looking into tickets to farmers markets and maybe negotiating a discounted entry fee or a free meal at a stall at an event like this.

Events BBC GoodFood put on include cocktail masterclasses and food shows. Cocktail masterclasses on a first come first serve basis to members could be offered. Entry to cooking classes at universities could be offered where the member actually goes to a cooking class with a chef but the recipe is on the app and they cook along with the chef.

A partnership with a supermarket would be a good avenue to explore, not high end like M&S or Waitrose or even Sainsbury's and Morrison's maybe ASDA, Tesco, LIDL, ALDI or Iceland. The cheaper supermarkets will be more appealing to our target audience. BBC GoodFood already had ties with ALDI when they were promoting healthy eating in the New Year.

Pricing:

So far these are the results of the pricing question in the survey (21/2/18)

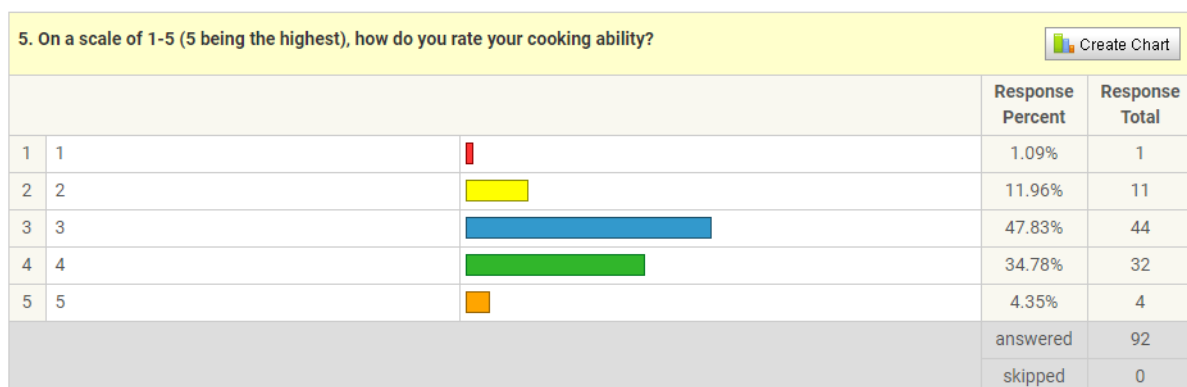
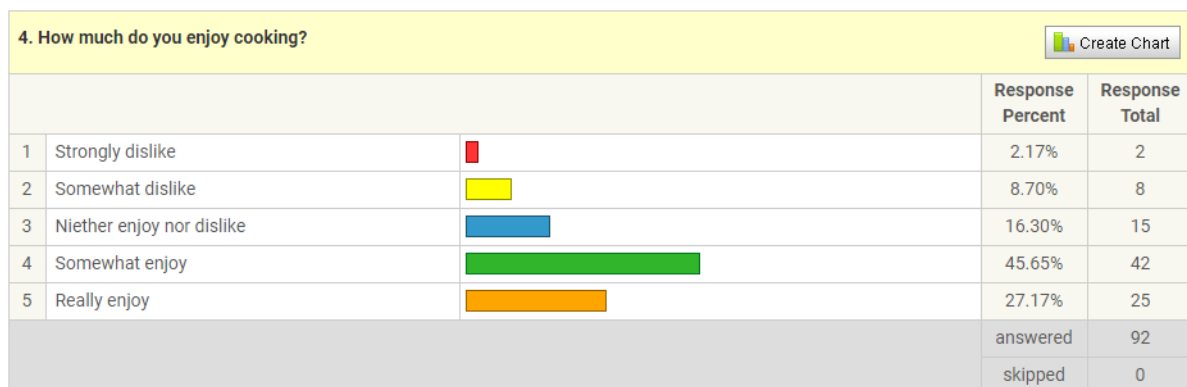


BBC GoodFood charges £43 for 12 issues which is roughly £3.58 each. I don't feel as though we can compete just yet with them nor are we targeting the same audience, BBC GoodFood demographic is mostly middle class, middle aged people –

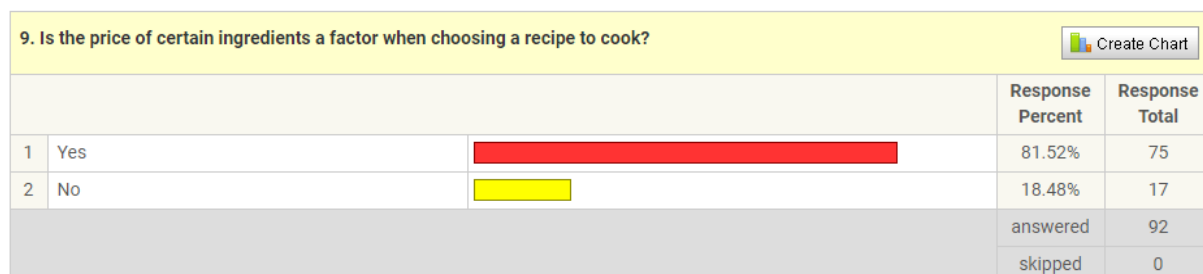
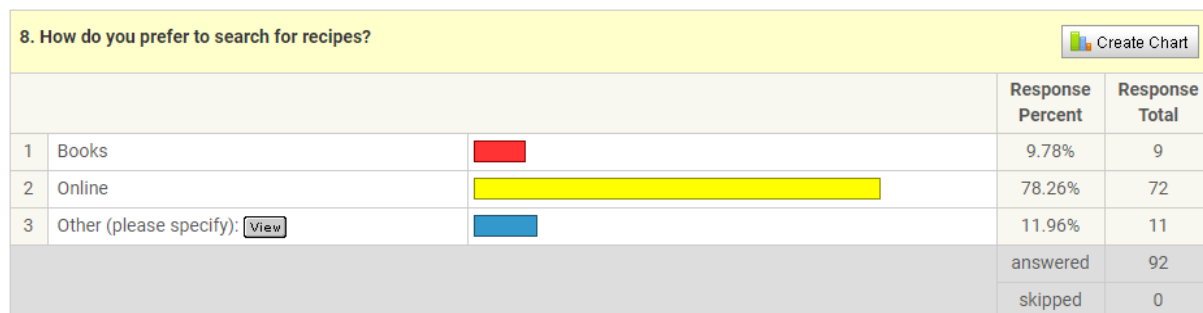
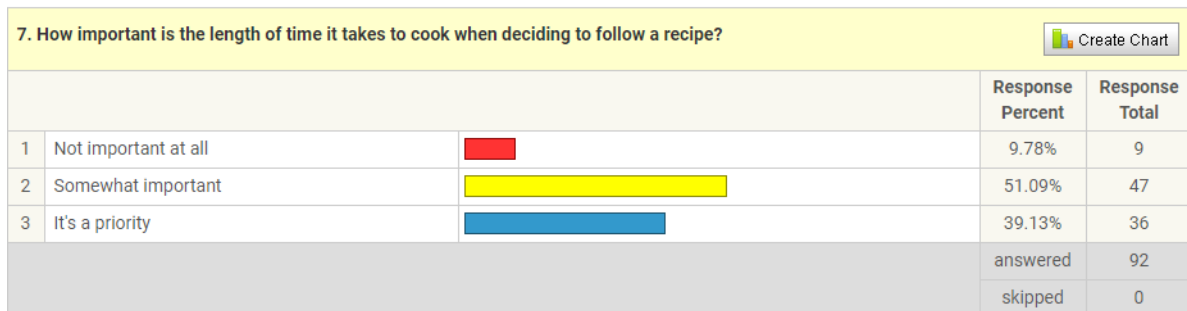
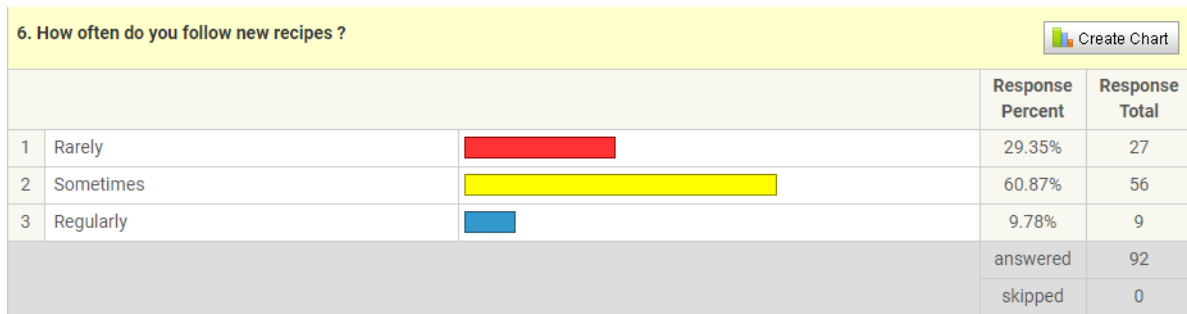
[1][https://www.bbcgoodfoodshow.com/images/uploads/docs/GFS\\_Sponsorship\\_Deck\\_Aug\\_17.pdf](https://www.bbcgoodfoodshow.com/images/uploads/docs/GFS_Sponsorship_Deck_Aug_17.pdf)

These people have more disposable income than our audience so we shouldn't be charging as much as them. From the survey most people would pay less than £1 however without having a product we can show them showcasing the benefits of our app it's difficult to 100% trust this information. KitchenStories don't charge and rely on their shop and ads, M&S app is free but encourages shopping in their stores. All student apps/websites are free but are littered with ads. Jamie Oliver charges £6.99 for a one off purchase of his ultimate recipes, 600 recipes – free version doesn't have as many recipes, limited to 15 a week.

34% of 16-24 year olds have Spotify premium, which is £10 full price or £5 for students and around 58% of the same ages group have a Netflix account, ranges from £5.99 to £9.99 depending on package. This shows our target audience are willing to pay for desirable subscriptions. How desirable is our product?



Our audience seem to enjoy cooking, most people cook 6-8 meals a week, and the vast majority said they cooked themselves. There's a definite need for cooking apps:



These results show that our audience are searching for new recipes online and looking to cook new things. I would conclude there's a need for our product and it solves the problem of scrolling through recipes with dirty fingers. The other benefits include the social media integration as well as the subscription benefits already mentioned. I would suggest somewhere between £1.49-£1.99 a month fee as an initial stab in the dark estimate.

#### **4. Other Marketing Plan and Pricing Strategy Information: Pending Further Research**

##### **Domain name:**

handsoffcooking.co.uk for ten years : £264.96

.UK (.CO.UK) Domain Registration handsoffcooking.co.uk

£90.90 1st year £0.99 then 2+ years £9.99 (9% off 10 Years)

Privacy & Business Protection handsoffcooking.co.uk @ £129.90 72% off 10 years (Renews at £25.97/yr), keeps private information from public database so we can only publish names addresses etc if we want to.

£220.80+£44.16 (Taxes & Fees)

Totalling £264.96

[2]<https://uk.godaddy.com/dpp/find?checkAvail=1&tmskey=&domainToCheck=handsoff.com>

### **Advertising on Social Media:**

There is no minimum charge for advertising on facebook, we tell facebook how much we want to spend and they try to get as much publicity as possible for that amount. It is free to create and run a page, we would only have to pay for advertising that page.

The advertising campaign should include short videos, of our recipes as well as videos of the screen as people use it. There should be a link to our product page on facebook which will have all the relevant information on it about the product plus some free bonus items such as videos from the premium version. Lots of these pages regularly post videos, share articles and engaging content such as quizzes etc - a possibility for us?

It is estimated that tasty make between \$20,000 and \$50,000 per video they make through product placement and adverts. Example tasty case stud: 45-second guide to making a cheese-stuffed pizza pretzel had 37 million views, 650,000 likes, and 750,000 shares within 24 hours.

To set a budget we have two options, pay X amount and see how it goes, carefully monitoring page views and click throughs from facebook to app store. The other option is to set a target revenue from these adverts alone, how many premium subscriptions do we need to cover advertising cost and generate revenue. Must be patient, it will not be an overnight success, it can take months to achieve desired revenue.

AdWord, on google adverts are ordered based on quality score, based on click through rate and relevance of keywords etc, and ad rank, set by google. We pay per click given by the ad rank of the ad below/ quality score + 1p. Advertisers bid on keywords and we would bid as much as we can depending on our budget. Once we set a budget we can estimate revenue from it.

[3]<https://www.facebook.com/business/help/201828586525529>

[4]<https://www.facebook.com/business/help/201828586525529>

[5]<https://www.quora.com/How-much-money-do-the-Tasty-videos-on-Facebook-make#>

[6]<http://fortune.com/2016/01/19/buzzfeed-tasty-proper-tasty/>

[7]<https://www.socialmediaexaminer.com/facebook-ad-budget-how-to-set/>

[8]<https://www.wordstream.com/blog/ws/2015/05/21/how-much-does-adwords-cost>

[9][https://adwords.google.com/intl/en\\_uk/home/how-it-works/search-ads/](https://adwords.google.com/intl/en_uk/home/how-it-works/search-ads/)

### **Typical App Prices:**

Most apps are free and offer some sort of in app purchase system. Please refer to other document for pricing breakdown of competition and suggestions on our pricing

[10][https://drive.google.com/drive/folders/1uqRCgPDMYEOPG94sdWLuQ9\\_hqsnJMMaN](https://drive.google.com/drive/folders/1uqRCgPDMYEOPG94sdWLuQ9_hqsnJMMaN).

### **Typical AdSense Revenue:**

Again this very much depends on how big we are as a company and what we can dictate to people wanting to advertise on our platform. Average cost per click varies depending on time of year i.e greater at christmas etc, 'Throughout 2015-2016 period CPC varied from roughly \$0.35 in Q2, 2015 to \$0.27 in Q2, 2016. During this time the peak value CPC reached was in Q4, 2015, a quarter that covers the Christmas season when all advertisers are doing their best to reach more of their target audience and hence CPC should go up.'

[11]<http://www.mobyaffiliates.com/guides/mobile-app-advertising-cpm-rates/>

We are having an advert at the start of the recipe slideshow on the free version, but this should be varied. Therefore we should follow a similar model to google whereby the highest bidder gets more share of the adverts displayed on customers phones. Maybe advertisers pay a certain amount per month for % share.

Another method is to do pay per view so for every 5000 times an ad is displayed they pay a certain amount. This company charges \$50AUS for every 5000 views of an ad on their platform.

[12]<https://teamappadvertising.com/business/pricing>

### **Typical Sales Volume:**

App downloads over time information is not freely available, developers don't tend to publish this information however the table below shows some information obtained from the google play store on number of install since release.

Name	Release Date	Current Number of Downloads	Avg Review /5
BBC Good Food	1/9/12	50,000+	3.4 (151 reviews)
Kitchen Stories	Early 2014	1,000,000+	4.6 (21579 reviews)
Tasty	27/7/17	1,000,000+	4.7 (25197 reviews)

The Tasty app is part of the buzzfeed group so it's rapid uptake is due to huge backing and investment from the parent company. The closest rival i would suggest we have is kitchen stories in terms of starting out small and growing steadily. In four years they have over 1

million installs from google play store, lets estimate that they have 2 million downloads including other app stores.

If we look at keyword searches from Google's AdWord Tool then we can gauge a picture of the number of people searching for phrases that are closely linked to our product. The table below shows data from the previous year for searches relating to our product.

Keyword	Min search volume	Max search volume	Competition	Top of page bid (low range) /£	Top of page bid (high range) /£
recipe app	1,000	10,000	Low	0.17	0.61
cooking app	100	1,000	Medium	0.22	1.45
recipe book	1,000	10,000	High	0.15	0.32
dinner ideas	10,000	100,000	Low	0.17	1.45
easy dinner recipes	1,000	10,000	Low	0.13	1.96
cookbook	1,000	10,000	Medium	0.22	0.9
free recipe apps	10	100	Medium	0.18	0.46
Total	14,110	141,100		1	7

This table shows the search volume per month and the bidding price for having an advert on these keyword searches. Based on these seven phrases then potentially we can have 141,100 adverts being seen per month on google. If we take into account other search engines plus all of the other thousands of keywords that we can advertise with then i estimate that we can have 300,000 adverts seen per month. Google estimate that 2% of all ads seen result in a click through so per month we can hope for 6000 clicks. Of these 6000 clicks we can assume that around 1500 are of our target audience. This assumption is based on the fact there are approximately 9.3 million people in the uk aged 18-30 out of about 65 million, and that this generation spend more time online than older generations. Conversion rate is unlikely to be above 20% so let's say that monthly from this sort of advertising alone 300 new customers download the app. This is on one advertising platform and we are far more likely to get customers from social media advertising.

[13]<https://www.wordstream.com/average-ctr>

[14]<https://www.linkedin.com/pulse/20141102220536-50610275-how-to-forecast-sales-for-an-smart-phone-app>

I'm struggling to find data on downloads directly from Facebook adverts etc. Millennials spend 34 hrs a month on facebook on average and roughly 88% of our target audience use facebook so that's approximately 8.2 million facebook users. By advertising on this platform



we can hope to reach millions of users. If we target 20,000 views of our advert per day on facebook then 400 (2%) of these views will become click throughs resulting in 80 downloads per day (20%). Out of these 80 downloads per day we aim to have a 60 subscribers resulting in 60 subscribers per day. Per year we aim to achieve 21900 subscribers.

If we get around 300 downloads per month from advertising on keyword searches and aim for 75% subscription rate as before then we can achieve 225 subscribers per month. Over the year this become 2700 subscribers. If we include other social media platforms such as twitter and pinterest then we can aim to achieve 30000 subscribers a year.

This sort of advertising costs and it is up to us to decide on what we'll spend on this. Considering AdWord advertising, we can spend anywhere between £0.17-1.96 per click depending on how high on the list we want to reside. Let's say we spend £0.2 per click we would spend £1200 per month on advertising. On social media if we spend the same per click then we would spend £80 per day on advertising. Over the year the total cost of this advertising would be £43600.

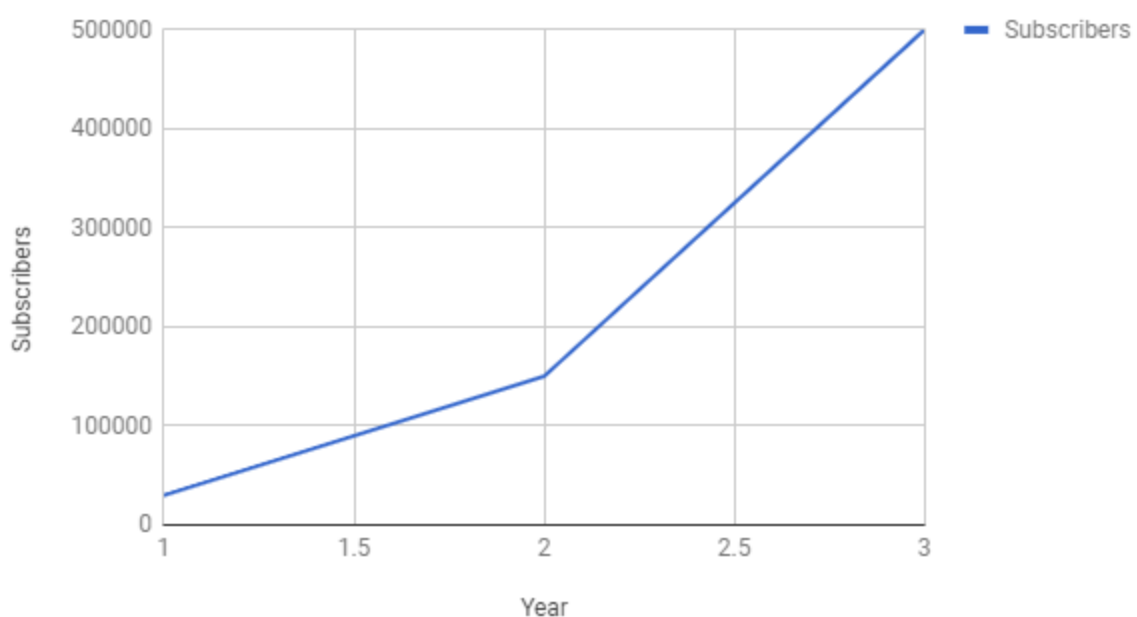
If we aim to achieve 30000 subscribers a year all paying £2 per month (£12 per year) then we can expect to achieve £360,000 per annum. This is based off only achieving 30,000 subscribers per year. I would suggest this is a good aim for year one.

[15]<https://sproutsocial.com/insights/new-social-media-demographics/>

[16]<https://www.facebook.com/help/community/question/?id=4903375074247>

Below is an estimate of how we can progress in terms of subscribers over the next three years based on popularity of similar apps since they we released and their marketing budget.

Subscribers vs Year



This is based off research into advertising online and on social media. There will be other ways of reaching people described in the marketing plan. In order to increase growth we would need to spend more on advertising per year until we have such a large customer base that we can reduce spending on our own advertising and start to charge larger companies more money to advertise with us. This is similar to what Tasty has achieved with their success and product placement advertising in their videos. At first we start off small as we won't have the budget to achieve the level of subscribers we desire but hopefully by the second year we can spend what we need to on marketing to achieve this level of growth.

### **Marketing Plan:**

- Freshers Fairs
- Advertising on Facebook
- Advertising on search engines
- Pop up stalls at universities, supermarkets and in town centres
- Advertising with brands

The above points are all avenues we can explore in order to push our product into the mainstream.

As our target audience is young people aged 18-30, setting up a stall at freshers fairs is a great way to tap into a mass of young people living in one area. The beauty of this is that there will be different freshers every year to visit, the downside is that there is a limited window of opportunity as freshers weeks are usually only in one six week window, mid August to October.

If we were to have a stall at freshers fairs we could have live demonstrations of the app as well as tasters of the food you can cook with the app, this will appeal to students. Costs can vary and there's not a lot of information out there however from University of Greenwich, who have 9000+ students visiting, prices vary depending on location : £480 - £800 (see link).

York Freshers Fair: The 2016/17 price for a Freshers Fair stall for a private business was £525 for a standard stall and £825 for a premium stand (Email from YUSU).

	2009/0	2010/1	2011/2	2012/3	2013/4	2014/5	2015/6	2016/7	2017/8
UG	10,365	11,220	11,770	11,890	12,165	12,300	12,520	12,925	13,415
PGT	2,410	2,675	2,785	2,760	2,775	2,665	2,480	3,145	3,360
PGR	1,125	1,170	1,190	1,250	1,280	1,370	1,390	1,410	1,335
<b>Grand Total</b>	<b>13,900</b>	<b>15,065</b>	<b>15,745</b>	<b>15,900</b>	<b>16,220</b>	<b>16,335</b>	<b>16,390</b>	<b>17,480</b>	<b>18,110</b>

Leaflets are a must to give to students to encourage downloads. With Vistaprint 20000 budget, glossy, A6 sized flyers would cost £86.61 excl VAT. If there are around 9000 students attending then we could aim to hand out at least 1000 flyers and free food samples.

So a typical cost of campaigning at a freshers fair would be around £500 for a standard stall, around £4.33 for cost of 1000 leaflets and maybe £300 on tasters (around 30p per sample). Per event : £804.33.

Of the thousand leaflets handed out we should aim for around 400 downloads of which we should aim for 300 subscribers. If these subscribe for a year at £2 per month then we can

achieve £3600 revenue from this initial £800 outlay. If we aim to do ten freshers events a year with the same figures we can achieve 3000 subscribers in this one month window resulting in £36000 yearly revenue.

As students begin to use the app, they will share it with their friends, colleagues, housemates and family and hopefully the app will begin to circulate.

[17][https://www.vistaprint.co.uk/marketing-materials/flyers?txi=16907&xnid=TopNav\\_Flyers++\(linked+item\)\\_Marketing+Materials&xnav=TopNav](https://www.vistaprint.co.uk/marketing-materials/flyers?txi=16907&xnid=TopNav_Flyers++(linked+item)_Marketing+Materials&xnav=TopNav)

[18]<https://www.suug.co.uk/aboutus/advertise/freshersbookings/>

[19]<https://www.york.ac.uk/about/student-statistics/>

Pop up stalls would be similar to those described for freshers fairs but be on a much smaller scale. For example we could return to the universities throughout the year but with a smaller setup which would lead to lower cost but also few new subscribers. Another way to promote our app is to hand out leaflets in town centres and at shopping centres to passers by. This would result in less yield as most people will take a leaflet and throw it away however leaflets are very cheap to produce, £86.61 for 20000.

2% of all adverts online result in click throughs to the actual product, if we apply this rate of uptake to leaflets then per 20000 leaflets handed out in the street to our target audience then we can aim for 400 downloads per 20000 leaflets of which 300 become subscribers. We would have to employ someone to hand out leaflets etc in town centres and supermarkets, if they are paid £10/hr, work six hours a day and hand out around 720 leaflets ( 2 per minute) then total cost of this exercise would cost, £60 in wages and £3.18 in leaflet cost totalling £63.18 a day. Again assuming 2% download rate then we can achieve 14 downloads and 10 new subscribers. Paying £2 a month for the subscription for a year yields £120 a year from these subscribers. This isn't a great return but it does however get the brand name amongst supermarket products and the high street. These estimates rely on a pessimistic 2% yield but it shows how this sort of marketing can still make a profit with a pessimistic approach.

Another avenue to explore would be getting ties with big brands. By having QR codes on the packaging of products such as Pringles, Cadbury's and Robinsons. These brands have a big impact on younger generation and as they are food companies so we could include some advertising on the app for them as part of any deal. This idea might have to be something that we cannot explore immediately as we do not have the market share or brand power that most of these companies would look to promote. I have sent emails to Heinz, Mondelez (Cadbury), and Kellogg's (Pringles) asking about the likelihood of a deal like this happening but all responded saying it wouldn't be possible. I also tried to ask ASDA and ALDI about having ties with a supermarket but neither got back to me.

[20]<https://www.slideshare.net/Voxburner/youth-100-2017-the-top-brands-according-to-uk-1624s>

The details for marketing on social media and online is given in the previous section detailing costs and returns from this sort of marketing.

## **5. Other Supporting Market Research:**

This covers apps such as:

BBC Good Food, Tasty ,Budget Bytes, Panna, and Paprika.

### **Companies that were established prior to developing apps (ie: with existing brand power) are:**

	Current	Rating out	Review
	Downloads	of 5	Number
1.BBC Good Food: app released 1/9/2012	50,000+	3.4	151
2.Tasty: app released 2/7/2017	1,000,000+	4.7	25,179

Tasty is part of BUZZFEED, with huge backing,, flowing, and traction, like BBC.

### **More comparable start up apps are:**

1.Kitchen Stories: app released early 2014	21,582	4.6	21,579
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[48]<https://www.crunchbase.com/organization/kitchen-stories>

[https://play.google.com/store/apps/details?id=com.ajnsnewmedia.kitchenstories&hl=en\\_GB](https://play.google.com/store/apps/details?id=com.ajnsnewmedia.kitchenstories&hl=en_GB)

2.Budget Bytes: earliest review 2017	343
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[49][https://play.google.com/store/apps/details?id=com.sidechef.sidechef.partner.budgetbytes&hl=en\\_GB](https://play.google.com/store/apps/details?id=com.sidechef.sidechef.partner.budgetbytes&hl=en_GB)

3.Panna:2011

[50]<https://play.google.com/store/apps/details?id=com.pannacooking.panna&hl=en>

71

4.Paprika:4/10/2014	1,230
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[51]:<https://www.crunchbase.com/organization/paprika>

[https://play.google.com/store/apps/details?id=com.hindsightlabs.paprika&hl=en\\_GB](https://play.google.com/store/apps/details?id=com.hindsightlabs.paprika&hl=en_GB)

Kitchen Stories appears a comparable competitor because it has achieved:

-1 million google installs in 4 years.

-2 million downloads including other apps.

**Keyword research revealed the following:**

Keyword	Min search volume	Max search volume	Competition	Top of page bid (low range) /£	Top of page bid (high range) /£
recipe app	1,000	10,000	Low	0.17	0.61
cooking app	100	1,000	Medium	0.22	1.45
recipe book	1,000	10,000	High	0.15	0.32
dinner ideas	10,000	100,000	Low	0.17	1.45
easy dinner recipes	1,000	10,000	Low	0.13	1.96
cookbook	1,000	10,000	Medium	0.22	0.9
free recipe apps	10	100	Medium	0.18	0.46

**6.Research on Salaries and Assets:**

**Future Hiring Positions:**

There is likely to be overlap between all roles during the first 5 years of operation.

The following roles and salaries are therefore aims to be achieved longer term, as the enterprise reporting structure develops.

As there is uncertainty related to gaining volume for app subscription income, then a cautious view has been adopted for salaries (3 staff at 29K for 3 months only).

**CEO: £50,000 p/A (Full time)**

The CEO will fill Project managing and HR roles, as well as supporting staff wherever necessary.

**Accounting, Finance: £50,000 p/A (Full time)**

Throughout this project, the accounting and finance team has been working around the clock. This role is essential in maintaining investment, and so a full time position is absolutely necessary.

**Programming Manager: £120k - £150k p/A (Full Time)**

**Software Engineer: £70k - £100k p/A (Full Time)**

Thus far (up until the week of 21<sup>st</sup> May 2018) the team has spent 489 hours (net) programming. With an estimated\* 350 hrs of work remaining until prototype completion, this will result in about 840 hours programming work throughout this project. Programming started from 29<sup>th</sup> January, and is expected to be finished by 4<sup>th</sup> June, which in total spans 17 weeks. This points to an estimated average work time of 50 hours per week.

Future roles of the software team will include:

- Server maintenance
- Designing & developing App / features
- Bug fixing

And so a minimum of 2 full time employees (each working 48 hours per week) will be employed.

**Marketing Manager: £50,000 p/A (Full Time)**

The success of the project hangs on popularity, resulting in a large and growing number of consumers. Marketing will boost brand awareness, and draw users to our platform.

### **Typical Salaries:**

According to the below site the avg salary for someone in a startup is £36k. This varies with software manager earning £44k, a developer earning £32k etc.

[40]<https://www.payscale.com/research/UK/Employer=Startup/Salary>

Salaries will depend on growth of company, are we going to be regularly publish vast updates or will a lot of the work be just maintenance with occasional updates? Good start ups need to attract people so we should aim to pay at least 10% higher for staff that established companies. A graduate software engineer can expect about £32k starting salary, so we should be offering around £35k for graduates with no experience. This is probably a minimum for these sorts of roles. We should also include bonuses based on performance as well as shares in our company. Marketing graduates probably expect £27k starting salary for a good marketing role.

[41][https://www.payscale.com/research/UK/Job=Software\\_Developer/Salary](https://www.payscale.com/research/UK/Job=Software_Developer/Salary)

[42]<https://medium.com/swlh/why-great-startups-pay-higher-salaries-60255c75aa1e>

[43]<https://jobs.theguardian.com/jobs/marketing-and-pr/graduate/>

### **Longer Term Asset Purchases- Server Research:**

Servers are unlikely to be purchased until market share and regular income becomes established, as there is uncertainty over gaining volume for app subscription income.

A cautious view has therefore been adopted for IT, and the actual purchase of a server has not been included until reliable volumes are known, likely, and realisable.

Until then, it is assumed that existing IT services can continue to be provided. (A new server could finally be needed quickly and research has been undertaken to prepare for this).

### **Server Expenses**

Our app relies on a server to communicate with. For this, there are two options:

- Server Hire
- Purchasing a server

### **Server Hire**

Pros:

- No up-front costs
- No hardware maintenance costs

Cons:

- Storage space can be somewhat limited
- High long-term costs (£3-4k p/A)

### Server Purchasing

Pros:

- Flexibility & control
- Can easily upgrade system

Cons:

- Large up-front cost

The application of our servers will primarily be the storage and transfer of large and growing amounts of data, largely images. Our financial plan is looking to start making profit within the 5 year mark, and so we feel that the up-front purchasing of a server best suits our needs.

### Up-front Budget Estimate

Server Computing Unit <sup>[1]</sup>	£3000
Storage Upgrade <sup>[2]</sup>	£360
- 3TB SAS Hot-swap HDD (Can add more as necessary)	
Rackmount Server Cupboard <sup>[4]</sup>	£450
<b>TOTAL</b>	<b>£3810</b>

### Ongoing costs

Maintenance	£500 p/A
Upgrades	£3000 once every 5 years

[44] - <http://www.dell.com/en-uk/work/shop/servers-storage-and-networking/smart-value-flexi-r640-8x25-4114-1x16gb-1x300gb-15k-sas-h740p-idrac9-enterprise/spd/poweredge-r640/per6401>

[45] - <https://www.ebay.co.uk/itm/NEW-Dell-Equallogic-3TB-3000GB-7-2k-7200-RPM-SAS-6Gbps-3-5-HDD-4CMD9/401496720655?epid=1190017491&hash=item5d7b11c50f:g:h4QAAOSwmLIX8Tyf>

[46] - [http://www.broadbandbuyer.com/products/22387-watchguard-wgm20003/?gclid=CjwKCAjwopTYBRAzEiwAnU4kb\\_CYgWoHpap-MNRLxM6OgAoySOnhkrsVFd1czsu0nqC8ym5CChzuZhoCrcoQAvD\\_BwE](http://www.broadbandbuyer.com/products/22387-watchguard-wgm20003/?gclid=CjwKCAjwopTYBRAzEiwAnU4kb_CYgWoHpap-MNRLxM6OgAoySOnhkrsVFd1czsu0nqC8ym5CChzuZhoCrcoQAvD_BwE)

[47] - [https://www.racksolutions.co.uk/portable-server-rack.html?gclid=CjwKCAjwopTYBRAzEiwAnU4kbxTHu\\_zLsVVXsJqciWEGT-jymTWIGtCxZHG97Kx74HyH8\\_yaOW8XAhoCk-wQAvD\\_BwE](https://www.racksolutions.co.uk/portable-server-rack.html?gclid=CjwKCAjwopTYBRAzEiwAnU4kbxTHu_zLsVVXsJqciWEGT-jymTWIGtCxZHG97Kx74HyH8_yaOW8XAhoCk-wQAvD_BwE)

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[54]<https://www.reed.co.uk/average-salary/engineering>

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(offers between 4.9% and 24.9%)

[58][www.businesscomparison.com/Small-Business/Loan-Comparison](http://www.businesscomparison.com/Small-Business/Loan-Comparison)

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