**BUSINESS PLAN**

**WWW.ZAKAZHIEDU.KZ**

**Assignment #1: business purpose & aims**

**Explain how you arrived at your proposition**

*We are set to provide the most intuitive (fastest, easiest, smartest) online food ordering service for hungry and busy city dwellers aged between 25 and 35 years old to make them happy by getting them the food they want, when they want and wherever they are as well as by letting them pick up the food without minimal order constraints.*Be our clients in office or outdoors willing to have a finger-licking lunch or need a catering for corporate or family events, we are ready to provide a high-quality service for a moderate price.

This is a niche market missed out by large players like KFC, Burger King, bestfood.kz and others. We are aiming for 70 per cent share of this market in Astana & Almaty during the first 2 years of operations. We believe we will need about ??? start-up capital to fund compensation to management, web development & design, mobile app development for Android & iPhone, an advertising campaign to build extremely high brand awareness and support ??? full-time employees.

**What makes you believe it will succeed?**

In the late 1990s, there was a big problem in the USA with the quality of food ordering and delivery services. Thus, Grubhub – an online food ordering platform - came into being to create a new industry of high-quality and easy online food ordering. Currently, Grubhub ranks #1 in the US online food ordering market executing 20,000 orders per month and operating in 500 US cities. Recently, it has united with Seamless – another online food ordering service – to maximize US market dominance. Such industry already sees prosperity in such developing countries like Russia, Ukraine, Colombia, etc. In Colombia, for example, nearly 3.5 million online food orders are executed yearly and industry sales topped $23 million back in 2001, growing at a 12% rate yearly and nearing $100 million in 2011 (source: pulsosocial). In Ukraine, ufood.com.ua executes a minimum of 1000 orders per day, 30,000 orders per month and 360,000 orders per year, earning a yearly revenue of $500 thousand on average. In Russia, delivery-club.ru is a key industry player receiving online food orders and delivering through its vast partnership network of more than 1,000 restaurants and cafes.

The industry is prospering all over the developing world. And it is doomed to prosper in Kazakhstan, the country rated one of top three most rapidly growing economies in the world in terms of annual GDP growth between 2000 and 2010 by Ernst & Young and rated 69th by the World Bank in terms of GDP per capita ($14,000) for the period of 2005-2012 while Colombia is rated 84th ($10,500) and Ukraine - 98th ($7,500)?

**Mission statement**

*We are set to provide the most intuitive (fastest, easiest, smartest) online food ordering service for hungry and busy city dwellers aged between 25 and 35 years old to make them happy by getting them the food they want, when they want and wherever they are as well as by letting them pick up the food without minimal order constraints.*

**Principal objectives**

Short-term (within 1 year starting from November 1st, 2013)

* Have user-friendly website and Android/iOS mobile app
* Have our target partners (5 restaurants, 10 cafes, 3 fast food services, 1 bakery cafe & 3 coffee shops, 2 sushi bars) use our service in Almaty within 6 months
* Have target audience (100,000) be aware about our service within 3 months
* Have minimum 20 orders per day or 2400 orders per month to break-even within 2 months

Long-term (within 3 years):

* Have 50 restaurants, cafes, bakeries, coffee shops and canteens in Kazakhstan within 2 years
* Expansion to Astana, Karaganda, Atyrau

How much money needed?

Investment capital needed within 3 months of starting-up is ??????????. For more details, please refer to appendix #1.

**Assignment #2: A description of your business**

**What is your business name and why?**

US online food order service - www.grubhub.com. Another US player - www.seamless.com. German service which operates in 27 countries worldwide - www.foodpanda.com. www.ufood.com.ua - a Ukrainian service. Russian analogue - www.foodik.ru / www.delivery-club.ru. Kazakh similar start-up - www.grub.kz.

Our business name is www.zakazhiedu.kz, which is very easy to remember. Our team has already purchased the domain name.

**What xp and skills do you have that are particularly relevant to this venture?**

Our project team consists of 4 members.

Oralbek Seitmanov, a KIMEP University graduate with a bachelor's degree in marketing & accounting. He has a 2+ year solid work experience in sales & marketing at leading global consumer electronics companies - LG Electronics and Sony. During his work at LG Electronics, he led export sales team to grow sales and reach annual targets through effective marketing & sales initiatives in countries like Tajikistan, Kyrgyzstan and Mongolia. As a result of his short period at LG Electronics, Oralbek positively contributed to the 2012 annual sales target achievement (~$24mln). Since early 2013 Oralbek has started aggressive new market development activities in Mongolia. So far, Oralbek helped build LG representative office team (currently, 3 people), successfully signed annual purchase-sales contracts and target agreements worth $10mln with 5 major Mongolian electronics store chains. At foodshik.kz Oralbek will lead not only overall business team, but also sales function ensuring high sales growth and high profitability.

Sunkar Shagambayev is a KIMEP graduate with a degree in finance. Sunkar has 2,5 years experience in brand management working at leading FMCG company Procter & Gamble. During first year Sunkar managed to grow Surface Care business at 114 IYA being responsible for Central Asian Republics market (Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, Turkmenistan and Mongolia). Now Sunkar is managing the biggest P&G brand Pampers in Eastern Europe (Russia, Ukraine, Belorussia) and Central Asian Republics.

Zhandos Dauylbayev is a KBTU post-graduate student with a bachelor degree in Information Systems.

Daniyar Artykov is a KBTU graduate with an IT bachelor degree.

**Draw an organization chart showing who is responsible for which functions.**

In terms of organizational structure, business leader will be the person who has initially come up with the business idea and has a solid sales or marketing experience within a multinational corporation. For effective business leadership, the person will actively plan, have a clear business vision, share it with his team, take effective decisions, act on them, keep ownership and responsibility, inspire his team through own example of cool-headed, farseeing, visionary and courageous leadership style. Functional leaders will be reporting to the business leader every day and/or upon his request.

**Assignment #3: a description of your products and/or services**

Describe your product or service as if explaining it to a novice

|  |  |  |
| --- | --- | --- |
| **Product / Service** | **Description** | **% of sales** |
| Online food ordering service | Our service enables our consumers order food in the easiest, fastest and smartest manner using internet connection on their PCs, laptops, tablets or mobile phones | 100% |

**Is it currently available for sale? If not, what needs to be done, how much will that work cost and how long will it take?**

Our online service is expected to be available in early Nov for beta-testing and will work in full swing in Dec '13. Currently, we are building and testing our website to make it maximally intuitive. We will officially register our business and have e-payment possibility through various bank cards (Visa, MasterCard, American Express) and online payment services like Yandex money, PayPal, etc.

**Do you have, or plan to have, any legal protection such as patents? If so, explain what you have done so far to establish your rights.**

We will establish our rights for our trademark within 12 months of our official launch.

**How is your product or service different from those already on the market?**

We have several key points that differentiate us in the face of our customers and partners.

*Firstly, it is our intuitive and easy website.*

Because we put time of our consumers as our top priority to care for, we strive to create an intuitive design of our website and ask you to take max 2-3 steps to order.

*Secondly, it is our bonus system.*

In other words, we enable our clients to make useful online food orders by letting them accumulate bonus point from each transaction and exchange for some useful electronic device like iPad, and order special packing and gift. 100 KZT is 1 bonus point. After spending 50,000 KZT on online food orders, our client will have 500 KZT or 500 bonus points. Most importantly, our clients will be able to exchange these bonus points any time or give away these bonus points to their friends as a gift. Thus, we create an opportunity for our clients to have even closer relationships w/ their friends and relatives through gift-giving philosophy. Additionally, if client invites friends through his Facebook / Vkontakte / Mail.ru accounts, he or she will receive 1 bonus point for each friend, 5 points for each converted friend.

*Thirdly, it is our eagerness to constantly improve our service based on your voices.*

We ensure that our service and the service of our partners are finely tuned to deliver on our joint mission - to make "hungry and busy city dwellers happy by getting them the food they want, where they want and whenever they like". For this, we are in constant improvement stage of bonus-based feedback system. Every client is motivated to give their feedback after each transaction. They will receive a SMS message containing the following text: "Dear client, thank you for using our service! We are happy to improve our service to serve you in the best way possible. Please kindly go to your email inbox, evaluate our service quality via a 2-minute survey and get 50 bonus points for your assistance in our constant service improvement efforts. (Some survey on service quality and website user-friendliness should be sent to client's email - let's think if this feedback system is needed, why and what will be the survey's core questions?).

**Are there any possibilities of developing new products or services complementary to the ones described above?**

We may be adding new services in the future, but we want to focus on one service for the next 5 years.

**PHASE 2. MARKET RESEARCH**

**Assignment #4: customers**

**What is the geographic scope of the market you intend to serve and why you have so chosen?**

Our primary market is Almaty, Kazakhstan's major city in which we aim to launch our service first. In 1 year, we are aiming to launch our service in Astana, a second largest city.

**What customer needs will your product or service satisfy?**

Our customers (restaurant clients) will benefit from our service in 6 distinct ways:

1. save their time by having favorite food delivered where they want and when they want
2. save money while ordering food online at discounted offers
3. have more choices due to a wide assortment of cuisines online
4. be able to track one's delivery after order placement
5. be able to ask for online or toll free support 24/7
6. build even closer relationships with friends by having a chance to give bonus points away as a gift
7. be able to socialize within #1 social "Food Club" on Friday evenings

**List and describe different types of customer for your product or service.**

|  |  |  |
| --- | --- | --- |
| **Customer profiles** | ***Segmentation*** | |
| ***B2B*** | ***B2C*** |
| ***Office workers*** | ***Private or corporate socializers*** |
| Mostly single between 25-35 years old | Mostly young people aged between 15 and 35 years old |
| Have little or no time for preparing food, shopping, etc. | Have little or no time for shopping, preparing |
| Tech savvy (active in social networks, seeking online deals, doing online purchases) | Tech savvy (active in social networks, seeking online deals, doing online purchases) |
| Order food to office for lunch or home for dinner | Organize outdoor parties, birthdays, corporate events |

**Which of these market segments will you focus on and why?**

These are the aspects why we consider the chosen market segments worth exploiting:

* Measurability

Market value is calculated on the basis of the national statistics agency data (www.stat.kz). For example, Almaty has 1.5 million population, out of which 70% are internet users. Out of this 70% or 1 million internet users in Almaty, 24% or 250,000 use internet for online purchases. To calculate total market value ( million USD), number of people using internet for online purchases multiplied by 2000 tenge (i.e. average paycheck per estimated online order) multiplied by 10% (average margin % for ) divided by 153 KZT / USD current exchange rate.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Region** | **Population** | **internet users, %** | **internet users** | **internet users willing to buy online, %** | **"online food order" market** | **total market value (USD)** | **"15-35 yrs old socializers & office workers" target market** | **target market value (USD)** | **target market volume (yearly order qty)** |
| **KZ** | 17 000 000 | 65% | 11 050 000 | 7% | 773 500 | 121 333 333 | 309 400 | 48 533 333 | 3 712 800 |
| **Almaty** | 1 490 000 | 70% | 1 043 000 | 24% | 250 320 | 39 265 882 | 100 128 | 15 706 353 | 1 201 536 |
| **Astana** | 800 000 | 66% | 528 000 | 6% | 31 680 | 4 969 412 | 12 672 | 1 987 765 | 152 064 |
| **Atyrau** | 500 000 | 80% | 400 000 | 2% | 8 000 | 1 254 902 | 3 200 | 501 961 | 38 400 |
| **Aktobe** | 500 000 | 75% | 375 000 | 2% | 7 500 | 1 176 471 | 3 000 | 470 588 | 36 000 |
| **Aktau** | 500 000 | 66% | 330 000 | 1% | 3 300 | 517 647 | 1 320 | 207 059 | 15 840 |
| **Kostanai** | 600 000 | 80% | 480 000 | 5% | 24 000 | 3 764 706 | 9 600 | 1 505 882 | 115 200 |
| **Karagandy** | 700 000 | 65% | 455 000 | 5% | 22 750 | 3 568 627 | 9 100 | 1 427 451 | 109 200 |
| **Shymkent** | 800 000 | 48% | 384 000 | 1% | 3 840 | 602 353 | 1 536 | 240 941 | 18 432 |

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| **Region** | **Competition's current m/s by order qty, %** | | **Our target m/s by order qty, %** | | | | | |
| **Grub.kz** | **Looloo.kz** | **in 3 months** | **in 6 months** | **in 1 yr** | **in 2 yrs** | **in 3 yrs** | **in 5 yrs** |
| **Almaty** | 3,0% | 1,2% | 3,0% | 6,0% | 12,0% | 24,0% | 47,9% | 59,9% |
| **Astana** |  | 4,7% | N/A | N/A | 11,8% | 23,7% | 47,3% | 59,2% |
| **Atyrau** |  |  | N/A | N/A | N/A | 4,7% | 28,1% | 56,3% |
| **Aktobe** |  |  |  |  |  | 5,0% | 30,0% | 60,0% |
| **Aktau** |  |  |  |  |  | 4,5% | 34,1% | 68,2% |
| **Kostanai** |  |  |  |  |  | 4,7% | 15,6% | 62,5% |
| **Karagandy** |  |  |  |  |  | 4,9% | 16,5% | 65,9% |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Region** | **Competition's current m/s, order qty** | | **Our target m/s, order qty** | | | | | |
| **Grub.kz** | **Looloo.kz** | **in 3 months** | **in 6 months** | **in 1 yr** | **in 2 yrs** | **in 3 yrs** | **in 5 yrs** |
| **Almaty** | 36 046 | 14 418 | 36 046 | 72 092 | 144 184 | 288 369 | 575 536 | 719 720 |
| **Astana** |  | 7 147 |  |  | 17 944 | 36 039 | 71 926 | 90 022 |
| **Atyrau** |  |  |  |  |  | 1 805 | 10 790 | 21 619 |
| **Aktobe** |  |  |  |  |  | 1 800 | 10 800 | 21 600 |
| **Aktau** |  |  |  |  |  | 713 | 5 401 | 10 803 |
| **Kostanai** |  |  |  |  |  | 5 414 | 17 971 | 72 000 |
| **Karagandy** |  |  |  |  |  | 5 351 | 18 018 | 71 963 |
| **KZ** |  |  | 1,0% | 1,9% | 4,4% | 9,1% | 19,1% | 27,1% |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Region** | **Competition's current m/s, USD value** | | **Our target m/s, USD value** | | | | | |
| **Grub.kz** | **Looloo.kz** | **in 3 months** | **in 6 months** | **in 1 yr** | **in 2 yrs** | **in 3 yrs** | **in 5 yrs** |
| **Almaty** | 47 119 | 18 847 | 47 119 | 94 238 | 188 476 | 376 953 | 752 335 | 940 810 |
| **Astana** | 0 | 9 342 | 0 | 0 | 23 456 | 47 110 | 94 021 | 117 676 |
| **Atyrau** | 0 | 0 | 0 | 0 | 0 | 2 359 | 14 105 | 28 260 |
| **Aktobe** | 0 | 0 | 0 | 0 | 0 | 2 353 | 14 118 | 28 235 |
| **Aktau** | 0 | 0 | 0 | 0 | 0 | 932 | 7 060 | 14 122 |
| **Kostanai** | 0 | 0 | 0 | 0 | 0 | 7 077 | 23 492 | 94 118 |
| **Karagandy** | 0 | 0 | 0 | 0 | 0 | 6 995 | 23 553 | 94 069 |
| **KZ** | 0,1% | 0,1% | 0,1% | 0,2% | 0,4% | 0,9% | 1,9% | 2,7% |

* **Accessibility**. Our target group is open to new ideas. Being in trend, knowing how to use popular gadgets, apps, services is crucial for them. Moreover, culture of sharing their emotions, experiences, preferences through social networks is very wide spread. We consider our target audience as receptive to the idea of online food order aggregator and accessible.
* **Open to profitable development**. Russian market of food delivery is estimated to be $1 billion in 2012. It is projected to double by 2015 (26% CAGR for three years). We expect the same growth rates in Kazakhstan.

**Match the features of your product or service to the benefits on offer to customers in each of those chosen market segments. Provide proof, where possible.**

Done!!!

**Who are the innovators in each of your market segments?**

Done!!!

**What factors are important in the customer's decision to buy or not to buy your product or service?**

Done!!! Customer service, awareness, assortment, convenience.

**Is the market you are aiming at currently rising or falling? What is the trend over the past few years?**

Done!!! Sunkar will add above.

**What market share you are aiming for initially?**

Done!!! 30% in 6 months, 45% in 1 year.

**Assignment #5: competitors**

**List and brieﬂy describe the businesses with which you will be competing directly.**

Done!!! Include info from market data file about grub.kz, update on looloo.kz (Oralbek)

**Analyse their size, proﬁtability and operating methods, as far as you can.**

Done!!!

**What are their relative strengths and weaknesses compared both with each other and with your business?**

Done!!!

**What, in the light of this competitive analysis, do you believe to be the critical factors for success in your business sector?**

Done!!!

**What is unique about your proposition that makes it stand out from the competition?**

Done!!!

**Assignment #6: market research**

**What information do you currently have on customers, competitors, markets, etc?**

**What information do you still need to ﬁnd, and why speciﬁcally do you need it?**

**What desk research will you have to carry out to answer this question?**

Done!!!

**What ﬁeld research will you have to carry out?**

Beta test survey!!! Done in November!

**How much time and money will be needed to carry out this market research?**

**Who will be responsible for each element of the research?**

**When will all the key market research information be available?**