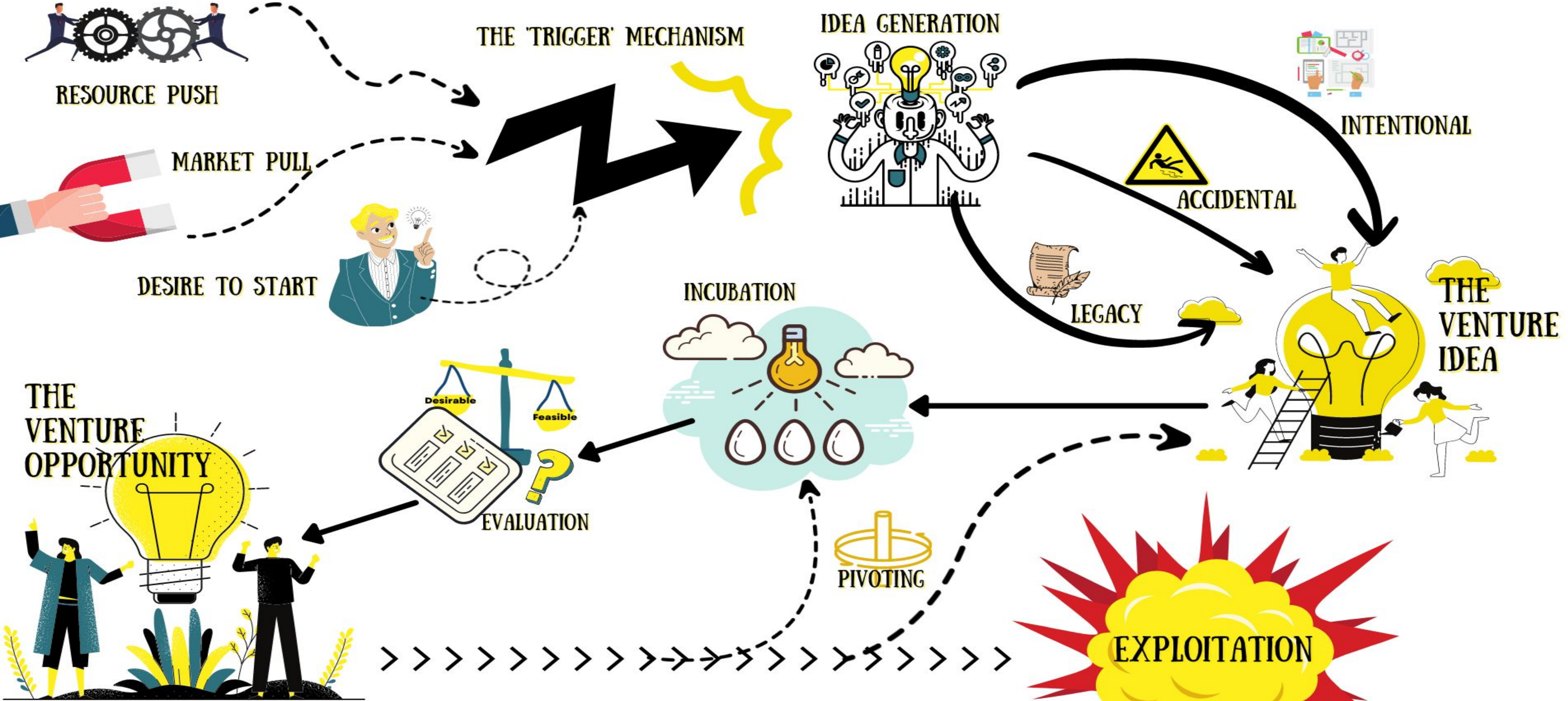
Case Study: Wolt

From Venture Idea to Venture Opportunity

The Framework: As Explained by Vogel



Wolt

From a small start-up company into a huge joint-stock company

- 2014 — Founded in Helsinki
- 2015 — Pick-up version launched
- 2016 — Home delivery started
- 2017
- 2018 — The company launched in 22 other countries between 2016-2020
- 2019
- 2020 — Expanded to grocery stores
- 2021 — Deal with DoorDash published

The product: a food delivery platform

Customer orders food or other items from the app → Restaurant or store accepts the order → Courier partner delivers the order / Customer picks up the order

Wolt is available in bigger cities: more customers and shorter distances

Trigger and venture idea generation

Trigger

- **Resource push**
  - Internet growth
- **Market pull**
  - Popularity of takeaway foods

Venture idea generation

- **Intentional idea generation**
- **Venture idea**
  - App to pre order coffee

Venture opportunity development and exploitation: First concept

Incubation:

- **Concept: An app where customer could order and pay for coffee in advance**
    - The app was in development for half a year
    - Not much more information

Evaluation:

- **A lot of funding**
- **Cafe's agreed to cooperate**

➔ **Feasible concept**

Venture Opportunity!

Exploitation:

- **The app failed**
    - Didn't match customers' expectations
- **PIVOT**

Venture opportunity development and exploitation: Second concept

Incubation & Evaluation

- **New concept: Focusing on food delivery**
  - The previous concept is still present, but the advertising isn't focused on that
  - (Assuming:) The previous unsuccess helped shaping this venture concept

Exploitation

- **Company almost faced bankruptcy after releasing the new app**
  - Investors backed up with 2 million euros
- **Company has been successful**
- **Soon developed their own delivery system**

Sources

Sources:

[1] Woltin ihmeellinen tarina: **https://yle.fi/uutiset/3-12181542**
https://wolt.com/fi/about
[2] Miljardin euron woltti: **https://www.hs.fi/talous/art-2000006657577.html**
[3] Analyysi: Woltin perustajat eivät itse laittaneet penniäkään firmaansa ja rikastuivat satumaisesti - yhtiön oli tarkoituskin tehdä tappiota **https://yle.fi/uutiset/3-12184169**

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Entrepreneurship is an extensive journey well documented in the academic culture with numerous models that tend to shape it in a specific model for better conceptualization. Vogel made one such attempt partly in his article' From Venture Idea to Venture Opportunity' [1].

While making an effective case for empirical measurement techniques for assessing the segments in a startup journey, Vogel has structured his argument on a framework of that journey.

The framework is initialized from a 'Trigger' mechanism for generating a *venture idea* - a partial mental depiction of the concept for a potential prospective venture. The triggers are not mutually exclusive and are described to be any of the three: *resource push*, *market pull*, or a *desire to start* [1]. Once the trigger has triggered the thought process, idea generation commences. The paths to that can also be categorized into the following three: *intentional idea generation*, *accidental discovery*, or *legacy ideation* [1].

Following this comes the realm of action that transforms a 'Venture Idea' to a 'Venture Opportunity'. This opportunity will now be developed in the *incubation* stage [1]. An optimal balance between desirability and feasibility is sought here, while the missing links in the business model are worked upon here. An opportunity, when tested in the waters of the actual market to see if there is a 'product-market fit', is known to be the *evaluation* stage [1]. Accurately put by Corbett (2005, p. 485): "... where the rubber meets the road." [5] Extending by the same analogy, the rubber-maker now has to be brutally honest about his rubber's calibre.

Once the evaluative scrutiny is crossed over, there comes the time of *exploitation*. Alternatively, in other words, the opportunity is doubled down upon, and operations are efficiently fully scaled. Often a dichotomy between acting quickly for first movers advantage and perfecting the product offering without haste is faced. Moreover, the concept of *pivoting* - adapting the business model alongside market penetration - has picked up the heat in the digital economy [1]. Reid Hoffman describes it as 'jumping off the cliff and assembling the plane on the way down.' [6] The core motivation lies in failing quickly and successfully, even with the minimal viable product (MVP), but acclimating to each failure.

This is the framework outlined by Vogel - a startups' journey map from ideation to opportunism [1].

Wolt is a Finnish delivery platform that was founded in 2014 in Helsinki where its headquarters are still located. According to Yle Wolt has six founders: Miki Kuusi, Elias Aalto, Mika Matikainen, Oskari Pétas, Lauri Andler and Juhani Mykkänen. Miki Kuusi is the CEO of the venture. Wolt was recently sold to its foreign rival, DoorDash, for seven billion euros and is continuing to operate in 23 countries around the world. [2]

Wolt was supposed to be a mobile app for picking up food. The idea was that the customers would be able to pay beforehand and skip the line at a cafe. The problem was that their order would get cold before they got their hands on it. Saving a bit of time wasn't appealing enough for customers.

Changes needed to be made so in 2016 a food delivery service was offered on the app. Nowadays Wolt offers food, drinks and other items for pick up or delivery. The customer can decide what they want to order from the app that offers many items from Wolt's restaurant and merchant partners. The customer can pick up their order from the restaurant or it can be delivered straight to them.

The customer base for Wolt is quite broad; anyone with the app can place an order if they are in the delivery area. Wolt works in many bigger cities as there are more customers and the distances aren't too long. According to an article by Yle, Wolt prides itself on optimizing its deliveries so that Wolt's courier partners get the order information as soon as possible. This way the food is delivered as fresh as possible and the courier can deliver more orders. [4]

A food delivery platform wasn’t a new product, as companies like Postmates and a former Finnish company Pizzaonline, already existed as mentioned in the article by Yle. Luckily, there was still a demand for a good food delivery service in the Courier and Delivery services industry. [4]

In the beginning, Wolt was just a small startup company among many others. That means that the founders didn’t have to invest their own money into the venture. In time it grew to be a huge joint-stock company dominating its field.

The initial trigger for Wolt came from Miki Kuusi, who previously worked for Supercell and as a ceo Slush event. He saw the internet as the largest change that has happened in our time. He also saw that after digital products, like music, videos and social media, physical products and functions would follow to have their own apps. He also believes that in the future, most of peoples food related money spending will be done in restaurants, even in Finland. [1]

Also the concept of takeaway foods had become more popular in the recent years. [1] This lead down a path of intentional idea generation leading from market pull and resource push to the very first venture idea. Market pull here being the popularity of takeaway foods. And resource push being the growth of the internet and the opportunities it gives for digitalization.

Wolt’s first venture concept was an app, from which customers could order and pay for coffee in advance and thus skip the line in cafes. We don’t have much information about the incubation phase of the first venture concept. In the article by Helsingin Sanomat the founders said that they developed the app for half a year, so we can assume some incubation happened. The founders believed in their concept and managed to get more funding and found cafe’s willing to cooperate with them. The articles by Helsingin Sanomat and Yle don’t give detailed information on this evaluation phase. It seems like the belief of the investors and the cooperating cafes made the concept seem feasible enough for it to turn into a venture opportunity. The founders then moved into exploitation. The app got launched and customers were able to place orders in the first 24 cafe’s. Despite the founders' belief in their venture, the app flopped. According to Helsingin Sanomat the customers did enjoy using the app, but didn’t like picking up their cooled coffee from the counter. Thus Wolt didn't get enough customers and they noticed that this concept is not going to take off. This forced Wolt to pivot and start to shape and refine a new concept.

Even though Wolt’s first concept flopped, we can see that it’s development fits in the framework suggested by Vogel, with some exceptions. In this essay we chose to consider the first failed attempt, exploitation of the first concept. That is because if the app had succeeded we would consider “the venture opportunity development”-phase done. Wolt didn’t have the resources to do careful market analysis and they moved to exploitation fast, without being sure of success. So contrary to Vogel’s framework, the pivoting happened after exploitation. The founders then moved back to the development phase and started working on a new venture concept.

Coming back to the "Venture opportunity development and exploitation" -stage for the second time, the founders now had more content and experience to apply in the shaping of the new venture concept. Even though the news articles still don't give any specific information about the incubation stage, can we still assume that the unsuccess of the previous venture opportunity affected the shaping of the new and final venture concept. The new venture concept focuses more on food delivery and not so much on paying for your food in advance, even though that concept too is present in the venture opportunity today. First the delivery was only for restaurants and cafes which already had a delivery as an option. But in June 2016 as they started cooperating with a delivery company, restaurants and cafes lacking their own delivery became possible partners for Wolt. [2][3]

Moving from a venture concept into creating a venture opportunity, the evaluation phase is again not something that can be clearly found in the articles. We do know however, what type of venture opportunity passed onto the exploitation phase and how successful it has been over the past years. So we can assume that all and all this time the whole "Venture opportunity development and exploitation" -stage has been more thought out than in the previous version of the venture. One “mistake” that could have perhaps been taken into account before moving to the exploitation phase, is how the funds that time had been so low that it almost made the company go bankrupt, just when the new venture opportunity had started to take off. Luckily, the company quickly got a 2 million euro funding from the investors, which gave time for the company to become self-sufficient with their new venture opportunity. [3]

So far the company hasn't "pivoted" again, but it has "evolved", adding new ways into making their concept better. For example, first the company only utilized home delivery on restaurants that already had a delivery service in place. Later they moved onto creating their own delivery service, to allow even more restaurants to be integrated in their services [3]. Whether or not this idea was thought of in the incubation phase is unclear, but it definitely has helped the company to expand their capabilities.

The founders had a bumpy ride with Wolt from the initial idea to its current form of exploitation. After realising that their first venture idea wasn't going to work as such, they had to return back to the venture idea generation and incubation phase to renew and refine it. Returning back to the venture concept innovation and incubation stage helped immensely to improve the ventures liability. From that they have learned and continued to evolve the venture to keep it liable.

Bibliography

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[3] “Yritykset | Wolt sai alkunsa kehnosta liikeideasta, levisi 23 maahan ja kasvoi yli miljardin arvoiseksi yhtiöksi – Nyt sen suomalaiset perustajat kertovat, miten kaikki tapahtui,” *Helsingin Sanomat*, 2020. https://www.hs.fi/talous/art-2000006657577.html (accessed Nov. 18, 2021).

[4] Juha-Matti Mäntylä, “Analyysi: Woltin perustajat eivät itse laittaneet penniäkään firmaansa ja rikastuivat satumaisesti – yhtiön o…,” Yle Uutiset, Nov. 11, 2021. https://yle.fi/uutiset/3-12184169 (accessed Nov. 18, 2021).

[5] Corbett A.. “Experiential learning within the process of opportunity identification and exploitation,” Entrepreneurship Theory and Practice, 29, pp. 473–491, 2015.

[6] C. Taylor, “LinkedIn co-founder Reid Hoffman says starting a company is like ‘jumping off a cliff,’” CNBC, Nov. 02, 2018. https://www.cnbc.com/2018/11/02/linkedin-co-founder-reid-hoffman-says-starting-a-company-is-like-jumping-off-a-cliff.html (accessed Nov. 18, 2021).