

VendGreen **FRESH SALAD**



MKT6301 **Group 6**

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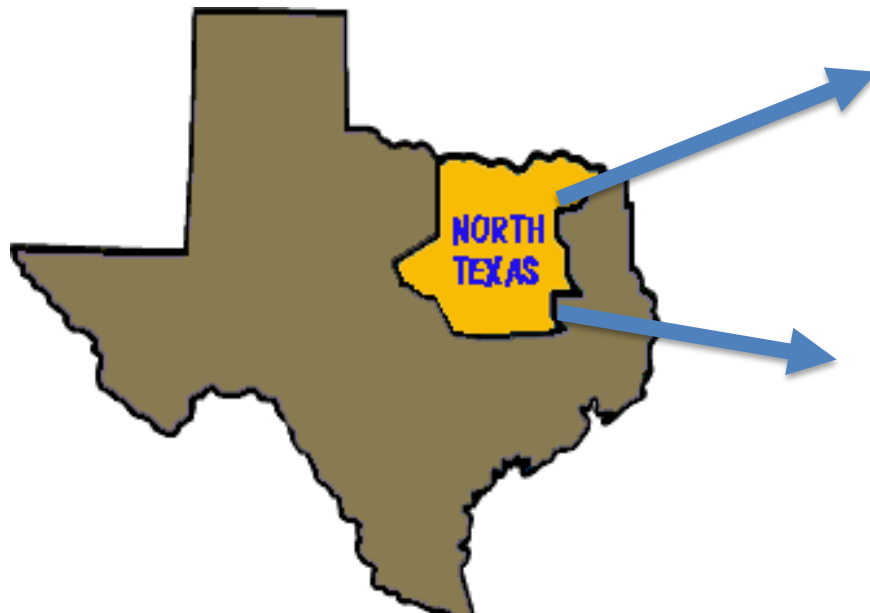


Market Summary

- People are looking for healthy, hygienic foods mostly vegan nowadays.
- Success of this product depends on
 - Target Market
 - Positioning of our product
 - Inclination towards healthy eating food habits



Target Markets



Demographics:

Individuals who are 15-45 years old.

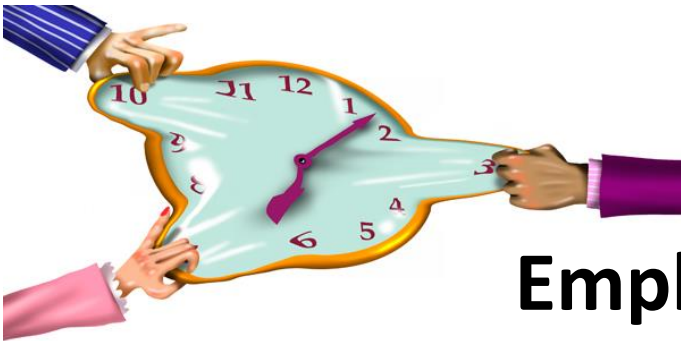
Behaviors



Market Needs

VendGreen is trying to fulfill:

Students: Health conscious with a commitment to eat healthy food.



Employees



Strengths

S

- Low capital requirements
- Repeatable business
- Team can grow fast during the processes and even from the errors
- Quality and freshness of the products

Weakness

W

- Small raw material procurement amount brings cost disadvantage No distribution channels
- to renew and recycle salads
- Keep updating recipes to maintain customers freshness is a challenge

Opportunities

O

- Huge blue market
- Pop healthy living and eating trend
- No strong competitors yet
- Low R&D cost, high turnover rate and asset light company

Threats

T

- Low threshold, big capital can easily invest another similar company to do the same thing
- Low cost product competition
- Competition in the existing market

Products offering:

- Get fresh produce twice a week
- Start early and make everything from scratch
- Make everything in our local, fully licensed, shared kitchen
- Replenish vending machines early AM and remove the unsold salads (which could be donated to a local food pantry)
- Discount any unsold salads after 6 p.m.

Options:	Ingredients:
Basic	Lettuce, tomato, spinach
Medium	Carrot, radish, broccoli, cucumber, peanuts
High-end	Chicken, egg, blueberries, kale, fennel, and pineapple

Assumptions

VendGreen ProForma Income Statement (Years 1-5)

Assumptions:	Y1	Y2	Y3	Y4	Y5	Y6+	Full Yr Avg	
	M1	M2	M3	M4	M5	M6		
Active Vending Machines:		5	5	6	6	6	6	7
		9	9	10	10	11	11	12
		16	17	18	19	20	21	21
		29	30	32	34	35	37	38
		52	55	57	60	63	66	69
Vending Maching Growth (Monthly):	5.00%		5%	5%	5%	5%		
Units per Vending Machine:	80							
Breakage & Shrinkage:	10%							
Plastic and Labels	\$ 0.12							
Lettuce Cost per Unit:	\$ 0.19	(one head of lettuce makes 8 8oz cups)						
Tomato Cost per Unit:	\$ 0.22	(Roma tomatoes)						
Dressing per Unit:	\$ 0.19	(one bottle of dressing is 24oz; 1.5oz per unit)						
Other per Unit:	\$ 0.15	(olives, onions, etc)						
Cost per Unit	\$ 0.87	\$ 0.89	\$ 0.92	\$ 0.95	\$ 0.98			
Cost per Vending Machine:	\$ 195.00	\$ 200.85	\$ 206.88	\$ 206.88	\$ 213.08			
Fuel Cost per Mile:	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18			
Miles per day per driver:	150	200	250	300	350			
Truck Leasing per Month:	\$ 3,000.00	\$ 3,090.00	\$ 3,182.70	\$ 3,278.18	\$ 3,376.53	(confirm that number)		
Rent & Utilities:	\$ 2,000.00	\$ 2,060.00	\$ 2,121.80	\$ 2,185.45	\$ 2,251.02			
Driver cost per month:	\$ 4,166.67	\$ 4,291.67	\$ 4,420.42	\$ 4,553.03	\$ 4,689.62			
Number of Drivers:	2	3	4	6	13			1,142,050 total miles driven
Monthly Salary & Wages:	\$ 2,916.67	\$ 3,004.17	\$ 3,094.29	\$ 3,187.12	\$ 3,282.73			
Number of Employees:	5	8	11	13	15	<< add to COGS		74,233.25
Exec Salary per month	5,000	\$ 5,150.00	\$ 5,304.50	\$ 5,463.64	\$ 5,627.54			
Executives	4	4	4	4	4			
Number of Business Days per Year:	251	(excluding holidays)						
Price Point:	\$ 5.99	\$ 6.29	\$ 6.60	\$ 6.93	\$ 7.28			
Other Expenses per Month:	800	\$ 824.00	\$ 848.72	\$ 874.18	\$ 900.41			
Price Point YOY Increase:	5%							
COGS YOY Increase:	3%							
Marketing:	\$ 5,000.00	\$ 5,150.00	\$ 5,304.50	\$ 5,463.64	\$ 5,627.54			
Web Development & Software:	\$ 2,500.00	\$ 2,575.00	\$ 2,652.25	\$ 2,731.82	\$ 2,813.77			
Profit Share:	40%							

Three-Year Sales Pro Forma

SALES FORECAST					
SALES	Year 1		Year 2		Year 3
Avg # of Active of Machines	7		12		21
Gross Sales	\$	674,861	\$	1,272,551	\$ 2,399,585
Sales per Active Machine	\$	101,756	\$	106,844	\$ 112,186
DIRECT COST OF SALES	Year 1		Year 2		Year 3
Production Costs incl Labor	\$	278,942	\$	480,664	\$ 764,084
Fuel for Distribution	\$	13,554	\$	27,108	\$ 45,180
Subtotal Cost of Sales	\$	292,496	\$	507,772	\$ 809,264

VendGreen Detailed P&L

VendGreen P&L Forecast

No. of Machines	7	12	21	38	69
Revenue	\$ 674,861	\$ 1,272,551	\$ 2,399,585	\$ 4,524,775	\$ 8,532,138
COGS (incl fuel)	\$ 292,496	\$ 507,772	\$ 809,264	\$ 1,236,349	\$ 2,013,278
Gross Margin	\$ 382,365	\$ 764,779	\$ 1,590,321	\$ 3,288,426	\$ 6,518,860
Salaries	\$ 340,000	\$ 401,700	\$ 466,796	\$ 590,073	\$ 1,001,703
Rent	\$ 24,000	\$ 24,720	\$ 25,462	\$ 26,225	\$ 27,012
Leases	\$ 87,519	\$ 139,946	\$ 205,869	\$ 331,387	\$ 703,125
Marketing	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 67,531
Other	\$ 69,600	\$ 69,888	\$ 70,185	\$ 70,490	\$ 70,805
Operating Profit	\$ (198,754)	\$ 66,724	\$ 758,356	\$ 2,204,687	\$ 4,648,684
Profit Share Payout	\$ 53,057	\$ 95,283	\$ 303,342	\$ 881,875	\$ 1,859,474
Net Income	\$ (251,811)	\$ (28,559)	\$ 455,013	\$ 1,322,812	\$ 2,789,210
Cumulative Net Income	\$ (251,811)	\$ (280,370)	\$ 174,644	\$ 1,497,456	\$ 4,286,666

COGS as a % of Revenue

43%

40%

34%

27%

24%

Break-Even Analysis

BREAK-EVEN ANALYSIS		
Break-Even Analysis:		
Monthly Units (Salad bowls) Break-Even		25,416
Monthly Sales Break-Even	\$	174,727
Assumptions:		
Average Per-Vending Machine Revenue	\$	7,814
Average Per-Vending Machine Variable Cost	\$	3,573
Estimated Monthly Fixed Cost	\$	59,102



- ✓ controls
- ✓ Implementation
- ✓ Marketing organization
- ✓ Contingency planning

Things to be monitored

- Number of salads sold in different regions
- Type of salad preferred
- Customer feedback
- Expenses
- Revenue
- Budget usage



MILESTONES AND DELIVERABLES



1. Marketing plan

- Deliver a marketing plan

2. Poster and Fliers

- Distribute posters and fliers to customers to make awareness

3. Web-site creation

- Delivering a web-site to describe product and receive feedback

4. Seasonal Marketing

- Creating marketing strategy to influence inbound marketing



CONTINGENCY PLANNING

RISKS

- Salads staying unsold at the end of the day
- Slow movement of the product
- Customer's doubt on freshness
- New product in the vending machine market

PLANS

- Discount on unsold salads on the same day
- More marketing and promotion
- Loading Different type of salads

WORST CASE RISKS

- Legal contract problems
- Not extracting enough revenue
- Higher completion

Alternative plan

- Compensating with the percentage of profit allotted
- Changing the marketing strategy



THANK YOU