

# BusinessPlan



LIT

## 1. Executive Summary

### a. Objectives

To establish a presence in the entertainment / leisure industry through the utilization of a new service via a mobile phone application.

### b. Mission

To streamline a user's nightlife entertainment through the use of a mobile application. Through mass adoption of the use of LIT a user will have an optimized entertainment experience and will be able to maximize his or her limited financial resources and time. Through the mobile application platform, LIT will enable a user to customize his or her leisure activities by locating both his friends and the destination that would provide him or her the best services.

### c. Keys to Success

As of May 2015, the Apple App Store has approximately 1.4 million mobile applications available for download<sup>1</sup>. In 2015, in the heavily competitive mobile applications market, LIT must be able to ensure a wide, diversified user base is actively using the app. Through the users' interactions with LIT during optimal hours, an ecosystem will be created in which other users will rely and interact on the feedback mechanism of LIT to navigate their leisure activities. This feedback provided by other users is essential to LIT's success.

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<sup>1</sup> <http://www.statista.com/statistics/276623/number-of-apps-available-in-leading-app-stores/>

## LIT Business Plan

- i. Create Synergies between the user base and nightlife entertainment companies
- ii. From test market success, establish a proof of concept that can be replicated in major urban areas
- iii. Monetize the mobile application

### 2. Company Summary

#### a. Company Ownership

Name	Title	Equity Stake
Robert Weiss	Chairman	45%
Mark Weiss	CEO	35%
Abraham Jerushalmy	COO	15%
David Feldman	CFO	5%

#### b. Company History

Founded by: Mark Weiss and Abraham Jerushalmy in 2015

#### c. Company Location (incorporation)

New Brunswick, New Jersey

### 3. Products and Services

#### a. Product and Service Description

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LIT is a mobile application for assisting college students find the optimal venue to party, assisting them in connecting with friends while going out and to assist them in reaching desired destination, with GPS directions. Our goal is to use social media as a tool to connect party goers to events like never before and enhance the college nightlife experience. We want to create a platform that connects hosts of events (fraternities, bars, nightclubs) to a wider range of potential consumers than previously possible. On the flip side, college students will now have all of their options laid out right in front of them on a single application, and can decide where is best to spend their night based on real-time updates regarding the activity of a party. Our tracking will provide valuable statistics that can be instrumental to said venues in regard to measuring activity based on a multitude of variables. These “party stats” will be real time updates based on simple input from the partying at the locations, for great accuracy.

### Features:

- **Interactive map of given college town**
- **Live, interactive, “party stats” for given event (Crowd, Line, Door, Ratio, Music, Ratio, Overall party grade)**
- **Friends list updated with their up to date party locations**
- **Pop-up walking GPS directions to a chosen party location, bar or home**
- **“Gamification” system rewarding users for app input, which may result in potential monetary or promotional benefits down the road**

### b. Competitive Comparison

#### i. WIGO

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WIGO (“Who Is Going Out”), which launched in 2014, utilizes a users location to show events nearby<sup>2</sup>. It seeks to sort out one’s groups of friends based on work, close friends and family and direct the user to the most appropriate event for his or her distinct group. WIGO is currently in over 650 college campuses nationwide and over 100,000 users<sup>3</sup>.

The main issue with WIGO is the amount that users can control the app. Since each user has the ability to create an event many events become fake or phantom events. These phantom events create a barrier to any user seeking to find a legitimate event and therefore WIGO is not an accurate events app.

The key difference between WIGO and LIT is the venue selection process. Only pre approved venues will be able to post events via the LIT app. Furthermore, not all users will be anonymous as in WIGO’s app and this will prevent phantom events or unwanted encounters at events. At the start of the 2015 Fall Academic Semester, WIGO does not have any data currently being displayed on the application.

### ii. NOWL

NOWL was founded in 2014 and is an app that allows one to see what is happening around them. NOWL is not focused on strictly parties or nightlife events rather it is focused on what is generally happening in the surrounding areas around the user. From a

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<sup>2</sup> <https://itunes.apple.com/us/app/wigo-summer/id689401759?mt=8>

<sup>3</sup> <http://totalfratmove.com/new-social-app-wigo-tells-you-whos-going-out-and-where-theyre-going/>

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good beach spot, restaurant, school or local event, NOWL shows a user a diverse number of activities near their given location.

The major drawback of NOWL is that the app only works through a feedback mechanism whereby users ask each other questions. This question and answer method is very time consuming and the answers are given anonymously so as not to give a quality answer to the intended audience. LIT allows friends and friends of friends to post their opinions as they enter and remain at a venue and this feedback is more valuable to a social media contact rather than an anonymous user.

### c. Technology

Technology- how it works (iPhone)

Native mobile application for iOS. Lit is heavily based on geolocation and user feedback. The real time venue ratings on the App are provided by the users at the given venue. When a user arrives at a venue, only then can he/she “check in” to the venue. Once the user does so, he/she will have the opportunity to log real time statistics of the venue. Users will rate various components of a party including crowd size, line size, cover amount, music quality, door difficulty and friends at venue. After every night, the statistics will disappear.

### d. Future Products and Services

Premium + business app or website for promotional activities and or listings

Android app

## **4. Market Analysis Summary**

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### a. Market Segmentation

The market for entertainment / leisure services is highly unsaturated. The market for location app to connect with friends for locating an optimal venue is primarily focuses on Generation Y or Millennial's. The Millennial generation comprises of individuals born between approximately 1980-1999 and consist of approximately 25% of the U.S. population<sup>4</sup>. The focus of LIT is to cater to the needs of mid-range of Millennials (21-29). This range of Millennial's desire the interactivity of a mobile application for leisure activities while having the ability to connect with friends as multiple events in any given area are taking place. This mid-range segment within the Millennial general is ideal since their discretionary income is lower of later age Millennial's creating this great demand for efficient nightlife expenditures. Further, this mid-range of Millennial's is generally single and looking to optimize their ability to interact with both friends and potentially meet new ones through the social gathering mechanism that LIT provides.

### b. Target Market Segment Strategy

In order to target this mid-range of the Millennial population, the benefits of LIT must be communicated with them in the most efficient means. In order to acquire early adopters of LIT, the app can be promoted through a combination of word of mouth and social media marketing.

Word of mouth marketing can be accomplished through incentivizing bars, fraternities, sororities, nightclubs and college organizations to utilize LIT when organizing and during an event's activity. By enabling a venue to capture a greater audience at an event

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<sup>4</sup> <http://www.uschamberfoundation.org/millennial-generation-research-review>

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we will be able to capture some profit from the bar as well as increase the use of the LIT app. By having promotional events on college campuses in which the cover charge will be paid for or reduced by having the LIT app, the brand of LIT will become a common name to users seeking nightlife entertainment. Non-profit entities on campuses such as orientation events, fall festivals and student union organizations can be targeted as early users of the app. These non-profit entities if incentivized appropriately can list their events with LIT and capture a greater audience for both their event and for LIT. This will have a great positive feedback experience in terms of downloads and usage of LIT while building the LIT brand for our target audience.

Social media marketing can be accomplished in many different mediums. Users can post feedback or their experiences with LIT via social media such as Facebook and Twitter. A users social media feedback will be public and can be viewed by both friends following this user and via the LIT website and on LIT's app. This free marketing can lead to many more LIT users as well as an increased activity of the LIT app during core hours.

Businesses can also promote on their Facebook page that their event will be on LIT. By creating a relationship with local businesses such as clubs, frats and bars the LIT app will be the exclusive location in which a user will be able to track and potentially locate an event online. Due to the additional volume of individuals utilizing a business service, a business will be self-motivated to promote the event through LIT as to properly promote their event to their target market. Approximately 8 in 10 small businesses pro-



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mote their businesses activities and market their brands via social media<sup>5</sup>. Small businesses reported that they recorded approximately a 60% increase in sales when they properly target their market segment via social media in their promotional activities<sup>6</sup>. This increase in sales gave small businesses greater brand recognition, increased World Wide Web activity and allowed for more effective feedback on a users experience with the brand<sup>7</sup>. LIT through its marketing efforts with small businesses that target our market segment (ages 21-29) will enable both an increase in the LIT app and increased activity of small businesses services.

The primary target market for LIT is a user between the ages of 21-29. This market is most desirable since they are either exiting undergraduate or graduate school life or new to the workforce. This age group generally has limited discretionary income relative to older age groups and desires to allocate these resources in the most efficient means. Further, this age group is highly skilled in both their usage of mobile applications and social media so there will be no language barrier in communicating the utilization of LIT to other similarly aged users.

### c. Market Needs

The target market that we intend to serve with LIT does not currently have an efficient location App for nightlife entertainment. This void creates an opportunity for LIT

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<sup>5</sup> <https://www.marketingtechblog.com/2014-statistics-trends-businesses-social-media/>

<sup>6</sup> Id.

<sup>7</sup> Id.

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to enter and create a brand name as the party App for young Millennial's seeking to optimize their nightlife experience. Two of the top five reasons a user will use social media and or a mobile application is to enable them to hear about promotional discounts and entertainment / nightlife opportunities<sup>8</sup>. This demand can be satisfied through creating synergies with small businesses and college campuses to connect them to their desired user base.

### d. Market Trends

In 2014, the mobile applications market grew an astounding 76 percent<sup>9</sup>. The growth was assisted by lifestyle and shopping categories<sup>10</sup>. The data also shows that consumers as a whole are more comfortable with mobile applications messaging services and demanded private messaging services to their own custom social network<sup>11</sup>. The market trends clearly point in LIT's favor since LIT is a lifestyle mobile application and settings within the LIT app can enable a user to communicate only to his or her customized friends on his contacts list.

### e. Market Growth

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<sup>8</sup> Id.

<sup>9</sup> <http://techcrunch.com/2015/01/06/app-usage-grew-76-in-2014-with-shopping-apps-leading-the-way/>

<sup>10</sup> Id.

<sup>11</sup> Id.

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The messaging mobile applications market saw triple digit gains in 2014<sup>12</sup>. There is also an increased growth in users utilizing a messaging mobile app that is combined with a payment system.

It is important to note that this market growth comes with a major caveat. Any given Smartphone user concentrates their app usage to approximately five apps<sup>13</sup>. Therefore it is essential to participate in this rapidly growing market to become a market leader in the lifestyle segment for our target market.

### 5. Industry Analysis

#### a. Currently

As opposed to the competition (NOWL and WIGO), where the users are enabled to make their own events, LIT will have all of the venues in the college area hard-coded in the app. This novel approach will ensure accurate data in the app. Another benefit is that the user does not have to add any information. This aspect contributes to the simplicity of our app. All the user has to do is check in to a venue, instead of taking time to log the venue in the app.

It is important to note that other apps allow users to check in to a venue no matter the location of the user. LIT, however only allows users to check into a venue when they are there, ensuring that the live statistics being logged are accurate.

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<sup>12</sup> Id.

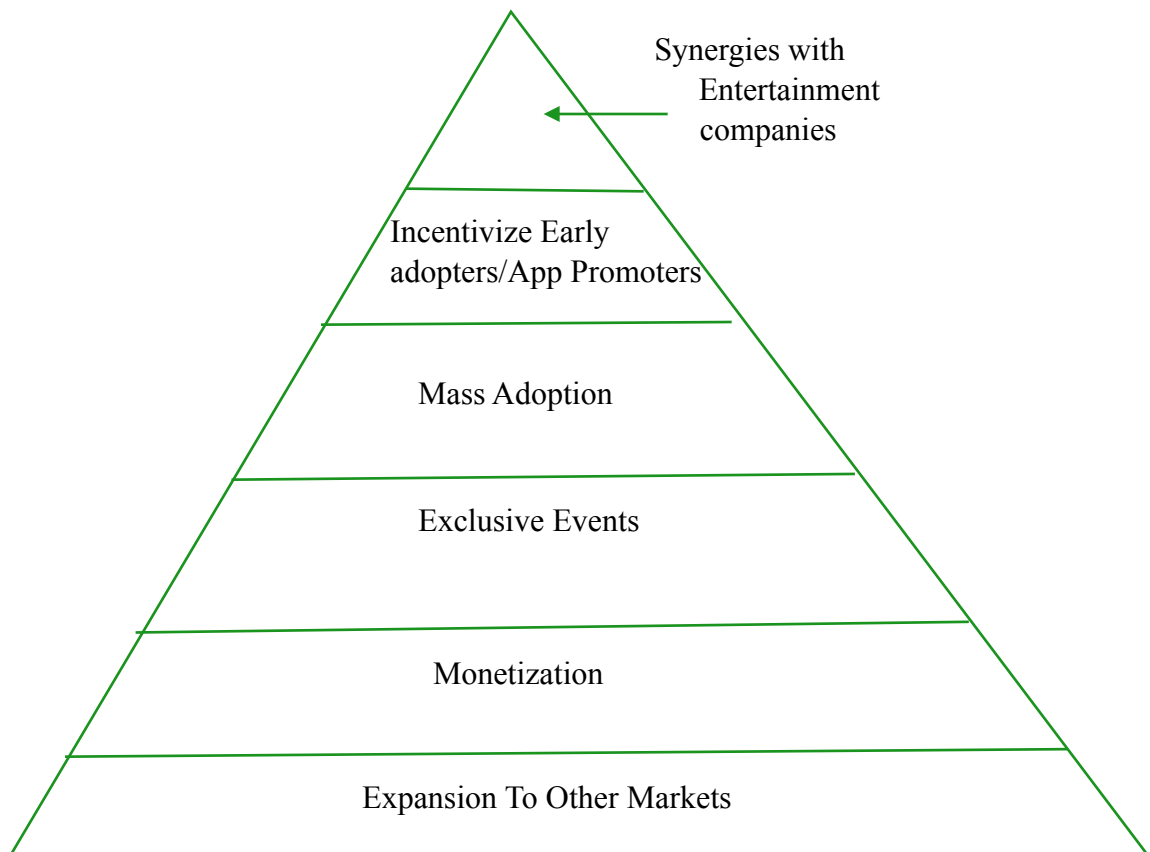
<sup>13</sup> <http://techcrunch.com/2015/06/22/consumers-spend-85-of-time-on-smart-phones-in-apps-but-only-5-apps-see-heavy-use/#.uyop6b:qNvi>

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Simplicity is key for our app, as we want to eliminate unnecessary clutter that other apps often have and make it very user-friendly and easy to use. We want an intuitive interface with buttons being large and smooth, with function being our primary focus over complicated aesthetics. We don't want it to be too refined looking to begin with, we want to embody the college student atmosphere, and not too luxury-club like. We want it to be fluid and changing nightly, as opposed to a Yelp-like review system. Our user-feedback system is live and from the actual location, not an overall outlook on the venue. This will maximize accuracy and allow for a variance at a given venue on a day-to-day basis.

### 6. Strategy and Implementation

#### a. Strategy Pyramid



## LIT Business Plan

### 1. Step 1: Synergies with entertainment companies

In order to have early success of LIT, relationships must be formed with local businesses and educational campuses where the users are located. Through the creation of relationships and awareness of the benefits of the LIT app, a business will have access to the management capabilities of their own customized event. A local business will be able to have management capabilities and placement of an event on the LIT app once a compliance and legal search is performed on their business. This is to be performed to ensure that the party is not a 'phantom' event and to ensure the general safety of LIT's user base.

### Step 2: Incentivize early adopters / promoters

Early promoters of LIT will be incentivized through a unique internship opportunity at LIT. A LIT intern will be exposed many aspects of LIT's business such as social media, marketing and finance and will serve as an educational tool as well as build the LIT brand across any given college campus.

This model will motivate interns to generate a maximum amount of new LIT users and allow LIT to scale its operations by forming new synergies with more local events.

LIT merchandise will be distributed by LIT interns to new users of the app. For example, for the first 50 new users who wears a downloads the app gets a LIT t-shirt. This strategy while potentially cost prohibitive will give LIT a fast entry into the entertainment market in the local market. Further, LIT merchandise can be sold to users at an event as a promotional item to be used to gain a discount off a cover charge at a venue.

### 3. Step 3: Mass adoption

Once LIT's promoters spread the LIT brand to users through its beneficial use, LIT will be the go to mobile app during entertainment hours. In order to maintain active use of LIT, promotional activities will be run exclusively through LIT as well as exclusive entertainment events to be available to only the most loyal LIT users. Loyalty to LIT will be calculated by the number of times a user posts feedback on a given event as well as the number of events that user 'checks in' through LIT.

### 4. Step 4: Exclusive events

When LIT becomes a household brand at a given location exclusive events such as concerts, clubs, VIP rooms and other campus events can be made available exclusively to LIT users. Exclusive events will enable LIT to gain further brand recognition in the marketplace as a leader in entertainment as well as an increased user downloads rate and usage.

### 5. Step 5: Monetization

A monetization strategy can be implemented after LIT establishes more exclusive events and creates an ecosystem in which its users and businesses rely upon. Monetization and inevitably profitability will come to LIT in the form of charging businesses for the increased traffic that results from LIT users. Businesses eventually will be charged a percentage of their income from LIT users through a revenue sharing system. Payment for cover and entrance fees for venues will eventually be able to be purchased through the LIT app and LIT will capture some of the revenue from these fees.

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Users will be able to use the LIT app free of charge or have the option of freemium services. Freemium services will be in the form of reserving a table in advance at a venue, premium seating options, VIP room access and party reservations. These options will generate a tremendous amount of usage of the LIT app as well as generate additional revenue from users so as to not concentrate revenue streams solely from local businesses.

Another revenue stream would be through QR codes and prepaid debit cards through the LIT app. The ability of a user to save on time and cost by paying for his or her cover fees and other expenses via the LIT app can create value for both a user and for LIT. LIT through the prepaid system can capture some proportion of the cover fees and or line cutting costs that many people pay to enter a venue. QR codes can be purchased so that a user can make purchases within the venue or send money to someone to compensate them for venue expenses.

Lastly, a joint venture with Uber, a major mobile app with regard to transportation, will create not only the most powerful alliance for LIT but unlock a great amount of earnings power for LIT. Streamlining a user locating an event and having the ability to have transportation to and from the event will unlock not only value for the LIT app but also extra revenue outside of the traditional party app.

### 6. Step 6: Expansion to other markets

Once LIT establishes a proof of concept during its initial or pilot program, LIT's App will become available in additional locations. The initial two locations for LIT will be SUNY Binghamton and Rutgers University.

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Rutgers University, located in the state of New Jersey, has more than 40,000 members of its student body at its main campus in New Brunswick, NJ. Rutgers focuses on both undergraduate and graduate studies and is located in the tristate area. A successful established proof of concept of LIT in the Rutgers community will show LIT's viability and enable it to expand into the many schools within the tristate area and inevitably into major urban areas such as New York City.

While expanding into Rutgers' network we will also establish a presence simultaneously at SUNY Binghamton. Binghamton has over 15,000 total students in their undergraduate and graduate programs. The isolated location of SUNY Binghamton makes it a prime candidate for LIT's initial entry alongside Rutgers. This is because in the isolated community that Binghamton students face, they must plan accordingly for their nightlife activities with their contacts. With the more sporadic locations for nightlife at Binghamton, LIT can create a strong relationship with Binghamton users of the app and assist them in locating the optimal entertainment venue. Lastly, the diverse student body at Binghamton will enable LIT to cater to individual social groups entertainment needs on and off campus.

### b. Value Proposition

LIT creates value by creating an ecosystem in which a user can efficiently locate and allocate their limited resources such as finances and time. Rather than randomly selecting a venue for an event, a LIT user can have a more informed decision regarding their nightlife activities.

### c. Competitive Edge



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Through mass adoption of LIT in the marketplace as the leader in entertainment, LIT will have a clear edge over the competition. The creation of an ecosystem in which LIT users rely on the venue selection for an event based on the crowd at an event, feedback and expenses will allow for LIT to standalone as the party app. The inevitable popularity of LIT will create the crowding effect and feedback mechanisms which allow for efficient geolocation of users based on their preferences. The synergies with local businesses and campus events will lead to a high reliability of an event's popularity.

We feel that our app can provide an unprecedented "one-stop shop" party application for college students in search of a useful tool for their night out. Many have attempted to assist consumers in finding the right club, but we feel our app can provide more of a well-rounded tool in regard to the total progression of their night. Many students begin their nights in frats, which are far more hit or miss than bars, and thus it can be very difficult to decide which one to dedicate the time (and possible money) to.

Another area that sets us apart is the social aspect, which allows students to easily figure out where all their friends are, instead of sending out several desperate text messages in hopes of finding their group, which is likely dispersed throughout town. We would also eliminate the need to find out addresses to events, as all venues will be located on the map, with GPS walking directions available with one click.

### 7. Marketing Strategy

#### a. Marketing Mix

##### i. Positioning Statements

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In order to have a viable long-term presence as an app, LIT must capture a sizable percentage market share. Market share or number of active users on LIT enable it to be a useful asset and a tool in assisting any given user in their nightlife. LIT must be able to make a firm position within the age range 21-29 as well as create alliances with venues that cater to this demographic.

Through promotion by the use of incentivizing users to add friends and synergies within the entertainment community surrounding educational campuses, LIT will be the market leader and one stop shop for a nightlife application.

### ii. Pricing Strategy

In the initial 24 months of operation LIT will be aiming to monetize. After a proof of concept has been established, then a monetization strategy will be implemented.

Charging for such freemium services such as a reservation system, prepay cover fees, QR codes as well as joint ventures with companies with Uber will create not only profitability for LIT but also a reliable ecosystem for users (see step 6 above – monetization). There are also many additional avenues for advertisement that can be utilized on the app once the monetization process is underway. For example, an organization or business may be able to pay to have their event or location highlighted on the map separately from the parties.

### iii. Promotion Strategy

The promotional strategy is the primary factor in LIT's initial success. Through successful promotion LIT will gain both users and create an ecosystem for its users. Initial promotional activities will be on campus concerts or events. Further, LIT will incen-

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tivize users to invite friends to download and sign up for the app. The compensation schedule (as seen above in the business plan) will enable LIT to achieve a high volume of downloads and active use. Merchandise giveaways at events will occur at initial events on campus and wearing merchandise to events will result in some form of free services such as lower cover or premium seating at events.

### iv. Distribution Patterns

The main distribution strategy to reach our target audience will be through the use of a mobile application. Initially LIT will only be compatible with the Apple IOS, however within the first two years an Android compatible program will be developed. LIT's service will be available to local businesses and event hosts through a desktop application whereby they can input all of the information regarding their event.

## 8. Sales Strategy

### a. Sales Forecast

#### i. See Exhibit A

### b. Sales Programs

#### i. Generate up to 500,000 users within the first 5 years of operation

#### ii. Capture the nightlife activity margins from a users expenditures during this time frame

#### iii. Monetization is not to begin until 18-24 months after initial launch

#### iv. Incentivizing users to invite friends to join and download the app can be offset through a payment system for events through the LIT app

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### c. Strategic Alliances

- i. Bars
- ii. Frats
- iii. Clubs
- iv. Lounges
- v. Student life organizations

### d. Milestones

- i. Have approximately 25% of the college campus population use LIT where available

## 9. Financial Plan

### a. Important Assumptions

- i. Rutgers University and Binghamton University are representative models that LIT can rely upon to scale operations.
- ii. Users can be incentivized to use LIT through compensation
- iii. Event venues will be motivated to form synergies with LIT and allow LIT to eventually have exclusive event listings

### b. Key Financial Indicators

- i. Proof of concept
- ii. Incremental information for a bar
- iii. Reservation system

### c. Projected Profit and Loss

- i. Run at a loss for minimum of 18 months – 24 months

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- ii. Incentivizing downloads – cost of that approximately 10 cents each

- d. Projected Cash Flow

- i. Some percentage of the cover charge

- ii. Reservation system

- iii. Skip line at a bar

- iv. Freemium benefits – using the app lowers the cover charge – we get smaller cut however incentivizes use of app

- v. Connect with Uber

- e. Long-term Plan

Once a large user base is gained and we feel that we can move on from college, we will bring Lit to the major party cities such as New York City and Miami Beach. We want to eventually add a feature that would allow users to get discounts or reserve tables at clubs ahead of time for example through the app. We want to make an easy, separate payment system that makes this app a must-have for all party-goers and club-goers. Why would venues offer this discount? By this time, our app will have a large amount of users. The users will be able to see which venues have a discount on drinks, cover charges etc. As a result, the users will be motivated to go to the given venue with a discount. It is beneficial to us because Lit will take a percentage of all payments made to the venues through our app. It is beneficial to the venues because they will experience more traffic to the venue as a result of the given discount.

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### Future Features

- List of promoted events
- Party photo stories
- The ability for people to add private events and invite friends
- “Peek” at other college towns or to see what is happening this coming weekend
  - i. Expand it to happy hours
  - ii. Clubs
  - iii. Urban areas –
    - 1. NYC
    - 2. Miami
    - 3. Spring break destinations

# LIT Business Plan

## Exhibit A:

LIT Sales Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales per user	\$0.00	\$0.00	\$305,000.00	\$457,500.00	\$793,000.00
APP set up / maintenance	-\$30,000.00	-\$2,000.00	-\$2,000.00	-\$2,000.00	-\$2,000.00
Cost of acquiring users	-\$2,500.00	-\$10,000.00	-\$50,000.00	-\$75,000.00	-\$130,000.00
Marketing Expense	-\$1,250.00	-\$5,000.00	-\$25,000.00	-\$37,500.00	-\$65,000.00
Net Income	-\$33,750.00	-\$17,000.00	\$228,000.00	\$343,000.00	\$596,000.00
Market Capitalization of LIT			\$17,900,000.00	\$23,470,000.00	\$34,780,000.00
Average cost per user	(\$0.10)				

## User Projection:

Year 1: 25,000 Users

Year 2: 100,000 Users

Year 3: 500,000 Users

Year 4: 750,000 Users

Year 5: 1,300,000 Users

