

Business Plan Report

VeganPulse – An online fitness solution for Vegetarians



Too fit to quit

Submitted By:

Jash Pithadia
Nishant Jain
Yamini Sharma

Guided By:

Prof Dr. John D McDowall

Table of Contents

- 1. Introduction**
- 2. Business Plan Overview**
 - Core Features
 - Team Members and Roles
- 3. Market Research**
 - Size of fitness industry
 - Size of vegetarian populace in USA
 - Status of competitors
- 4. Starting Steps/Initiation**
- 5. Revenue Model**
 - Freemium Model
 - Advertisements (Potential Prospect)
- 6. Marketing and Advertising**
 - Social Media Marketing
 - Physical Marketing
- 7. Risk Management**
 - PCI Compliance
 - Disclaimer
 - Copyright and Plagiarism Issues
- 8. Future Planning and Expansions**
 - **Legal registration**
 - Name game
 - Registration types
 - Employer Identification Number (EIN)
 - Licensing and Permits
 - **Future expansion plans**
 - Selling products
 - Selling expert advice and consultation
- 9. SWOT analysis**
- 10. References and Sources**

Introduction

We present to you ***VeganPulse*** – an online fitness solution targeted towards people who follow Vegan and Vegetarian lifestyle. There are a lot of fitness and bodybuilding websites, but, there are very less which do this specially keeping in mind the nutritional needs and supplies of Vegetarian people. This is what we aim to provide in our business plan that we are presenting here.

We got our inspiration from the problems we faced ourselves - being vegetarians and fitness conscious, we personally felt the need for a more tailored nutrition program. There are literally tens of thousands of free online nutrition programs available in few clicks, but a few of them include a full plan without the use of meats and/or dairy, eggs. Hence, we decided to work on a solution and this is what we finally came up with.

The website is deployed on AWS at:

<http://infs640.s3-website-us-east-1.amazonaws.com/index.html>

Business Plan Overview

Core Features:

As of now, the website has been planned to offer workout routines and fitness plans. These two will be the core features of our business. These will be modified based on user's specifications – such as body weight, height, gender, routine, body-type, etc. This will ensure that we offer as personalized a service as possible.

Most of the content that will be provided will be free. However, premium content will be charged. This will mainly include assignment of dietician and/or nutritionists, advanced workout routines, detailed daily nutrition plans. The free content will be provided by Jash - who is a certified fitness expert and at-least two part-time employees - who will either be nutritionists or dieticians.

Our USP is our focus for Vegans and Vegetarians. There are few websites that do offer the services for this group of users, but they do not focus heavily on it. This is exactly what we are aiming to specialize in.

We have also developed a mobile app so that we can cover the mobile front as well, and we are available to customers on the go.

A future plan is to extend the services to selling health supplements and fitness clothing. This will make sure user does not have to deviate from our services at any point of the complete regiment. But since this needs at-least a small user base and dealing with third party units, we have kept this for future.

Team Members and Roles:

The team consists of 3 people:

1. **Yamini Sharma** – Yamini is the initiator of this idea. She is handling the technicalities of Web Development. She is assisted by Jash who provides content.
2. **Jash Pithadia** – Jash is responsible for the User Interface Design, User Experience, and content of the website. He himself is a fitness expert and has a deep understanding of this field. He has training videos, diet schedules, fitness plans, etc., which are his own content.
3. **Nishant Jain** – Nishant deals with the Business ideas, Market Research, and Future Planning and Expansions. He is assisted by Jash with decisions regarding Marketing and Revenue Model. Nishant and Jash have also created this Business Report.

On a broader level, Yamini takes care of Web Development, Jash looks over the content, and Nishant takes care of Business Operations. Of course, any big decision is taken by all 3 and each group member contributes in whatever capacity he/she can help the business grow.

Market Research

The focus of market research for this project was done keeping in mind the three basic questions that needed to be answered:

1. Being the targeted group of customers, is there a considerable number of vegetarian population in the United States to support the business?
Also, is this number increasing?
2. Are there enough people to support the business in the United States who go to gym?
Or, follow any kind of workout routine/diet program?
Again, is this number on the rise as well?
3. Who are our biggest competitors? How much of a bigger threat are they to us really?

Needless to say, the research could have given a green flag to business plan only if both questions were answered positively.

The following deductions were made from the *2016 IHRSA Global Report: The State of Health Club Industry*. IHRSA stands for International Health, Racquet & Sportsclub Association. It is the trade association serving the global health club and fitness industry and is a very credible organization. Quoting Jay Ablondi, IHRSA's executive Vice President of global products - "This year's report shows collective growth in markets worldwide, with mature markets leading the way."

The top 10 markets, or 'mature' markets as he meant in his statement, account for roughly two out of three health clubs and three out of four members worldwide. The U.S. leads all markets in club count and memberships at 55 million and 36,180, respectively. U.S. ranks first in terms of revenue as well, which is \$25.8 B annually. The report clearly indicates that total health club visits annually in the United States increased by 25% since 2009.

Evidently, these observations were enough to conclude the rising fitness industry in the US. However, we also wanted to gauge the statistics on vegetarianism in US, and the sources cited below answered these questions too.

We consulted a number of trustworthy research papers, surveys, and data trends related to vegetarianism in the US. Cited here are the most relevant ones. All the referred sources indicated a steady rise in the number over time. This fact is also supported by two articles. This article (1) published in 2008 on vegetariantimes.com states that about 7.3 Million Americans (3.2% of US population) are vegetarians. Also, additional 22.8 Million follow a Vegetarian-inclined diet. It also says that approximately 1 Million out of these are Vegans, which is 0.5% of the population.

This poll surveyed 5,050 participants, which is a statistically representative sample of the total U.S. population. One of the most interesting points to note here is the segment of population which follows meat-based diet, but is interested in following a vegetarian based diet. Quoting the website, “The 2008 study indicates that of the non-vegetarians surveyed, 5.2 percent, or 11.9 million people, are “definitely interested” in following a vegetarian-based diet in the future.”

This is a really exciting indication of the growing interest of masses towards following a vegetarian diet. Not only do the numbers show a rise, but it also shows that people are interested to follow it and hence, the market looks promising with that segment of the population as well.

The other article (2) was published last year in foodnavigator-usa.com. It sources its claims from Nutrition Business Journal Food Tribes Report Q1/15. This report states that now this number has climbed to roughly 5%. Although there are fluctuations seen in this number in different reports, but they are mostly because of the difference in test samples.

The bottom-line that can be drawn from these two and few other studies is that vegetarianism is gaining popularity and it is on the rise. Other important inference that can be drawn is the number of people who have Vegetarian-inclined diet pattern. This segment is also our target audience since their dependency on meat based diet will be limited. Also, there are more and more people every year who are interested in trying the vegetarian lifestyle.

We also did some market research on our competitors and their offerings and services:

1. **NoMeatAthlete** - This brand focuses on healthy lifestyle by focusing more on cardio and plant based diet. NMA helps user to discover plant-based meals and also focuses on selling all cardio related equipment. It has a 7 part program which is not tailored for individual users. USP-Running groups, NMA(No Meat Athlete) book

2. **VegetarianBodybuilding** - This brand is focusing on “V3 Bodybuilding system” which focuses on science and practical implementations of plant-based eating. User are provided a detailed dive into plant-based eating. USP-Lifetime membership - \$97,vegetarian bodybuilder interviews and testimonials.
3. **VeganMuscleandFitness** - This brand focuses on meal plans (\$99 per month), workout plans (\$99 per month) and 12 week program (499\$).User has to fill a questionnaire and VeganMuscleandFitness creates a tailored plan for the individual. USP-Online personal training by certified Vegetarian Athlete/Bodybuilders, Skype sessions with trainer for members only

Vegan pulse is at least 25% inexpensive compared to other online training programs. We focus on different types of user. For instance, even the segment of population who are not vegetarian but have vegetarian-inclined diet. We provide tailored programs to our users. Some users might be intimidated or negatively motivated by people who are currently in fitness industry. We will be focusing on beginners and intermediate fitness enthusiast to counter this issue. We do not intend to flood our users with irrelevant information and immense content thereby keeping the User Experience simple.

After all the market research and going through the cited dependable resources, it stands to reason that all the above factors support the idea of a workout-and-fitness business that is aimed at vegetarian population.

Starting Steps/Initiation

We have our website ready and running on AWS. We are targeting 100 users for our first month. Jash Pithadia has formed a team of 3, two part time dieticians and with him working on workout plans. Two dieticians will work on meal plans which will be tailored according to the need of the user.

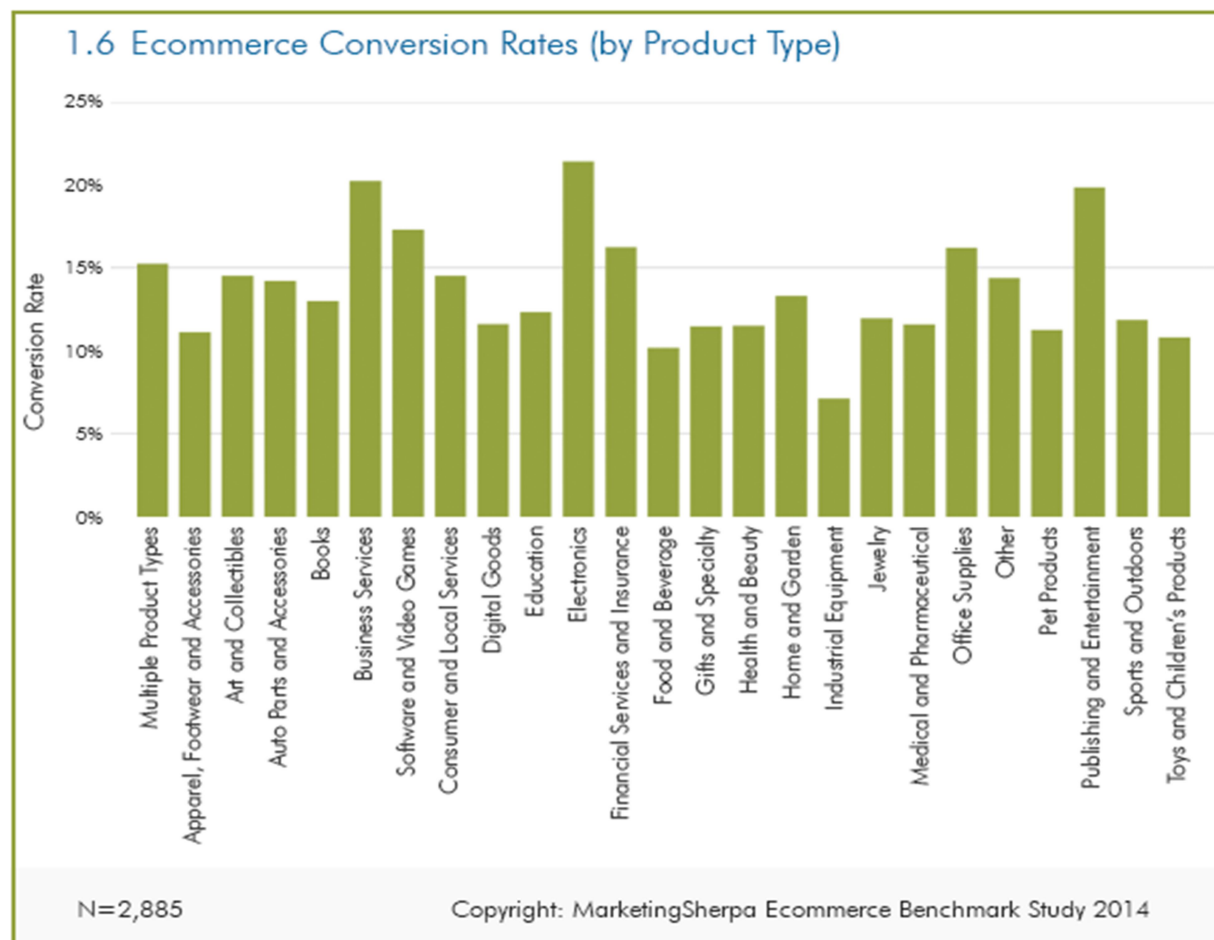
Revenue Model

The revenue model is twofold as of now

- **Generation of revenue through premium(subscription) plans:**

Also known as 'Freemium' model, this approach generates revenue from users who are willing to pay for advanced services. This heavily depends on the successful conversion rate of visitors from free to premium content. As of now, we have targeted a percentage conversion rate of 1%, which means one user out of every 100 regular visitors will eventually convert to a paying customer. As far as this rate is considered, it highly depends upon the quality of free services offered to visitors. Hence, we aim to provide top-notch services to our visitors so that we get maximum possible conversion rate.

A benchmark study by markeingsherpa.com shows the conversion rates for various categories of e-commerce businesses. The category 'Health and Beauty', which is the closest one to our business, shows an average of 12.5% conversion.



But, as mentioned above, these figures are highly volatile to several personal attributes of business, we have are assuming that a rate of 1% can be considered safe, if not 12.5.

Till the time a person is a just a 'visitor', the only source of income from him/her is the advertisement that the visitor is seeing, although ad revenue will not be implemented in first few quarters, say 1 year for now. (For detailed explanation on advertisement revenue, please see below). Once the user is a paying customer, we will be charging a fee of 20\$ a month for premium services. This fee has been decided by seeing the competitors' level of services that they offer in return for a given fee. We have aimed for at least 75% cheaper to them when reasonably compared.

- **Generation of revenue through advertisements:**

As of now, we are not putting up advertisements on our website. There are two reasons for this:

1. Although we have done a good study on how to put up ads on webpages without annoying customers, there is always a chance that they might repel customers. This is especially important when we are a new startup and everyday there users who are just getting introduced to our websites. We want to offer an ad-free experience to them, at least in starting phase
2. The second reason is that till the time we have a good user base and number of hits, there is really no point in putting up ads as the revenue it will generate will be really low. While low ad-revenue is not a problem, it is certainly not worth the risk of losing a customer in early stages.

However, after we cross a certain number of regular users and get some registered ones as well, we will be going for advertisements. This will be done in a subtle and smart way so that User Experience is not harmed. One of our biggest concerns is that user cruises easily on our website without any adverts to divert or annoy him or her. Hence, number and type of ads will be in limit.

Advertisement revenues is again divided under two parts. One is open advertising - which mean we will put up advertisements of anything that wants to be on our website. There are no restrictions on the company and product. It can be a fashion brand, an electronic gadget, a news/entertainment channel, etc.

Another branch of advertising involves putting up promotional recommendations and adverts of local gyms, nutritionists, dieticians, and businesses that sell gymming equipment. This requires us to personally meet them and set up a deal under which they pay us in return of the advertising that we will provide them. Since we are a fitness company, these businesses are more than likely to put up their ads on our website.

Ad revenues will be based on two models: Cost per Mille (CPM), also called Cost per Thousand impressions, and Cost Per Click (CPC). CPM is generation of revenue in proportion to the number of ads displayed or shown to the site visitors. CPC is generation through the number of times a particular ad has been clicked.

Marketing and Advertising

The marketing campaign obviously is aimed at Vegetarian population in the country who are interested in maintaining and enhancing their fitness. But to determine how to reach that segment is very important. The marketing campaign needed answer to three demographic questions before getting kicked off:

1. Which age group has the most number of vegetarians
2. Which age group has most number of gym-goers
3. Which geographical area has most number of vegetarians

All the resources that we referred gave us more or less the same results. The most trustworthy and detailed source, however, has been cited in this report. It answers questions 1 and 3. Considering the report by vrg.org(3), our main target are the people in age group 18-34, and 35-44 who live in Northeast America. The location, NE America is very favourable to us, if not the best one, considering that we are based out of Virginia.

We also made an observation on the age group which goes most to gym which answers question 2. To our surprise, this age group is much older than what we thought it will be. The average age of gym members is around 40, with the age group scoring most numbers being 30-40. Reports 3, 4, and 5 are the sources of these inferences. These reports and their respective sources are listed at the end of this report.

Since the age group we are targeting is 18-34(primarily) and 35-44(secondary), we plan to market our campaign through following channels:

- **Social Media:** One of the most popular and almost free sources of marketing. Facebook, Twitter, YouTube, Instagram, etc are few big names that will be used. The links can be shared socially among friends and to their friends and so on, or we could go for a paid advertising as well.
- **Universities and Colleges:** Universities are the places where more than 90% people are in the age group of 18-34. Students are also usually the segment of population which is more aware about fitness. The marketing approach we will follow will mostly be traditional - posting flyers and banners, distributing pamphlets, small goodies like sipper and shaker water bottles, headbands, wristbands, hats, t-shirts, etc. Basically everything that is closely or remotely related to fitness and gymming, and is inexpensive. Also, our main focus here will be college gyms.

Risk Management

Like any business, there are various types of risks associated with an e-commerce business. We have listed some of them here:

- **PCI Compliance**

The Payment Card Industry's Data Security Standard (PCI DSS) is a set of standards and requirements to help ensure that all online merchants and their customers are protected from fraud and data breaches. We have kept in mind to maintain this standard so as to protect against related security risks. In fact, not maintaining compliance could result in hefty fines — and could ultimately result in loss of services from reputable eCommerce vendors.

- **Disclaimer**

There will be a disclaimer and acceptance of terms and conditions clause on our website. This clause will be detailing that the service and the information provided herein by VeganPulse are provided for guidance and advice purpose only, and that the company is not responsible for any harm to the user by using its meal or fitness plans. We have made no claims that this kind of meal plan and diet will be suitable for you. Essentially, our services are suggestion-only and users are always asked to advice a doctor or nutritionist if they have a potential physical or mental condition that can cause harm.

- **Copyright and Plagiarism Issues**

VeganPulse is providing health and nutrition information to the user. We are recommending meal plans and workout routines that we have crafted from our own knowledge and experience. The content is 100% original. Hence, we have also mentioned that everything is copyrighted and any kind of breach is an offence.

US copyright law grants the copyright protection the moment an original content is created and fixed in a tangible form that it is perceptible either directly or with the aid of a machine or device.

Future Planning and Expansions

We are calling the future plans as 'Phase 2'. There are a couple of expansions operations that we have outlined below. These operations require the company to be recognized as a legal unit, and hence the first step of phase 2 is to get the startup registered as a company. There are few pointers below that we have taken into account for registration process. After that, we have listed the expansions plans.

1. Legal Registration

There are various steps involved in registering a business. These differ according to the type of business, types of authorizations required, and the state the business is in.

- **The Name Game**

The name of the business has to be something that does not legally creates problems in the future. There are examples of companies that were supposed to change their names, or worse, suffered costly litigations. Changing a name once it's popular is alone enough to give a death blow to a business, let alone a lawsuit in its early stages.

"The first thing you should think about is the name," quoting Esther Barron, clinical assistant professor at the Northwestern University School of Law and director of its Small Business Opportunities Center, in this article(7). "Are there going to be trademark issues? Is somebody going to sue you for using that name? Can you stop other people from using it?"

To avoid this hassle, we checked the United States Patent and Trademark Office(USPTO) database and made sure that the name **VeganPulse** is available for business name as well as trademarking. Although, there are few more steps that can be taken, like checking with county clerk's office, state department of revenue and secretary of state.

We also checked if the domain name veganpulse.com is not available but there are several related ones that are. Few examples are veganpulse.net, veganpulse.us, etc.

- **The Registration**

Typically there are 4 options for a startup business to be registered as. Each one has their own set of rules:

Sole Proprietor

Partnership (if you have a business partner)
LLC
Corporation

As of now, we have not decided which way we are going to go with. But, in any case the registration process is not something that takes your sleep away.

- **Getting an Employer Identification Number (EIN)**

An Employer Identification Number (EIN) is required for the purpose of filing taxes and collecting business revenues. It is an identification of the business and helps in filing registration paperwork and getting permits. EIN can be applied at <https://sa.www4.irs.gov>.

- **Licensing and Permits**

To sell goods online, which is what our expansion plan is, we will be needing a sales tax permit. This can be done online at <http://www.tax.virginia.gov/>

2. Future Expansion Plans

There are 2 most important points for future expansions:

- **Selling products**

This will include dietary supplements, merchandise, gymming apparels, and other relevant stuff

The basic model we plan to follow in this case is acting as a middleman between suppliers and customers. This plan requires researching and setting up deals with suppliers. This is the reason we are not proceeding with this right now as we want to be focussed on our current goals first. Also, our current plans will allow us to know if customers are even willing to buy these stuff from us or not. If the customers show a positive response and are willing to buy the supplements, merchandise, and apparels from us, we will be proceeding with this idea.

- **Selling expert advice and consultation**

This involves hiring a few freelancers and full-time fitness experts, dieticians and nutritionists and then selling their services to customers. Hiring these experts costs a huge in their salaries hence; this is a more long term plan, most likely after a couple of years when we start generating handsome profits from our regular business.

SWOT Analysis

Based on the complete analysis and considering all the factors, here is a SWOT analysis of the business. The purpose of this is to use it in future as a quick reference and try to improve or capitalize on them as much as we can.

Strengths

- Focus on specific segment for which the online resources are scarce
- Engineering team well-versed with web technologies along with fitness expert on board
- Initial cost of service low compared to competitors
- Highly motivated and ready to serve users
- Providing people customized meal and fitness plan

Weaknesses

- Usual challenges of a startup
- No partnership with fitness athletes
- No tie-ups with fitness brands, youtubers
- Unknown brand name and no initial client base
- Cost of our service might be expensive to potential clients.

Opportunities

- Chances of expanding internationally
- Using Internet/word of mouth and local gyms as marketing
- High demand of people looking for help and guidance with fitness and nutrition
- Potential sponsorship from fitness athlete, fitness community, gym etc.
- Partnership with health and fitness related products to increase revenue.

Threats

- Competitors
- Users have lack of awareness and knowledge about Vegetarianism
- Powerful marketing campaign and online presence by Competitors
- People are not willing to pay for online training, Veganpulse need to be creative.

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