

# Shmack Attack



Project 2 - Phase 2: Business Plan

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Team 07

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## **Background**

### **I. Problem**

There is a large population of Asian Americans, immigrants, and military personnel that have a want and need for Asian food snacks. Some areas, typically areas where there are less established Asian communities, do not have international markets where you can easily buy Asian food including snacks. Nearly half of the Asian communities (45%) in the United States live on the West coast. Even though California houses many of these communities, there are many underserved Asian communities in the United States. Furthermore, the ability to access international markets has been impacted by COVID-19, making it difficult for this need to be fulfilled.

### **II. Business Context**

Our business would specialize in the Asian snack food industry. Our mission is to specialize in sourcing hard-to-find international food products and to provide a curation of mystery boxes filled with snacks from Asia based on customer preferences. Our business is based in the United States and is marketed to Asian Americans, millennials, Gen Z, Americans who have lived abroad, and/or anyone in the United States who would like to discover new Asian snacks. Our plan is to source from international suppliers, particularly in Asia.

### **III. Business Rationale**

We noticed the trend of mystery boxes in make-up, wine, puzzles, toys, tea, and coffee industries. We wanted to capitalize this mystery box business model for Asian snacks because there are few that currently exist in the market. Our business can prove to be viable, because customers pay a premium for Asian snacks at Asian and international grocery stores where they are typically available. Consumers are also willing to pay a premium for any type of mystery box

service. “Shmack Attack” combines these two interests: Asian snacks and mystery boxes into one service to satisfy the needs of our target market.

Our business will directly source from suppliers who can provide a discount for bulk ordering. We are able to take on this risk of ordering inventory in bulk because customers do not get to choose specific products but rather get products according to their tastes and preferences, which will then give us the opportunity to cycle through inventory by determining which snacks are included in their box. By doing so, “Shmack Attack” is able to introduce products that customers may not have purchased otherwise.

## **Business Solution**

### **I. Business Objectives**

In our culture, food mystery boxes have gone viral on social media. Our first business objective is to deliver a curated experience to our customers. In today’s digital platforms, influencers and content creators have played a pinnacle role in marketing food products that directly contribute to the brand awareness and, ultimately, the profits of the most successful businesses. Shmack Attack plans to capitalize on the low cost marketing of content creators and influencers who can feature our products on their platforms for merch and in some cases a small profit. Snacks are always seen somewhere on social media and the majority of the time someone is trying something new from a different country; for instance, candy, chips, drinks, or even a pack of ramen noodles. User-generated content creators play a huge part in delivering that experience, which can essentially lead to a network effect. Through word of mouth and social media content, the network effect would help us achieve our business objective as more people improve the value of our business.

Our main objective is to remain a *going concern*. In other words, the company should have the financial stability to not go bankrupt. Shmack Attack also seeks to achieve four main objectives in the following categories: economic, human, organic, and social.

Our human objectives are to pay competitive salaries, to provide incentives to motivate employees, to offer employee perks such as unlimited vacation days, paid time off, or team appreciation events, and to provide personal growth and career development opportunities. Shmack Attack wants to be a company that treats their employees with dignity and respect to maintain talent that will grow with the company.

Our organic objectives are to use profits to raise capital and strengthen the business. This strategy will further support our main objective, which is to remain in business. Another objective is to implement growth models to contribute to the success of our business. Our goal to improve brand awareness and reputation will help sustain the growth of our business. Finally, we intend to grow production size to meet demand as we scale up.

Our core mission is to provide accessibility to Asian food snacks to as many communities. This is in line with Shmack Attack's community, social and environmental values. This mission also entails ensuring high quality products and fair prices for customers who otherwise wouldn't have access to them. Another core value is to have fair trade practices and to ensure fair, anti-discriminatory employment practices. As we grow, we wish to serve the communities of our customer base (schools, charities, social programs, etc). Lastly, our goal is to protect the environment by taking reasonable steps to limit our company's carbon footprint and fulfilling our corporate social responsibility.

## II. Products/Services Portfolio

We aim to have a very diverse product portfolio. Firstly, our main focus will be snack products sourced from Asian countries. The top five countries we plan to get our snacks from are Japan, South Korea, China, Vietnam, and India. When customers order a box they would be given the option to choose the origin of the snacks they want. They can opt in for snacks from China, South Korea and Japan, or a mix of snacks from all five countries. They also have the option to list their preferences in flavor from salty to sweet, sour, spicy and tangy. Since every customer has a very diverse taste palate, we will include snacks that match their preferences into their box.

We will determine what snacks are sourced from the five countries by doing market research on our target markets. Through this research we are able to find snacks that fit under the categories of sour, spicy, sweet, savoriness/umami. The research will allow us to satisfy the wants and needs of our customers by helping us get to know our customers and find more to increase the market size.

Inside a particular mystery box we would have about ten to twelve snacks, business cards, and some bonus items related to the theme of the box if applicable. To increase the number of products we would include more boxes that specifically cater to the different preferences. The size of all the boxes would be about 16 inches in length, 12 inches in width, and 12 inches in diameter. Other ideas we planned to implement along our road map would be having holiday themed boxes. There would be a box relating to each major holiday and the box would be customized as such to match the aesthetic. We are pricing our boxes at \$69.00 for the effort of staying competitive along with companies such as Bokksu, Exotic Snacks, SolidPop, Moshibox,

and Snack Crate who have these types of products similarly priced. Another idea we would borrow from these companies would be an XL sized mystery box which would be approximately priced at around \$105- \$110. This box's dimensions would be 21 inches in length, 15 inches in width, and 16 inches in diameter. The item count would be about sixteen to eighteen snacks since it is a bigger version of our standard sized box.

### **III. Target Audience & Market Size**

Our largest target audience would be that of the millennials and Gen-Z crowd since a majority of these individuals have social media accounts. Older millennials with young children might want to buy new snacks to share the experience they had in their youth. Military members based in Asian countries are another audience group we are considering. Immigrants from those locations, children of immigrants, and their parents are also a target audience group we are considering because moving away from home and not having access to those delicious snacks they once had would make them home-sick.

As a startup, our United States market size is projected to be 50 to 200 customers. Customers are anticipated to share their hauls on social media, which will then increase the projected number of our target demographic. Following the success of the first three years, we would then consider expanding our market size to neighboring countries and then overseas.

## **Business Plan**

### **I. Business Model**

The first iteration of our business model was subscription-based but we decided to change direction to the "limited release method" which would launch mystery boxes twice a month. On holidays we will have special edition boxes. The boxes will stay available for



purchase for about 5-7 days or until sold out. Any remaining boxes will be carried on to future box launches, resulting in rolling over inventory.

Shipping for a majority of our products will be free regular economy (5-10 days). We will offer paid options of 3-day or 2-day shipping, and also next-day air. Shipping costs will be spread by transferring into the costs of the mystery boxes so the customers can have options for flat fees.

Upon creating an account, customers will have a profile that includes their taste preference so they can receive a curated mystery box. In addition, two mystery boxes will be released monthly and a third one will be offered on special holidays. In total, there will be up to four mystery boxes released in a single month.

## **II. Marketing/Sales Plan**

Since we are a new business, we will focus on free marketing strategies such as Facebook, Instagram, Twitter, and TikTok. These accounts will be used to promote our business and gain a larger following to establish our audience. Social media activities include sharing posts/stories to gain exposure for our business, holding giveaways with requirements of following our account, reposting on stories, and tagging 2-3 accounts under the comments section of the giveaway post. We aim to build a loyal social community by engaging and getting our customers involved.

Another method we will deploy are unique ways to market our box. For example, we will give discount codes for mystery boxes, offer additional surprise products, and free giveaways. When we have reached a larger following we will employ paid marketing strategies, such as sponsored advertisements, sponsored posts on social media feeds, and paid collaborations with influencers on social media.

Usability testing on a randomized audience will measure the interest in our products and services so that we modify our product line based on this data. We will also employ market research interviews on our demographics.

Finally, we will invest in great customer service by being available 24/7 to answer questions, solve problems, and address the needs of our customers through social channels and live chat on our website. Since our business model is tech-focused, it is a must to have customer service readily available.

### **III. Competition**

Our main business competitors include businesses focused on mystery boxes and food/snack subscription boxes. Examples of other mystery box companies we'd be competing with are Bokksu, Exotic Snacks, SolidPop, Moshibox, and Snack Crate. The ecommerce aspect of our business will allow Asian food products to be more accessible in the United States, therefore resulting in a greater competitive advantage than brick and mortar stores. We will compete by delivering quality products that are trending on publications/social media. By catering to underserved markets in the United States, we will provide a unique food service experience that will intensify competition and increase customer satisfaction and loyalty.

What sets us apart from our competitors is asking for our customers' taste preferences, which creates a curated experience for them unlike other mystery box companies. Upon creating an account, customers fill out a profile of their country preferences, taste preferences, and allergy concerns. When we do launch a mystery box, we would create a special link for a box specifically made for them.

## **Business Outcomes**

### **I. Tangible Outcomes**

Our main tangible outcomes are to increase revenue, increase our customer base, and keep track of metrics, such as ROI. To remain sustainable we intend to increase revenue gradually. We will look at our growth rate by comparing the overall revenue generated from previous fiscal years. Another goal is to mitigate the risk of losing money from cost overruns, through the ecommerce model, which requires less capital.

In our first year, our goal is to generate revenue of \$20,000. In three years, Shmack Attack hopes to have increased our customer base to meet our revenue goal of \$50,000. Within five years, we hope to increase our revenue to generate a profit goal of \$70,000.

As a startup Shmack Attack will initially keep a small and focused customer base. This is projected to be 200-250 customers within our first year. The number of customers will be based on the number of subscriptions. To grow our consumer base, Shmack Attack will rely on social media, spreading positive word of mouth, focusing on providing quality service, and referrals. Within three years, we project to have increased our consumer base to between 250-500 customers. In five years, Shmack Attack aspires to have a consumer base of 500-1000.

Because of high startup costs, Shmack Attack does not expect a high ROI in the first year. Ideally, we would like to have the financial stability to meet our obligations and continue our business for the foreseeable future. Shmack Attack plans to increase profits by generating more sales resulting in an increase in ROI. Another way to increase profit margin is to find ways to reduce expenses related to the transportation of inventory from Asia.

## **II. Intangible Outcomes**

We will gradually contribute to the environment by going eco-friendly in terms of social benefits. Shmack Attack will use sustainable packaging materials in one year. Within three years, we plan to utilize green procurement. In five years, we have the goal of becoming a fully environmentally sustainable business. Additionally, we seek to provide customers with healthy food options and market a brand identity that encourages a healthy lifestyle.

Shmack Attack will provide food options that are friendly to customers with dietary restrictions. Instead of spending large amounts of time looking for products that satisfy their dietary needs, our service will provide only friendly food options through their taste preference profile. Through providing these services, our customers will be able to achieve a healthier lifestyle mentally, physically, and socially.

## **E-Commerce Technology**

### **I. AWS Cloud Services**

#### **A. EC2**

To have our e-commerce site up and running, we utilized the Amazon Elastic Compute Cloud (EC2) cloud-computing platform. We launched a virtual computing environment known as an EC2 instance, created key pairs to secure login information from our instance, and used a static IPv4 address known as an elastic IP address for dynamic cloud computing. EC2 provides our business the ability to develop and host our platform. By launching on a virtual server without added costs to hardware and software, EC2 helped us develop and deploy the website faster. From this point, we tinkered with the DNS/IP/security settings and storage capabilities.

## **B. Route 53**

Amazon Route 53 is another AWS service we used to register a domain name for our website. Our e-commerce name “Shmack Attack” is used in our domain name and we changed the top-level domain to .net because shmackattack.com was no longer available. We paid \$12.00 to register shmackattack.net as our domain name and split the cost equally among our four group members.

## **C. S3**

Amazon Simple Storage Service (S3) is an internet storage used to store and retrieve data using highly scalable, fast, and inexpensive storage. It can be used to store and retrieve data at any time from anywhere in the web. We stored one image in our S3 bucket with a public access and used the image URL when we added the image to our website. Specifically, we stored the image of our Schmack Attack logo in our S3 bucket and embedded it in our “About” page using its URL.

## **II. WordPress**

In addition to Amazon EC2, we are hosting our main website on WordPress. We picked an e-commerce theme, which we customized to match our brand image. Another implementation was to change the color palette of the website during different seasons. Our current theme is based on the spring season, using the colors pink, green, and other pastels. WordPress has taken away the inconvenience of creating the website from scratch using HTML, CSS, and Javascript.

One limitation of WordPress was the inability to add features such as a drop-down list or a checkbox. A drop down menu or a checkbox would provide users the ability to actually choose the countries where their snacks come from. A work around was to type in what countries they wanted their snacks from in a required field in the “Preferences” page. Other foreseen issues are

users misspelling the countries, the risk of trolling or putting irrelevant comments, and using invalid information entirely to bypass the system. Responses would be tracked manually from the feedback section of Wordpress and the textbox inputs would be recorded and found in the same area. These issues may lead to inaccuracies in our Analytics or Monster Insights results.

### **III. WooCommerce**

WooCommerce is an open source commerce solution and a free plugin we used to transform our WordPress website into a fully functional e-commerce site. This plugin handles the payment and checkout processes of our e-commerce site. Through WooCommerce we have the ability to display our variety of mystery boxes as business products. Upon completion of the order, the site would display the information inputted by the customer. The plugin would give us access to track any information such as analytics, products, shipping/billing, taxes, and various methods of payments. It would provide shipping options of adding different shipping zones. For the scope of our business, we will start with the United States and plan to expand upon neighboring regions and overseas eventually. As we widen the scope of our business, we will have flexibility in handling and accepting various options of payment like cryptocurrency, debit cards, credit cards, PayPal, and even cash on delivery. We wish to have the ability to accept more methods of payment such as Apple Pay, Cash App, Venmo, Zelle, or NFTs with future developments of WooCommerce.

### **IV. Google Analytics**

To assist us in tracking the sales and profits of our mystery boxes, Google Analytics played a big role in providing insight into targeted areas of our performance. From the analytics section of WordPress, we are able to view a dashboard of all the metrics from the sales perspective. It can track the number of purchases made per day, week, month, and year. A

dashboard of the mystery boxes performance data can also be displayed as it projects the metrics of each box. Upon clicking on a mystery box we are welcomed to a report of that particular item, which displays the SKU (Stock Keeping Unit), Items Sold, Net Sales, No. of Orders, Category, Variations, Status, and the Stock. There are also line graphs that display the items sold on a particular day or week. The type of shipping method will also be tracked, as well as any coupon codes, and other things related to order information. Other things we can track on the website are the number of created accounts and personal customer information.

In the future, we will acquire more analytical information with the ability to compare months, products, and metrics to our competitors to see if there's something we could improve upon. This in turn would result in more revenue and grow our customer base. Another metric to measure would be time to sell out. This would help monitor and make adjustments to the amount of inventory in the case of mystery boxes selling out faster than predicted.

## **V. Monster Insights**

Another plugin we used alongside our analytics was Monster Insights which works in conjunction with Google Analytics. This plugin provided us metrics of what pages were being visited, engagement of the website, number of users, duration of a session, amount of visitors, what countries the viewers are coming from, devices, and top 10 referrals. These metrics makeup the entirety of the “General Reports” section in Monster Insights. This analytics plugin would give us insight to geographical and engagement metrics of our website. The general reports will direct the administrator to a full Google Analytics report that contains more detailed metric information on Acquisition, Engagement, Monetization, Retention, Users, and Tech. This would result in a more accurate and technical aspect of these specific metrics.

Though it provided us metrics on geographical and user engagement aspects, some limitations of Monster Insights we noted were the ability to see more analytics that would display what countries customers are picking when checking out their boxes. Monster Insights does not track the form responses but rather WordPress does. Thus the form responses would only be accessible and displayable through Wordpress rather than Monster Insights.

## **VI. YOAST**

On top of analytics, our group also implemented a search engine optimization plugin called YOAST. This search engine optimization helped to make shmackattack.net appear more in search algorithms. The benefit to our business is that it would make us appear higher at the “snack mystery box” and “food mystery box” algorithm.

YOAST played the role of being our page inspector in determining if they needed extra work, or if it was good to deploy on our site. This inspection was done by rating the page’s overall content with different color codes. The color codes ranked as red (Needs Improvement), orange (Ok), and green (Good). The pages coded red were areas that needed improvement by adding and taking out information as needed. The color codes would also contain a score and suggestions based on specific pages.

The majority of changes suggested by YOAST were the readability of our site pages, specifically with “meta descriptions”, “outbound links”, and “key phrasing.” For example, the case of someone searching up something related to Shmack Attack and the meta description would be displayed under that specific page similar to how Google has a shortened version of a page under a url. For other pages, we followed Yoast's suggestions which made an impact on page view increases on our Monster Insights analytics side.