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# IMPLEMENTATION PLAN

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Commerce 302: Launching New Ventures



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JEREMY NGUYEN - 20161318

Presented to Corey Meehan

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## Customer Acquisition Map

### Customer Journey Map

#### 1. The need

As exam season approach or yearly quarter approach, you soon realize that you have very little time to go out and buy alcohol let alone food. You are constantly stuck at home or at work trying to cram in the final touches of your projects. You look at your calendar and remember that you are having people over this weekend, in a panicked state, you look in your fridge and realize that you have nothing. After this realization you wish that there was a way that you could simply go online and have everything delivered to your doorstep.

#### 2. Option discovery

You open a YouTube video that reviews the course content you are student and suddenly an ad starts playing. Its for this grocery delivery system one of your friends uses called Hello Fresh. Intrigued you let the video play for once instead of pressing the skip ad button like you usually do. Curious about these online delivery systems you google “alcohol delivery service” google refreshes and displays a link to a site called “cocktail delight”. The name piques your interest, so you click the link and find yourself on the interactive website and start browsing the store.

### 3. Analyze options

While looking through the website, you find yourself wondering if you should even consider using the service. You look around at the other google searches and find that all the other alcohol delivery services only deliver full sized bottles at huge park up prices. You then look at the LCBO and Beer Store website and find that while the prices are similar, they only do in person delivery. Following these quick searches, you continue to browse the Cocktail Delight website and get increasingly interested in buying from the website.

### 4. Acquire Product

After browsing the website for a while, you finally decide to go through with an order. You go through the catalogue of mixed drinks offered on the website and pick out your favorites and find some of the recommendations intriguing you proceed to click the add to cart button on all the drinks that you would like to purchase. As you are about to proceed to the checkout, a pop-up message asking if you would like to purchase a mixing kit appears on the screen. At this point, you realize that you do not have a bar kit at home and then add to cart the mixing kit. You are now ready to checkout your order.

### 5. Pay

You click the checkout button on the website, and it redirects you to the payment portal. You are instructed to put in your personal information and shipping address. You fill in the details including your email and your home address and are then verify order page. There you can see the subtotal for your order and are giving delivery options. You choose the same day delivery after which you total is updated at the bottom of the page before proceeding to the payment section you are given the option to include any discount codes that you may have received. Satisfied with your cart you click proceed to payment, there you are instructed to put in your credit card information and billing address. Once the payment has been verified you are sent the confirmation window with your order number, shipment tracking, and receipt; the information has also been sent to the email you submitted.

## 6. The Use

After working for a while, you suddenly hear your doorbell, it is the delivery man with your package. You open the door and bring the package into your kitchen. Excited you open the box and see all the ingredients neatly organized by drink and the mixing tools in a separate box. You take out all the drink packages and place them away in preparation for the weekend but decide to leave one of the drink packages out. You open the package and find the instruction card inside along with pre-portioned ingredients for "the classic mojito". You take out the mixing tools and follow the instructions to build yourself a nice refreshing drink and enjoy it along with the dinner you had prepared.

## 7. Determine value

Over the weekend, when all your friends arrive, you offer them a variety of mixed drinks from the package you received earlier in the week. They are all impressed with your bar tending skills and compliment you on the drinks. The party is an overwhelming success, and you think to yourself that it was all thanks to the cocktail service. You were able to be the star of the show and you did it all from the comfort of your home; you did not even have to leave your house, did not have to pick out and portion the ingredients for the drinks nor did you have to get an expert to help you assemble the drinks. Not only were you able to get all of your work done throughout the week, but you were also able to host the best party of your life, you are so overjoyed and take the rest of the weekend off courtesy of Cocktail Delight.

## 8. Buy More

A few weeks later, your housemate asks if you would like to host another gathering at your house. Reluctant at first as you are working on your final assignment, you remember how easy it was to use the Cocktail Delight service, how much time it saved you and how memorable it made the party. You immediately tell your housemate that a party is scheduled for the weekend and proceed to make place another Cocktail Delight order in preparation for the party.

## 9. Tell your Friends

At the party, someone finally asks you how you made the drinks. Flustered at first, you explain that you cannot take all the credit for the great drinks that you are serving. You redirect them to the Cocktail Delight website explain how the service works and that they too can look like bar tending geniuses if they order from the website as well. Grateful for the amazing drinks and great time, your friends take

videos and post them to their social media pages with the caption “thank you Cocktail Delight for spicing up our evening” soon it is all over your friend’s group social media pages. While at work in the coming days you continue to hear murmurs of Cocktail Delight and are more than happy to share your positive experiences with the service.

## Sales Funnel Element

### 1. Identification

As discussed in previous assignments, the main leads or potential clients are anyone over the legal drinking age. The service is intended to be used by university students, parents, grandparents, single middle-aged men, and women or really anyone that is looking to have a good time. The emphasis will be targeting university students and parents as they would benefit the most from having more free time.

### 2. Consideration

Ads will be delivered on various social media platforms raising awareness. The major platforms used will be YouTube, Instagram, Facebook, and Snapchat. There will also be an effort put into place to work with existing delivery companies such as Door Dash and UberEATS to be featured at the top of their websites. Further advertising will be done through an email subscription.

### 3. Engagement

There will be various forms of engagement with the product. The first one will be through the YouTube ad, which will be a thirty second video showing how easy it is to purchase cocktail kits through the website and showing someone assembly the drink and enjoy a sip of a premium cocktail. The advertising through the other social media platforms will be more of a quick visual with the company slogan and logo. The email interaction will include special offers, cocktail of the week, and tips and tricks for making the best cocktails.

### 4. Purchase Intent

After looking at the advertisement and read through the email are sent to the website by clicking the link attached to the ad. There they are welcomed to the main menu of the store and given various shopping options. They can go through the various catalogues and read the reviews that are left on each drink on the menu. Furthermore, they can click on the find out more section of the website which explains what exactly the service is and how to use it. Customers are also offered the chance to read general reviews of the service provided by other customers, here prospect clients are also invited to

contact a sales representative to further discuss the service. The final tab of interest in this section is the “what we have to offer tab” here the website talks about the competitive edge that it has over others in the industry; it talks about the ease of access, home delivery, pre portioning, massive catalogue, drink specific, and most importantly customer satisfaction.

#### 5. Pay and close deal

After browsing the website, prospects find that Cocktail Delight offers not only some of the best alcohol rates, but also the highest service value and mixed drink selection. Customers that have done extensive research finally come to the realization that Cocktail Delight is the highest value proposition among all the alcohol retail stores. They proceed to fill their online shopping carts with drinks from the website and process their orders.

#### 6. Customer Loyalty

As part of the sales process, customers are required to enter a valid email address and are given the option to subscribe to an email list. Members of the email list are given exclusive sales offers and enrolled into the rewards program. The rewards program is a chance for repeat customers to gain points that go towards discounted prices or free gifts in later orders, these points are awarded per monetary amount that is spent using the website. After every order, customers are invited to participate in the feedback survey. The survey asks customers to rate their experience and provide suggestions of features that they would like to see with the website. After the product has been delivered, customers are also given the opportunity to provide feedback on the quality of the drinks. Unsatisfied customers are given a complimentary discount on subsequent orders to ensure customer satisfaction.

#### 7. Advocacy

Customers on the mailing list are invited to use the referral system that allows them to incur further rewards points by getting friends and family to sign up and use the service. Current customers are given discount codes that can be given out to others. When new customers use these codes, the code owner is loaded additional reward points directly onto their accounts. Additionally, the website offers shoutouts of the month, where customers are given the chance to be featured on the website for their own unique creations and get to share their drink recipes on the website for others to try. Finally, loyal customers are given brand ambassador opportunities, where in they are mailed free cocktail kits in exchange for social media exposure. Brand ambassadors are required to post on their social media about the product and help launch or spread giveaways throughout the year.

## TAM Overview

Beachhead market

Alcohol/meal delivery system

### Follow on markets

Grocery Stores				
Estimate of users	Estimate revenue per user per year	Estimate TAM	CAGR	Consideration
10% grocery stores that sell alcohol 40% purchase alcohol in grocery store 14 570 000 population in Ontario	Cost per unit 4\$ Average 1 grocery trip per week 5-unit purchase per visit Average revenue per user per year 1040	User base 583 000 60% users purchase rate Estimated revenue 4550000 from market	3.4%	Most people in grocery stores do not go for alcohol Grocery store bills are already quite high

LCBO				
Estimate of users	Estimate revenue per user per year	Estimate TAM	CAGR	Consideration
6 000 000 people that purchase alcohol 30% of people buy mixed drinks	Cost per unit 4\$ Average 1 grocery trip per week 5-unit purchase per visit Average revenue per user per year 1040	User Base 1 300 000 Total yearly revenue \$2.3B	6.4%	Premixed drinks are cheaper More different types of alcohol not just sprites

On Campus Pub				
Estimate of users	Estimate revenue per user per year	Estimate TAM	CAGR	Consideration
24 College Campuses in Ontario 22 Universities in Ontario	Average of 500 000 mixed drinks served per year University discount per drink 1\$ Average revenue per university per year 2 000 000	92 000 000 million	1.2%	Many university regulations present



Door Dash/UberEATS				
Estimate of users	Estimate revenue per user per year	Estimate TAM	CAGR	Consideration
35% of Ontarian buy alcohol online	Average alcohol spending in a year in Ontario 1100	\$2.271B a year	7%	Saturated market for restaurants makes it hard to be discovered

### Summary of follow up TAM

Candidate	Leverage Core	Product Difference	Pros of Selling to this Market	Cons of Selling to this Market	TAM est	Other Consideration	Rank
Grocery Store	Ease of access to the service	Same Customer	Allows users to get product in store (no delivery fees) Enables more product advertisement Increases relation with partner	Product is niche in this market	4550000	Store will take portion of profit or up sale product to increase personal revenue going against core value	3
LCBO	Increase drink diversity	Same Customer	Allows users to get product in store (no delivery fees) Enables more product advertisement	Saturated product market. LCBO offer other variety and premixed drinks	2.3B	LCBO sets regulation on alcohol sale. Would act as a supplier to the LCBO	2
On Campus Pub	Lower Costs at pub	Same Product	More bulk orders	No brand recognition	92Million	On campus regulation increases difficulty of sales	4
Door Dash UberEATS	Increased ease of access	Same Customer	Increase product awareness	Take a percentage of profit	2.2271B	Saturated market	1

### Unit Economics

#### LTV Calculation amounts in CAD

Average Revenue per Item	4.4	4.4	4.4	4.4	4.4	4.4
Items per sale	5	5	5	5	5	5
One time Revenue per Order	22	22	22	22	22	22

One time Profit Margin per Order	0.4	0.42	0.46	0.5	0.54	0.55
One time Profit	8.8	9.24	10.12	11	11.88	12.1
Orders per time period	52	52	52	52	52	52
Recurring costs	0	0	0	0	0	0
Recurring Profit Margin	0	0	0	0	0	0
Recurring Profit	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0
Other Revenue Profit Margin	0	0	0	0	0	0
Sum of Profit in Time period	457.6	480.48	526.24	572	617.76	629.2
Cost of Capital Factor	1	0.67	0.44	0.3	0.2	0.13
NPV per Item	457.6	321.9216	231.5456	171.6	123.552	81.796
LTV	1388.015					

The LTV is relatively low, this model expects that long term costumer revenue decreases significantly with time, however it is expected to remain quite stagnant this is because the online delivery industry is set to see significant increases in the coming years making it more likely that costumers will use the service. The biggest area for improvement would be adding a subscription-based system to add revenue sources and donations as a form of revenue.

## COCA

Short Term: Year 1

Medium Term: Year 2-4

Long Term: Year 5+

## Expenses in CAD

Sales Expenses	Short Term	Medium Term	Long Term
Cost of Goods	5000000	1000000	10000
Cost of Delivery	50000	50000	50000
Cost of Labour	500000	750000	750000
Cost of Storage	54000	54000	54000
Marketing Expenses			
YouTube Ad (~25 cents a view)	25000	12500	2500
Instagram Ad (75 cents per click)	37500	18750	3750
Snapchat Ad (\$3000 a month)	36000	18000	3600

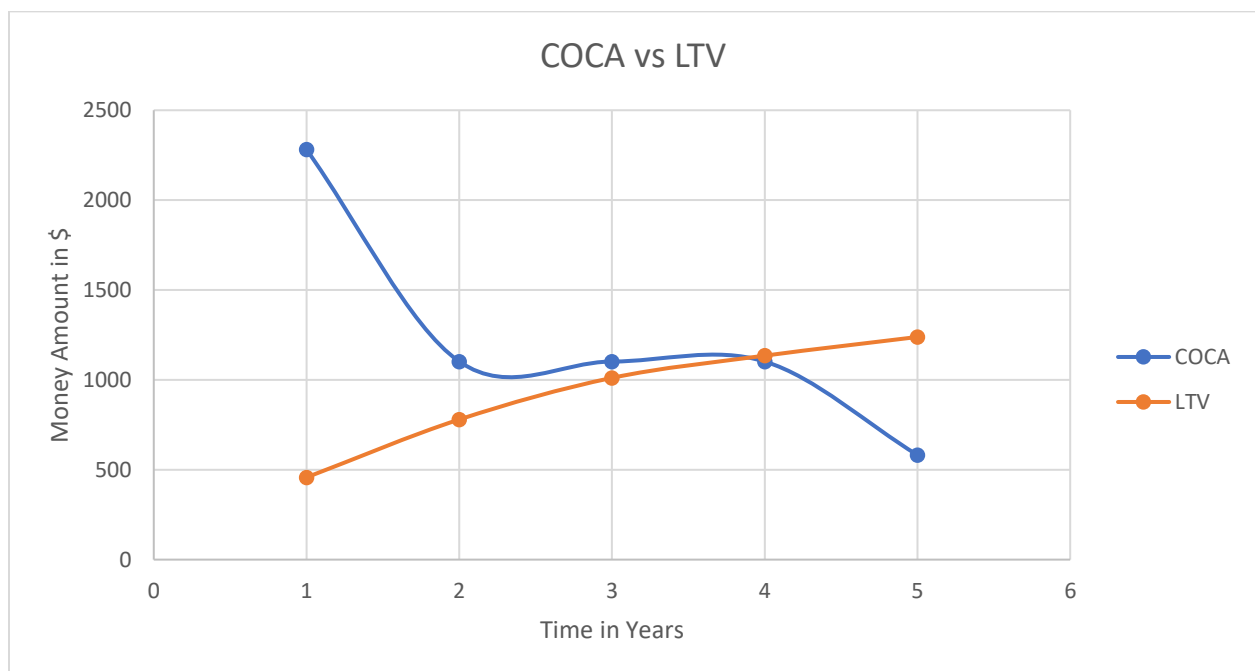
## COCA per period amounts in CAD

	Year 1	Year 2	Year 3	Year 4	Midterm	Year 5
New Costumer	2500	2000	1750	1500	1750	1500
Sales cost per period	5604000	1854000	1854000	1854000	1854000	864000

Marketing cost per period	98500	49250	49250	49250	49250	9850
Total Cost per period	5702500	1903250	1903250	1903250	1903250	873850
COCA per period	2281	951.625	1087.57143	1268.833	1102.677	582.5667

### Driving factor of COCA

Item	Effect	Action possible to decrease	Risk
Supplier Relation	Impacts the cost of acquiring goods	Keep high standards and ethics when dealing with suppliers	High
Saturation of market	More delivery systems draws customers away	Increase value proposition and add features	High
Inflation	Drives sales cost higher	Adjust sales prices in to offset inflation	Medium



## Product Plan

### Version 2

	Feature /Function	Benefit	Leverage Core	Priority	Resources Needed
1	Delivery	Ease of Access Can be done from home Bulk purchases can be made	Ease of access is part of the main cores of the company. It is what gives it a competitive edge over larger alcohol	1	Car Drivers Contracts with local delivery services

		without the need of a car	retailers like LCBO and the Beer Store		Data base to store order history and delivery routes
2	Pricing	Save money Less expensive than bar drinks	Affordable pricing is another important value to the company. The goal is to provide alternatives to alcohol retailers at similar prices and to reduce the premium charged at nightclubs and bars on premium drinks	2	Good standing with alcohol suppliers Capital to make large contracts and bulk orders Market space to sell and retain large bulk orders
3	Environmental Impact	Prolongs world longevity Helps reduce carbon footprint	Environmental impact is at the forefront of all companies as the world continues the ongoing fight against climate change. Companies that show increased dedication to reducing carbon footprint often incur tax returns from the government or special grants to help promote the cause. Additionally, it may help gain special deals with other companies which increases customer awareness	4	Environmentally friendly packaging sources Hiring “bikers” or eco friendly vehicle drivers for deliveries Sourcing alcohol from green suppliers (suppliers that make alcohol from recycled material)
4	Variety	Exposure to different drinks Helps users find their staple drink Change of pace	Variety is the last of the key feature of the business. It is what truly separates this business from other alcohol retailers. Giving customers variety and choices is what enables for return customers as it keeps the service fresh and exciting every visit. It also ensures that customers of a variety of backgrounds options of drinks to purchase from the website.	3	Alcohol variety Recipe variety

### Version 3

	Feature/Function	Benefit	For Whom?	How Does it leverage Core	Priority	Resources needed
1	Non-Alcoholic Beverage	Expands market reach Adds variety options	Company will be able to market to more groups and allows customers to break into the market Consumers will have more options Younger individuals will have drink choices	It leverages the variety aspect of the business by offering more options and breaking the barrier to entry into the alcohol world.	2	Larger partnerships with grocery stores to increase stock Increased alcoholic beverage catalogue
2	Subscription Base for Mystery Drinks	Chooses drinks for the user Recurring billing Ease of access to alcohol	End user does not have to pick out drinks and does not have to order from the website every week. Company gets to control drinks being given out and the alcohol used. Can use older items to get rid of old stock	Improves user experience and allows them to try new drinks that they would not have otherwise.	1	Order tracking system to track subscription order Inventory system that tracks remaining items in stock Staff to prepare mystery cocktails

### Activities Beyond Functionality

1. Acquire alcohol sales license in provinces. This will allow the business to expand and reach other provinces in Canada. This business expansion will also require further price regulation to match the alcohol sales of leading alcohol stores in the respective province for example SAQ in Quebec.
2. Acquire contracts with other delivery systems, grocery stores and suppliers to market in store. On delivery systems, partnership contracts will give another outlet to purchase the meal kits online. The partnerships with grocery and alcohol suppliers will help reduce costs of acquiring goods as well as increase inventory.
3. In store purchasing at packaging location. By increasing the warehouse or storage facilities, sales will be able to be performed in store. This will allow customers that cannot afford the delivery fees to utilize the service without paying additional fees. Additionally, this can be expanded to include sales in grocery stores or LCBO. Packages would be sold to the grocery stores or made in partnership and offered to the public in store. This will allow for greater marketing to be had as well as increasing the reach of the service.

### Follow up market analysis

	Name	Market Follow	Pros	Cons	Leverage Core?	Priority	Key Factor	Resources required	Risk	Reward
1	LCBO	In store sales	Larger market and more exposure	Direct competitor with more power	Yes	2	Partnership deal	User base Inventory	Medium	High
2	Grocery Store	In stores sales	Partnership opportunity	Percentage profit shared	Yes	3	Partnership deal	User base Inventory	Medium	Medium
3	Door Dash	Delivery Sales	Partnership opportunity	Shared profit	Yes	1	Partnership deal	User base Inventory	High	High
4	University Pub	Supplier	Bulk orders	No brand recognition	No	4	Partnership deal	User base Inventory	High	Low

## Product Plan Overview

