



Firm: **TwentyTables**

Group 9

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Introduction

TwentyTables is a fixed cost, food marketplace platform that lets hungry users purchase lunches for \$6 and dinners for \$12. Patrons can choose from more than 50 local D.C. restaurants and food trucks through the app. They can buy five \$6 tickets and get lunch for one and dinner for two such tickets ^[1]. For every 20 meals purchased through TwentyTables, five meals are donated to local D.C. food banks — Capital Area Food Bank, D.C. Central Kitchen and Martha Tables.

About the Industry

Our focus is on the firms that act as a digital platform for providing food options to consumers. The aspect of community service is not being explored by a lot of these digital platforms. Couponing is another strategy that TwentyTables implements and has its own competitors in that sector. Aggregation of all these strategies puts TwentyTables into a rare league of food distribution platforms.

Like any other platform, TwentyTables has participating sides to it- restaurants on one side, customers on the other. They subsidize the restaurants and generate revenue from the low-cost meals provided to consumers^[3]. Incentive alignment plays a major role in restaurants joining this platform. Incentives can majorly be related to user data that can help restaurants improve customer relations, gain traction in the market through publicity and so on. Along with fixed-cost meals, sometimes customers also tend to grab some drinks or dessert while waiting for their orders. This definitely benefits restaurants.

Analysis of the firm based on the SWOT Framework:

<u>Strengths:</u> <ul style="list-style-type: none">- Social aspect- Large spending power due to high seed funding (\$300,000). ^[6]- Influential Partners (Performance Food Groups with a valuation of \$17.45 bn)- Access to a lot of user data through tracking and permissions. ^[4]- Maximized inventory helps them utilize restaurants to their maximum capacity. User traffic on platform increases; restaurants have incentives to be on the platform due to flexibility.	<u>Weaknesses:</u> <ul style="list-style-type: none">- Limited number of restaurants in network; food options limited.- Only pick-up option provided; losing out on the segment of consumers who like to get food delivered to their doorstep.- Quality compromised due to scaled-down versions of the menu. ^[7]- The business model is imitable.- Infrastructural limitations; accessible mainly as a mobile application.
<u>Opportunities:</u> <ul style="list-style-type: none">- To explore rest of the 250 universities in the CBORD network. ^[5]- Brown-bagging to serve the 52% corporate employees that grab meal on their way to work- Target price sensitive tourists.	<u>Threats:</u> <ul style="list-style-type: none">- If a well-established food ordering company explores the social angle and subsidizes users even more, envelopment is possible.- Partnership termination can revoke access to goods and services.

Quick Financial Analysis of TwentyTables' Business Model

Based on our understanding of TwentyTables' business model, there are 2 factors that may impact their financial performance.

Firstly, participating restaurants may have the control of the revenue sharing portion for every meal sold on TwentyTables' platform. This privilege of participating restaurants will make it difficult for TwentyTables to maintain a steady revenue. In other words, TwentyTables will be unable to control and increase the revenue by adjusting the sharing portions with restaurants.

Secondly, as TwentyTables make commitments to donate 5 meals for every 20 meals sold on their platform, this strategy will increase their financial burden. Taking lunch scenario in below table as example, for every 20 lunches sold, TwentyTables needs to donate \$30 (\$6 each for 5 donation meals) and they will only break even if they can keep at least \$1.5 for every \$ 6 lunch. However, as discussed above, TwentyTables does not have the full control on the revenue sharing portion. Alternatively, if TwentyTables decides to lower costs by donating low-quality meal (less than \$6), they will not be able to fulfill their commitments to consumers and public. Also, above calculations have not even considered other operating costs and expenses. From financial perspective, this business model makes TwentyTables much difficult to make profit.

Scenario 1 Lunch			Scenario 1 Dinner	
TwentTables selling for	\$6		TwentTables selling for	\$12
Restaurant will get back(mentioned with profit)	\$4.50		Restaurant will get back(mentioned with profit)	\$10.50
Left	\$1.50		Left	\$1.50
Revenue per 20 meals for 20T	\$30		Revenue per 20 meals	\$30
5 Donatioin \$6 meal	(30.00)		5 Donatioin \$6 meal	(30.00)
Profit	\$0		Profit	\$0
Scenario 2 Lunch- share less with restaurant			Scenario 2 Dinner- share less with restaurant	
TwentTables selling for	\$6		TwentTables selling for	\$12
Restaurant will get back(mentioned with profit)	\$3		Restaurant will get back(mentioned with profit)	\$8
Left	\$3		Left	\$4
Revenue per 20 meals	\$60		Revenue per 20 meals	\$80
5 Donatioin \$6 meal	(30.00)		5 Donatioin \$6 meal	(30.00)
Profit	\$30		Profit	\$50

Competitive Strategies and Advantages

Cost Leadership: TwentyTables offers attractive pricing strategy to target price-conscious customers. Meal Pal also offers a similar pricing strategy by offering two subscription tiers: a 20-day package for \$5.59 per meal, or a 12-day package for \$5.99 per meal. The fixed-price route often delivers a better gross profit margin to the restaurants. Chefs can buy fewer ingredients for the more limited menus and save money by ordering them in bulk.

Differentiation Strategy: The fact that TwentyTables has a charitable background to its business model serves as a differentiation strategy. Similar Food Truck company named Peruvian Brothers are recognized by the Peruvian Ambassador to the United States as official “Gastro-Diplomats” for their philanthropic support of charity efforts.

Operational Effectiveness : While TwentyTables is being recognized for its work, its competitors like UberEATS, GrubHub, Yelp, etc. are operating more effectively with added functionality like delivery services, abundant food variety and more customizable options. Further, Groupon is a potential competitor to TwentyTables with better Operational Effectiveness as they are also selling discounted food tickets. They have better exposure to the market and its easy for them to poach on the target market of TwentyTables.

Technology-based Competitive Edge: With all the platforms shifting towards technological advancements, TwentyTables provides just a basic application. They are trying to collect data to predict patterns and improve their model but it's a long way to go for them in a competitive market.

Adaptability: As TwentyTables is relatively new to the market, it needs time to understand the nature and trends of the market and food industry unlike its more established rivals that can adapt to the changes happening in the industry in a more robust and efficient way.

Recommendations:

Based on our understanding of TwentyTables', there are three key issues with their model and listed below are our recommendations to them to resolve these issues

Key Issues	Recommendation
How to Get Big Fast?	Try to get hold of niche market of University Communities as soon as possible like GWU through CBORD network.
Expansion?	Expand in domains of Tourism, Corporate companies and Group communities like that.
Less restaurant options?	Market the purpose of company and sell the data to restaurants with analytic solutions for restaurants to come onboard.

Consumer Demands	TwentyTables	Example: Uber Eats
Price of meal	Low	Low - High
Distance(Surface Area)	Small radius	✓
Quality	Low-Med (Scaled Down)	✓
Options	Less	✓

As can be seen in the table, the price of meal is the only factor which gives TwentyTables an edge apart from the charitable perspective.

By subsidizing the consumers of TwentyTables, envelopment of the company is a possibility. A company like UberEATS which subsidizes its consumers has everything else aligned as per the reference shown in the table to do this apart from the social angle.

Not belittling the importance of charity or community service, a platform like UberEATS can't venture into that sector is a mild conjecture. If social service is going to be a tipping point in this sector in the future, it is not hard to imagine that UberEATS or GrubHub might want to venture into it. If these private conglomerates add the social aspect to their business model, it kills the differentiation between them and TwentyTables.

Although, we know that these private firms don't have the reputation to do charity work, if TwentyTables can establish its value at such a nascent stage for being a social servant, so can UberEATS or GrubHub.

Our sole reason for **not investing** in TwentyTables is based on the above analysis. There is no argument about the value proposition of the company which is immense but due to presence of other firms who can replicate the model, we believe that it would be wise to pass on the option of investment.

References:

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