

# **MGT1022**

## **LEAN STARTUP MANAGEMENT**

### **PROJECT REPORT (Business Proposal)**



**VIT<sup>®</sup>**  
**Vellore Institute of Technology**  
(Deemed to be University under section 3 of UGC Act, 1956)

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**Start-up name: Shophub**

**Tagline: Store at your door.**

**Logo:**



## ➤ Executive Summary

Our start-up focuses on the shopping industry and aims to provide the means to deliver groceries and everyday requirement things to the doorsteps of local residents who often find it difficult to daily visit the local shops. By providing an online means of communication between the customer and the shopkeeper, we basically eliminate the need for the customers to physically walk down to these shops. Our website provides a way for these small shops to compete with the big manufacturers who sell their items in bulk to companies like Big Basket, Amazon etc. The delivery by these sites takes sometimes up to one week to arrive to the customer. We ensure the safest and efficient delivery of order to the customers in the least time possible.

We plan to have a meeting with the shop owners of All Mart, Enzo, etc. and explain to them about how they can login to our site. They are the basic stores using which we plan to commence our service. The result of these actions will result in a benefit for both sides. The shopkeeper will be able to list out the products sold by their shop and the customers visiting our website will be able to order more frequently resulting in vast profits for the shop owners. The risks associated with this proposal is that the shopkeepers have to give us a minimal amount of revenue to open their accounts in our website and if people are not aware about our website, the number of customers will not increase in the first one to two months resulting in a loss of money for these shopkeepers. Also the local people will be able to view the daily items in these shops sitting at home.

Also we plan to ask the shop owners to use their employees for delivery purpose resulting in the second aspect of our start-up which is to deliver the goods to the houses of customers in the shortest time possible. No other website online gathers deliveries within two to three hours. But we will be able to achieve this feat with cooperation of the shopkeepers. Efficient delivery will encourage the customers to buy from the same shop time and time again. Several delays in delivery system will cause the customers to lose interest in buying items from these shops.

We plan to advertise our website using Facebook ads and creating Facebook and Instagram pages. We will share the links of these pages among fellow VIT students and ask them to follow and share it further. This will benefit us by making more and more localites becoming aware of the service we provide and prompting them to use this facility as our service will facilitate buying products from local shops without actually leaving home. It will also help the local shops by increasing their sales.

## ➤ Market Analysis

Company - The main goal of our company is to provide an online service which brings the local shops to the computers of local people sitting at home. When the local people sitting at home successfully chose their products, the order will be delivered to them in the quickest time possible which is our second goal. The main objective of our service is to encourage the local shopkeepers to expand their reach to customers through new technology using Internet and also the local people who otherwise would have to walk to these shops now get their daily requirements sitting at home. In our service we sell grocery items and everyday tools and utensils used by people to do their daily chores. We are concentrating on improving the interface between local shops and local people. It is like the shop has come to their doorstep and they have to simply select the items they need which will be delivered to them in one to two hours. This is the unique feature of our online service. We are a small firm; as a result, we are not controlled by greed and are working purely for the profit of customers and local grocery shops. They are our most important clients (The local shops). As a result, they won't be neglected. We don't hold any position in the market as we are just starting and so our market share is static.

Customer – Our current target customer are the day scholars, the working class families who are very tired after coming from work and the aged people who do the grocery shopping for their families as they face difficulty in travelling on foot. Facebook Ads and various other social media sites have our pages from where they can know about our service. Our customers get the advantage of viewing the products sold by the local shops sitting at home instead of physically walking to that place and the goods will be delivered to their place. The unique service provided by our firm corresponds to the fact that people generally feel lazy to walk to these shops for their needs especially the day scholars. The day scholars can now get these items sitting at home.

## ➤ Marketing Strategy

We went around and asked about the basic problems faced by day scholars on gathering daily grocery items. We also came to know about the condition of working class families where the father and mother are both working and therefore either the aged people have to do the grocery gathering work or this work is done on Sundays. Also since the day scholars cannot go out at night due to security and protection, they are rendered helpless. So we plan to implement a fast and effective delivery system with the cooperation of shopkeepers so that the customers who are all the above mentioned people can receive their grocery on any day and also in quick time.

The shopkeeper lists out all the items in our online service page and so the customer has to choose the product sitting at home after verifying the prices. It gives the customer the feeling that he is in the shop and himself picking up the products. Also our last strategy which is our advertisement campaign through social media is sure to attract a large number of customers to these small shops. This strategy is different because in our online service page the small shopkeepers themselves can list out the products sold by them and also at the rate which is beneficial to them as well as customers since the price is not as high as mentioned in the big shopping sites like Amazon, EBay etc. The customers acquire good material at cheaper price. Also involving the small shops makes sure that the delivery is done within hours and not within days because the delivery is done by the employees in the shop. It is the same type of platform for interaction between customers and marketers as used by Amazon, EBay sites but on a very small scale; limited to a local region. The strategy is different because no attempt is made to provide online platform for interaction between local shops and customers. The key factors in this strategy will be efficient delivery so that the order is at the customer's doorstep within few hours which in turn depends on efficiency of employee. Another key factor will be the items listed should be enough to meet the demands of our day scholars and working class families since they find their everyday needs in those items. If these two factors are controlled and maintained by us at the firm and shop owners, the system will meet the demands effectively.

## ➤ Target Marketing Selection:

Our website currently aims at providing the local residents of Katpadi, Vellore to provide everyday need products from the local stores. So at present our target market is localised. The targets are old age people, teenagers, working women, people who live alone, female students and other day scholars of VIT that live in or around Vellore.

The basic idea kept in mind while selecting these groups was to facilitate the availability of everyday use items. The people in these groups are people who need to take rest rather than tiring themselves or long walking distance as a factor (senior citizens), people who are too busy (working women), may not remember or have enough time for these things (teenagers) or safety issues especially at night (females and day scholars).

These groups of people could be categorized under various geographic, demographic and psychographic factors.

1. **Geographic Segmentation:** The various bases under geographic segmentation are city size, density, climate etc. The target marketing section consists of people from a small city with medium density and hot and humid climate. The target commodity is a small city with two famous colleges (CMC and VIT) and most of the shops and services are in close proximity of these two colleges. People living at larger distances from these places may find it difficult to have proper timely access to these everyday use items and may need to take out some time of their schedule for buying these things. Also the climate is hot for most part of the year and it is very tiring to go out between 10-5. Our service aims to solve these problems for our customers.
2. **Demographic Segmentation:** The bases under demographic segmentation are age, sex, marital status, education, occupation etc. The target marketing section consist of people of different ages especially older age who may find it difficult to travel larger distances for buying small items. Also it can help pregnant mothers, single mothers, and other individuals for whom leaving the home often may not be easily feasible. Working women and the professors teaching at these universities may also find it difficult to take out time for this. Also safety can be an issue for women to go out at night. We aim to help all these groups through our doorstep service.

Our target customers don't fit into a particular recognised market lifestyle. It is because our target is rather a much larger group of people as products of everyday use are required by each and every household and people from all walks of life.

The general profiles of these target customers are lack of time or energy for everyday shopping. Either they might be too old or lazy to walk larger distances or they may not have enough time or resources to do so.

## ➤ Service positioning

Our service position in the market is one of customer service and convenience. Our online service is user friendly which allows the customers to carefully select their product based on prices specified on the website and even edit their buying cart which includes changing quantity, adding or removing items etc. It is also friendly to the shopkeepers who have their own different login where they can choose to update their prices and add or remove the items sold by them according to their instant status and condition. The delivery system is efficient since the employees who perform the job are well aware of the area and ensure safe delivery of

goods right at the doorstep of customers. The unique position about the service is it caters to the needs of both the sides. The needs of the owners of these small shops are also taken into account other than providing friendly and efficient service to the customers. The efficient delivery system is also quite fast as orders are delivered within one to two hours of order placement on our website. Our service which operates on a very small scale and gives attention to a local region is different from larger online firms like Amazon, Flipkart which are spread across different states and countries.

## ➤ Market Mix Decisions

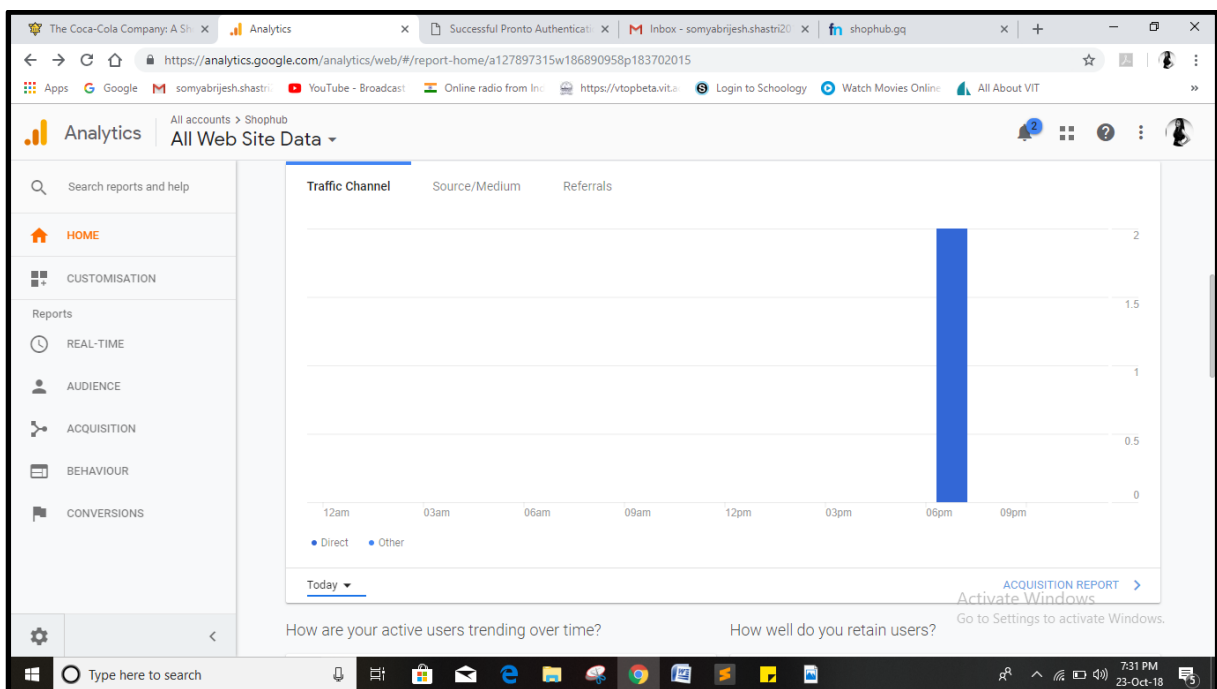
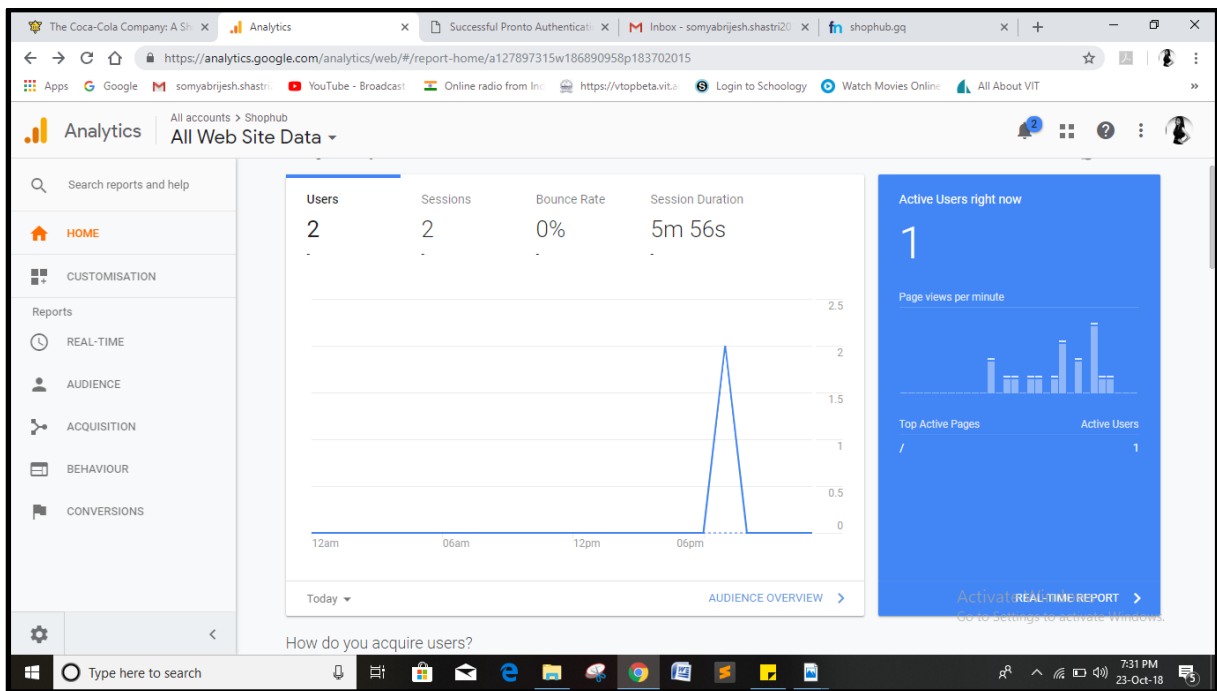
This section addresses the actions and tactics regarding price, promotion, and product, distribution, and services issues.

1. **Price:** The customers will be sold product at the Maximum Retail Price (MRP) quoted on the product. Our aim is to bring the stores right at the doors of our customers. And we will be able to influence more number of customers if we sell products at MRP, as they will get the product at their door without any kind of delivery charge. Our source of incomes will be from the shops itself. We aim at helping both the customers and shopkeepers. Companies like Amazon, Flipkart have severely affected sales of local shops. We aim to help these local shops by bringing larger number of customers to them in return for a small percentage of their monthly revenue. People will prefer buying from shops as the item will be delivered right at their door and on the same day unlike Amazon and Flipkart which takes at least 2-3 days for delivery. So the customers will thus increase resulting in increased revenue for these local shops.
2. **Promotion:** We aim at promoting our website through social media platforms like facebook. We have created a facebook page promoting our site and we are using facebook ads to advertise our site on people's social media feed. We are also promoting by sharing website links among fellow students and encouraging them to use it suggesting various benefits. We can also further advertise by putting up stalls in coordination with some NGOs stalls during college fests and in return we could help them with some form of charity.
3. **Service:** Our start up aims at adding value to customers by bringing everyday use items right at their doorstep. The other startups that provide such service are mostly food based items but we provide much more than that. The level of value offered to



customers can be quantified as the amount of time and energy saved and calculating safety factor involved for night time business.

4. Distribution: The facility will be availed online through all web enabled devices. Customers can visit the website and search for the product they want to buy and then select the shop they want to buy it from. The product will be delivered to the specified address by the shop workers.



## ➤ Financial Projection:

The initial investment requirement for our website is not there since we have only created our website and we haven't bought any web domain yet. The on-going costs include the maintenance of the site and money being spent on advertising and increasing our outreach to public. The revenue projections after one month will be approximately around 5000 rupees. The projections may go up if the number of shops is more than 50. The profit will be almost equal to revenue collected because the cost on maintenance and propaganda is very small.

## ➤ Marketing Plan Assessment:

1. Controls: Our plan was carried out in small steps. First the front end was developed then the backend. Later both were combined. After that the signup and login options for shopkeepers and customers were provided. We look forward to improve the interface continuously by providing feedback option to both the customers and shopkeepers. We will keep adding more and more shops and look forward to expanding it to larger geographic area. We will assess our success mainly through feedback, increase in number of user, customer satisfaction and revenue.
2. Competitor Responses: Our major competitors are other companies which provide doorstep services. The main advantage we have over them is that we provide products at MRP which is free of any kind of delivery charge. Other companies have considerable amount of delivery charge. Some of the difficulties we might face could be unavailability of methods to avail our service online or some customers who might not have access to computers or laptops. In future if we experience such problems then we could also provide offline service through calls. Other problem that could arise is late delivery due to unavailability of delivery workers in shops.
3. Anticipated Results: The financial gain is expected to increase by another 20,000 to 30,000 rupees in the next two to three years. Our market share may lead to some significant value in the coming years as now it is negligible since it is new. The position seen by the customers will be of one of best friendly and time efficient service offered to them. Lastly the marketing plan will help us in increasing our reach beyond a small region or locality to an entire town as more and more get to know about our service. Since our idea is well thought of and different from all the firms currently providing the shopping service, we don't expect any negative result or threat in the first five to six months of the commencement of our service.

**Thank You**