

**I N N O V A T I O N   P L A N**

# **CALL-A-CUP**

**MISSION SAN JOSE HIGH**

**41717 PALM AVE, FREMONT, CA 94539**

**AKASH IYER, ROHAN BHAGAT**

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# I. Executive Summary

1

Call-A-Cup is a brand new service dedicated to providing fresh coffee from the comfort of your home. Customers can take advantage of our product during Covid-19. With a growing dependence on coffee for American consumers, we can fulfill their coffee needs better than any other competitor.



## Problem

Customers in the USA have a large dependency on coffee and with stay at home orders, they may not be able to get the gourmet coffee they desire.



## Target Market

We hope to use Americans' love for coffee by targeting Americans between the ages of 30-70 with an income greater than \$30,000, as they make up the majority of coffee drinkers in the world. We also plan on targeting college students, as many have a dependency on coffee.



## Solution

We will use our Mobile Units around the world to brew coffee on the spot. These Units would deliver straight to the door of the person who is ordering. To purchase, customers can order from our app or our website. Our gig economy system allows anyone with a large enough van to be able to work for us and earn money for themselves.



## Financials

We will use several key metrics to gauge our progress, including app downloads, total sales, and item sales. We have multiple revenue streams, including direct sales and a recurring membership. We expect to make \$1.3M in revenue on our first year, and turn a profit by year three.

# II. Problem

Over half of the population of American Adults drinks coffee. That amounts to 150 million people grabbing their morning cup every day, from stores such as Starbucks, Peet's, Dunkin', among others. Chances are high that the person reading this paper is a coffee drinker!

However, with the current COVID-19 quarantine situation, it's no surprise that many of these consumers have been cut off from their morning spiced latte. And frankly, people aren't able to enjoy their day when their cup of joe is made from watered-down, low-quality coffee makers.

**64% of all Americans drink coffee and the average American drinks more than 3 cups of coffee a day.**

Not having coffee can also be a detriment to a person's state of mind. Without proper coffee, people become more irritated which worsens productivity and their mental health. Many people, including college students, have a dependence on their morning coffee. This dependence can lead to unwise decisions like going out to purchase coffee from coffee shops which can be unsafe, leading to rising COVID cases.

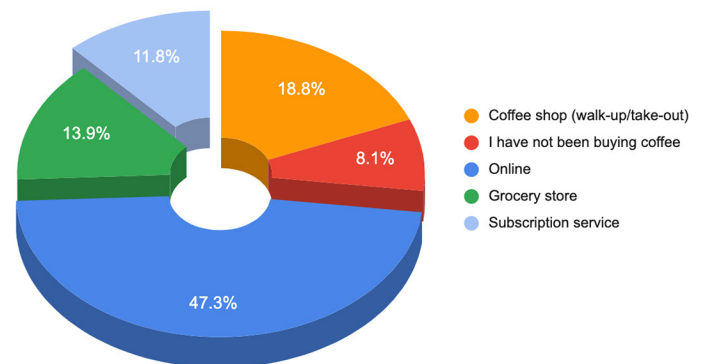
Finally, outside of the pandemic, many people spend a long time waiting for their coffee at the local coffee shop. The approximate time for each visit is 5 minutes, which may not seem like a lot, but adds up. This adds up to more than 20 hours a year. With every person spending more than 40 years working, there's an astronomical amount of time wasted waiting for coffee.

College students also have a large dependency on coffee, as many have unorthodox sleeping habits. Traditional stores may not be able to keep up with these demands, and our shops can.

## Key Points

- People can not get to their gourmet coffee due to stay at home orders
- People without their coffee do not work as well
- People waste a lot of time in coffee stores

**WHERE PEOPLE ARE BUYING COFFEE**



# III. Customer Segment

We plan on targeting Americans who are 30+ with those who have an income greater than \$30,000. According to the National Coffee Association, more than 64% of American adults drink more than 3 cups of coffee a day, making them a prime target for our business. Due to COVID-19, many coffee shops have been shut down, and there is an increasing number of people working from home. The absence from their morning beverage can lead to decreased productivity, increased stress, and an overall decline in their working state.

We also plan to target college students, who are very dependent on coffee. These customers may work at unorthodox times and our business can ensure they will get their coffee, when they may not be able to otherwise.

**Middle-class Americans who live in urban areas tend to drink coffee more than any other demographic.**

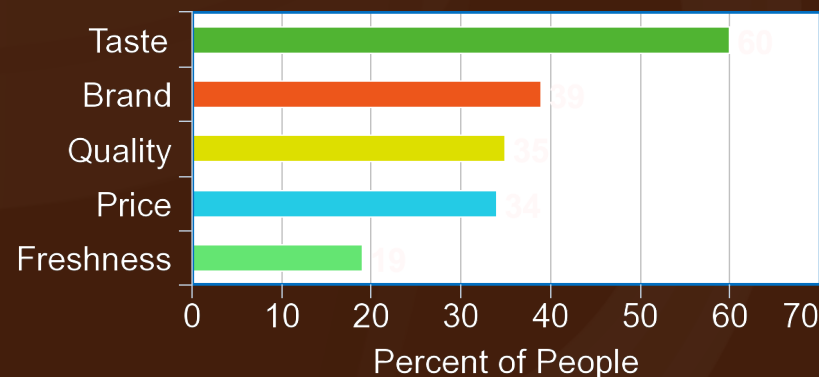
One of our largest demographics is people with an income greater than \$30,000. With more than 66% of people in this income range consuming coffee, this demographic makes up a large portion of our target audience and is also in the financial state to purchase from us. These people will likely still be working and still have a need for coffee.

Our business will be oriented towards urban areas, as urban areas tend to drink more coffee than rural areas. There is also a larger population-density in urban areas, leading to a higher probability of people able to be served in a day. We also plan on having specific coffees that we use to target specific consumers. For example, millennials tend to drink more premium coffee versions such as espressos and lattes. so there is a possibility for us to appeal to this market.

## Target Market

- Americans Ages 30+, and College Students.
- Income > \$30,000
- Customers in Urban Areas
- Stay-At-Home workers
- Routine Coffee-drinkers

Most Important Factors Influencing Coffee Purchases



These factors are the most important in choosing where to buy coffee, which are factors we all address

# III. Customer Segment - Promotion

Method	Reason	Cost	Impressions
Social Media	Brand Recognition + Target Market Impressions	\$2,000/mo	340,000 a month
Our website	Web Presence + SEO	\$50/mo with initial fee of \$300	20,000 a month
Our mobile app	Customer Convenience, App Store Appeal	\$70,000 initial	200,000 a month
Google AdSense / Mobile ads	Increased Brand Recognition and Web Presence	\$2,000/mo	350,000 a month
billboards/ highway ads	Post-COVID Strategy for commuters	\$2,000/mo	400,000 a month

# IV. UVP

## Safety

Our highest concern is customer's safety, especially during these dark times. Our contactless delivery will be as safe as possible. With contactless payment, delivery, and order, we can ensure that both our workers and customers will be safe and happy.

## Convenience

Several of our existing competitors are not very convenient for the customer, as they have to travel to get their coffee. With our delivery, we can deliver whenever and wherever the customer needs in a swift manner. Furthermore, delivery is easy, ensuring there will be no problems in buying from us.

## Quality

Quality is one of our highest features, as we aim to outperform our competitors. By ordering only the highest quality of coffee beans and ingredients, we can ensure that customers will enjoy our products. Furthermore, during quarantine, many people have not been able to enjoy the gourmet coffee they desire. With many coffee shops closing or shutting down, we can fill the void and supply coffee to millions of Americans. Furthermore, quality is one of the most important things that Americans look for in coffee, and with our quality coffee, we can ensure that customers will be attracted to us.

## Competitive Advantage

### Institutional Stores

- Freshly brewed
- Increased Contact
- No delivery

### Delivery Services

- Not fresh, low-quality
- Possible risk of contact
- Limited Delivery

### Coffee Cars

- Freshly Brewed Coffee
- Contactless Delivery
- Nationwide Potential

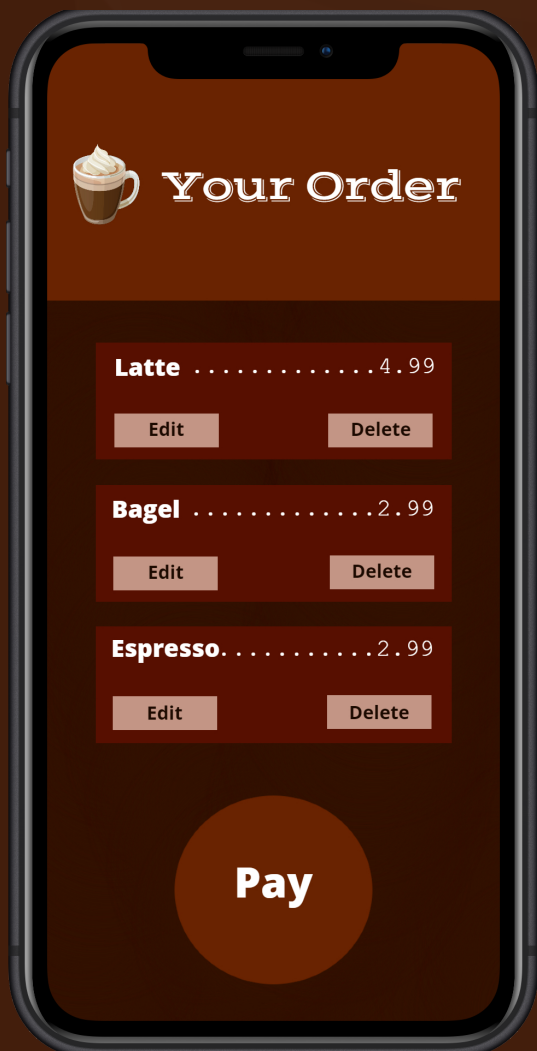
# V. Solution

## Our Solution

- Our Call-A-Cup Units, equipped with gold-standard coffee equipment, provide fresh, high-quality coffee and breakfast wherever you are
- Our low-contact delivery ensures safety to the customer.
- It's much easier to get your favorite kind of coffee without having to pay thousands of dollars for an espresso machine.

## Revenue Streams

- Revenue from people using our services and buying our product from the truck
- Recurring revenue streams from subscription services.
- Possibly selling our merch on the website once we gain a larger traction



## Business Model

- Our business falls under a gig economy
- Drivers can sign up to join us using our website
- They learn how to brew correctly through our online tutorials, and we ship them equipment and food to store in their vehicles.
- If an order arises around their area, the driver is alerted and will drive to the site and brew the order.

Once they fulfill the order, they receive a commission of 52% of the sale, ensuring that we are all satisfied. On average, they will make \$40 a day, which is a large amount for a part-time job.

Partnerships with global chains would boost our revenue, especially if we do it during high traffic time. These would be their recipe but made by us.



# V. Solution- Financials

## Key Points

- Key Metrics to gauge our product include sales, app downloads, etc.
- Prices will be from \$3-10, with differences the intensity
- Membership service to build customer loyalty
- Expect to gain profit by year 3

## Key Metrics

Some key metrics we can use to measure the growth of our business include the sales, app downloads, sales of specific products, and the places where most of these items are sold. The sales tell us the profit that we are making. App downloads tell us how many people are using our key features. The sale of a specific product tells us how we can stock it. Places tell us where we should focus our marketing efforts on.

## Expectations

At the end of our first year, we project \$1.3M dollars of revenue, and will not make a profit. In our second year, we will make \$97.5M in revenue, without a profit, however by year three, we will have made a gross profit of \$15M This is in part due to more drivers and marketing, which will grow exponentially.

## Pricing

We plan to price our products from \$3-\$10. These prices correspond to existing prices in our competitors. Higher-end, labor-intensive coffee orders will cost more. We plan to also include breakfast items and teas, to appeal to a larger market.

## Membership

A plan we can use to retain customers is a membership service. Through this service, people would pay a monthly fee of \$9.99, then would be able to earn perks and other special benefits. The members would earn points every time they order, ensuring people would order more, and for every 100 points, they would earn a free coffee. This would build customer loyalty. These members also would be able to schedule their coffee purchases ensuring they receive a fresh hot coffee right away.

**See Appendices A-B for Specifics and Projected Growth.**

# VI. Conclusion

## Key Points

### Problem

Stay-at-home workers are now unable to access the high-quality, professional-grade coffee that institutional stores provide, due to the Coronavirus.

### Target Market

We are targeting Americans age 30+ as well as college students, that have incomes greater than \$30,000 and preferably live in urban, high population-density areas. We are focusing on Stay-at-home workers and routine coffee-drinkers.

### UVP

Our service provides safe, contactless delivery of fresh, professional-quality coffee to the customer, all while ensuring speed and convenience.

### Solution

Our Call-A-Cup Units are equipped with expert-level coffee equipment. Anyone that orders a coffee or our assorted breakfast items gets their order freshly brewed and delivered with no risk of contact

## Financials

We are seeking \$100,000 as a startup to our business. This money will be used to help set up our app and website, as well as get equipment for the starting trucks. We would also be able to market using this money which in turn would generate more money. We expect to start turning a profit at year 3 and expect 20,000 drivers. By year 4, our projections indicate we would be able to repay the startup loan. By reinvesting the profit we make into marketing, we can ensure that we will increase our name recognition and get more drivers.

## Feasibility

As for the feasibility of our idea, we find we have an extremely large target market, and our target competitors, while they are giants in the industry, have severe flaws in their delivery services that leave our system on top. We have a novel idea with the potential to gain a lot of traction through clever marketing and customer segmentation. We have a projected revenue of \$1.5 Billion over 5 years. Furthermore, we run on a tried and tested business model of a gig economy.

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# VIII. Appendix

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assumptions</b>						
# Mobile Units		200	6000	20000	200000	300000
# Daily Orders per Unit		5	10	10	12	15
Avg revenue per order		\$5.50	\$6.50	\$7.00	\$8.00	\$9.00
<b>Revenues (All Monetary Values are in \$000)</b>						
Total # orders		250000	15000000	50000000	600000000	1125000000
Revenue per Unit		\$7	\$16	\$18	\$24	\$34
Revenues		\$1,375	\$97,500	\$350,000	\$4,800,000	\$10,125,000
<b>Costs of Goods Sold (All Monetary Values are in \$000)</b>						
Equipment		\$320	\$9,280	\$22,400	\$288,000	\$160,000
Food & Beverage Costs		\$275	\$19,500	\$70,000	\$960,000	\$2,025,000
Commissions		\$715	\$50,700	\$182,000	\$2,496,000	\$5,265,000
Labor Benefits		\$600	\$18,000	\$60,000	\$600,000	\$900,000
Total COGS		\$1,910	\$97,480	\$334,400	\$4,344,000	\$8,350,000
Gross Margin		-\$535	\$20	\$15,600	\$456,000	\$1,775,000
GM%		-38.91%	0.02%	4.46%	9.50%	17.53%
<b>Selling, General, &amp; Administrative Expenses (All Monetary Values are in \$000)</b>						
Marketing		\$72	\$72	\$72	\$240,000	\$506,250
Management Salaries		\$360	\$480	\$480	\$1,200	\$2,400
Total SG&A		\$432	\$552	\$552	\$241,200	\$508,650
One-time Costs	\$76					
Gross Profit	-\$76	-\$967	-\$532	\$15,048	\$214,800	\$1,266,350
Cumulative Profit	-\$76	-\$1,043	-\$1,575	\$13,473	\$228,273	\$1,494,623

## Cumulative Profit



## Appendix B: Projected Growth

Our cumulative profits over a 5-year point, we will break even and earn a profit by year 3.