

ComplEAT

Marketing Plan - Year One
Alina Godfrey, Rachel Bloom,
Taylor Olsen and Amy Warren

Table of Contents

Executive Summary.....	3
Environmental Analysis.....	3
Situational Analysis.....	6
Marketing Objectives.....	7
Marketing Strategy.....	7
Market Action Plans	11
Budget.....	12
Timeline.....	13
Controls.....	15
Appendix.....	16

I. Executive Summary

Our mission at ComplEAT is to create a welcoming community experience for those new to cooking or who are making dietary changes to fit their lifestyle, and to make healthy, affordable eating a pleasurable and exciting time to learn, connect and grow individually and with others. ComplEAT is an inclusive

product that offers the tools and support needed to cook wholesome, tasty meals in order to be self-supportive and healthy while reaping the benefits of being a home cook.

ComplEAT consists of a simple, highly searchable and customizable community-based cooking website, along with companion cooking kits. Our product will initially be targeted at Millennial and Gen-X men located in progressive areas of the U.S., with plans to expand to additional demographic areas and like-minded market segments. We'll put a stake in the ground with heavy online and in-person events, building a heavy fan base with user-generated content that puts real people front and center.

Men like to cook and they like to eat. ComplEAT will help them do it better.

II. Environmental Analysis

Target Market Analysis: We will invest initially in two target markets: Millennial and Gen-X males aged 18-38 new to cooking or new to a dietary lifestyle, such as gluten-free or vegan. Our research indicates that men in this age group represent a growing and underserved market. First, men are more involved than ever in household cooking, whether they are single, married or have children:

- 51% of men in the U.S. were the primary household grocery shoppers in 2011, up from 14% in 1985. – *Store Brand Decisions*
- 39% of men say they're primarily responsible for cooking. - *Adweek*

However, it's not that men are being forced to do something they dislike:

- Men enjoy preparing meals more than women (men 82 percent, women 75 percent) - *Allrecipes.com*
- Men enjoy eating more than women (men 91 percent, women 88 percent) - *Allrecipes.com*
- Men are willing to spend more time preparing meals than women (57 percent of men say "40 minutes to as long as it takes" is acceptable while 52 percent of women prefer to limit cooking time to 0-40 minutes) - *Allrecipes.com*

This growing market is woefully underserved. The big brands in food (Food Network, Epicurious and All Recipes) cater to women and generally women over 40. Where they do branch out to target men, they do so in a stereotypical "dude food" way, e.g. Guy Fieri. We believe there are a large number of men interested who aren't interested in acting out the more stereotypical image of masculinity and are genuinely interested in food and a food resource that speaks their language. In fact, 70 percent of men indicated that they are more interested in visiting a men's food site than a general food site. Finally, our target market has the makings of loyal, long-term customers:

- Men are more brand-loyal and less focused on promotions than women - *Store Brands Decisions*
- In advertising, men do more product research in packaged-goods categories than women, and, because they're often newer to the categories, prefer ads with more information - *AdWeek*
- 40 percent of men prefer to do their shopping online, vs. 31 percent of women - *AdWeek*

Men represent a large potential market for this product in its infancy. As we grow, we will expand to other markets including busy young professionals, baby boomers and any first-time cook or current cook making a lifestyle change.

Product overview: ComplEAT is a suite of web tools and cooking tools designed to help new cooks in our target market develop their cooking skills, including:

- a highly interactive website with superior search capabilities that makes finding tailored recipes a snap, serves as an educational resource that is highly shareable via user profiles and connection to social media
- virtual cooking support

- simple, original content that is both expert and user-generated
- easy connection to order needed food and cooking tools directly from our site or fulfillment partners like Amazon, Amazon Fresh or Safeway
- simple, stylish and affordable sets of cooking tools beginning with basic cooking sets to cuisine-specific sets such as pasta, seafood, or Chinese.
- an accompanying book and e-book of expert and user-generated content
- a companion app for Apple and Windows products

Macro-Environment Factors: The major macro-environmental factors affecting ComplEAT are economic and cultural. The economic downturn has meant that more people are cooking at home, and specifically more men are cooking at home. The pending economic upturn may mean that people can afford to eat out more. As this occurs, ComplEAT will focus more on the long-term benefits of eating at home as we woo potential customers.

Americans are exhibiting an increased desire to and in many cases a need to eat healthier, unprocessed foods. They are also adopting a range of specific dietary restrictions in increasing numbers, from paleo to gluten-free to vegan, both for health and appearance reasons. Foodie and DIY culture are also impactful forces, as having the know-how to make exquisite food and drink becomes increasingly desirable. Considering that cooking at home is the best way to accomplish all of these goals, our product is positioned well to benefit from these cultural shifts.

Another cultural force is that of gender stereotypes. There is a decreasing but still present perception that women own the home kitchen, and men own the barbecue. A man who knows his way around the kitchen may also be considered effeminate. While this stereotype is changing as more men acknowledge their desire to cook, we will tie our product debut to progressive locales where gender norms are more quickly becoming obsolete.

Micro Environment: Customer markets and competitors are the major micro environmental factors affecting ComplEAT. Our Year One growth may be limited by the size and nature of our chosen customer markets, Millennials and Gen-X men in progressive cities. This is a niche market, and we will have to work hard to make sure we are taking the right steps to reach them early and often. In addition, this customer market has not been properly addressed by existing competitors, and may be slow to try a new one.

Competitors will be hard to pin down as we’re selling a bundled experience and community, not one single item. However, the market is quite cluttered with competitors who either does content or products well. There are some big names in food we will have to navigate around, including Food Network. There are also several cooking sites, cookbooks and cooking shows that are targeting men. Our position as a community that focuses on health, growth and well-being will keep us ahead of sites that focus on “man caves” and other stereotypical male terms and marketing. Our main competition on the cookware side is OXO, and we’ll have to rely on smart design, affordability, the ease of purchasing a complete kit and the experience that comes with it (online community) to win customer mindshare.

III. SWOT

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> • Unique selling proposition integrates online recipes and purchase of required food and cooking tools in a one-stop shop • Strong competitive position as a resource for acquiring and <u>sharing</u> food knowledge • Strong knowledge of target market • Market research supports the latent need for our product • Access to low/no cost content creators • Executive team’s balanced industry, 	<ul style="list-style-type: none"> • Unknown brand • No relationships with brick and mortar retailers or distributors • Position as an “online community” with robust website functionality means continuous capital investment • Need for fresh, affordable cooking tools to thrive in a highly competitive field means continuous investment in product development.

management and communications expertise	
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> • Cultural/lifestyle – rapid increase in foodie culture, healthy eating, niche diets, DIY ethic and men’s attention to image. • Economic – less disposable income during the recession has increased the attractiveness of eating at home. Job loss for men has increased the number of men responsible for or involved in food preparation. • Millennial and Gen-X men both represent an under-served niche market in food preparation, both online and in retail outlets. • Most competitors not well-connected to retail channels and not using sharing as a backbone, meaning they either do products well (OXO) or content well (Epicurious, Cooking for Engineers). Doing both well is our opportunity. • Robust search functionality means we can deliver more relevant content more quickly than most competitors. 	<ul style="list-style-type: none"> • Competitors have stronger brand names (AllRecipes, Food Network, Epicurious) • Improving economy might result in less cooking at home and fewer men at home. • Companies active in convenience/prepared foods, such as grocery stores, may encroach on our space with healthy, affordable food options • Low barriers to entry for new competitors means we could quickly be displaced. • Existing and better-funded competitors may be well-positioned to directly compete by improving the utility, user-experience and service portfolio, leveraging their brand strength and budget to quickly gain mind space with consumers.

IV. Marketing Goals and Objectives:

- Meet sales targets for year one
 - Gain new customers
 - 1MM unique hits per month
 - Projected growth of .5MM unique visitors
 - 100,000 starter kit units sold
 - 100,000 premium subscriptions sold
 - \$250K in app upgrades
 - \$70k in affiliate programs
 - Nurture repeat customers
 - 10% of kit customers purchase additional kits or kits for someone else
 - 5% of unpaid users recommend to a friend online
 - 10% of premium site users recommend to a friend without incentive, 20% with incentive
 - Achieve healthy browse-to-purchase numbers
 - 20% of browsers buy a subscription, product or food
 - Establish and retain ad revenue
 - \$500k in site ads
 - Establish ourselves in the industry
 - Become one of the top 10 food websites
 - Achieve positive brand recognition as measured by third-party survey at conclusion of year one

V. Marketing Strategy

Positioning: ComplEAT is **the** resource for helping people prepare and share healthy, affordable food at home that reflects their individuality and creativity. Because we are targeting those who are new to cooking or new to a cooking lifestyle, we will position ourselves as simple, stress-free and welcoming. Everything about our suite of products will be accessible yet stylish and affordable but not cheap. Our focus on shareability and customizability will provide differentiation and accelerate our growth.

Product: We will offer two products in our first year – a website and a cooking kit. The heart of ComplEAT is the online community. It contains expert and user-generated recipes, videos and cooking lessons that will grow as the audience does. It was built to be highly searchable and easy to navigate, delivering the user their desired content in three clicks or less. The simple, uncluttered and image-heavy layout was designed to make the user comfortable and confident. A key function is advanced searching and filtering, allowing the user to find the most relevant recipe for their needs and preferences, whether it's gluten-free, paleo or needs to ready in 30 minutes.

Our user can also choose to buy the groceries and equipment needed for their recipe using geo-location and one-click connection to the nearest delivery service, grocery store or retail store. The site was also built to share, and is highly integrated with major and up-and-coming social sites, especially YouTube, Twitter and Instagram (to capitalize on our target market's existing love of sharing what they're eating).

To further encourage sharing, we will post exclusive recipes from popular food bloggers as well as users, and have users rate and share their experience preparing the recipe on their unique profile called "My Feed." We will rely on ads for a portion of our revenue, but will work to keep them hyper-relevant and limited. Users can upgrade to a premium subscription for an ad-free experience with 24-hour live chat for cooking problems, delivery service for groceries and a videogame feature that unlocks further perks. To keep users connected, we will release an app containing a shopping list feature, a "reminder" feature, a "where to get it" feature, glossary, recipe search/customization function, purchase feature for the kit, and be available ad-free as an upgrade.

The kit will include every utensil and piece of cookware needed to cook simple, healthy meals. The kitchen section of a retail store can be quite overwhelming and expensive when you buy piecemeal. Because our aim is to help beginners get cooking quickly and without stress, our kit will deliver the basics needed to cook many good meals at home. Many items double as other utensils and cookware, and the products will be designed to look good and efficiently use space.

As we expand, we plan to offer more advanced and cuisine-specific kits, like pasta, seafood and Chinese cooking that will include tools like pasta pots, a big serving bowl, a citrus grater, a wok, etc. The kit comes with a month's subscription to the premium content on ComplEAT's online community. As our user community builds, we will look to add companion products like a book, cooking classes and retreats.

Price: ComplEAT is priced to be affordable for our target market, who likely has limited disposable income regardless of the priority they place on cooking. By making it affordable to start with ComplEAT, we aim to gain long-term customers as they get hooked on cooking at home and their income level rises. Pricing is as follows.

- ComplEAT Community:
 - Basic subscription: Free
 - Ad-free subscription: \$5/month
 - Premium subscription: \$30/month
 - App: \$2.99
 - Kit: \$100

Placement: The online community is hosted at www.compl-eat.com. ComplEAT kits are sold online on our website and fulfilled by amazon.com, and also directly on amazon.com. As we partner with grocery delivery services like Safeway and FreshDirect, we will gain priority placement on their sites as well. Gaining new customers through brick and mortar stores is also essential to establishing a broader customer base and cementing our brand in the consumer's mind. Kits will be sold at Target, as well as select specialty retailers in our starter markets along the East and West Coasts.

Competitive Strategy: The market is cluttered with several direct competitors and many indirect competitors with a strong brand presence and significant reach. And with relatively few barriers to entry, at least in websites, building a sustainable competitive advantage early is essential. We will use a **focus strategy** and more specifically, a **customer intimacy strategy** in order to satisfy our target market's

unique need better than anyone else. We will avoid head-on competition with larger companies like Food Network, Epicurious, AllRecipes, and the numerous companies manufacturing cooking equipment like OXO by offering a community cooking experience. We will penetrate the noise and reach our target market using low-cost, guerilla tactics that meet our target market where it is (and where a current hole exists with the competition), like enlisting bloggers, encouraging reviews, rewarding sharing and user-generated content.

Promotion: ComplEAT is built to be highly shareable and user-driven. Because of this, many of our promotional activities in Year One designed to establish a fan base that will grow business in future years. Information about ComplEAT will be available via the internet, in-person events and at retailers. We will target potential users directly via online advertisements on sites and blogs pertaining to food, men's health, men's interests, gaming, comics and online dating.

Of particular interest are sites that are partial competitors, such as The Art of Manliness. We'll also target customers who would buy kits or subscriptions as gifts on Facebook, on traditional food sites and other sites geared toward women. We will also engage potential users in person at retailers and at hosted events at farmer's markets, grocery stores, music and culture events like South by Southwest (SxSW) and Comic-Con.

We will also host low-cost contests to obtain user-generated content and drive up membership. Finally, we will make coupons readily available and conduct seasonal promotions. To establish a name for ourselves in the foodie community, increase website content and build up recommendations, we will engage in major outreach efforts to popular and up-and-coming food bloggers.

We will offer free kits and incentives for creating content, where contributors will be paid according to clicks on their recipe pages. Finally, we will create fans for our suite of products in the distribution channel with regular visits to and education sessions with our retail partners.

VI. Activities and Responsibilities

- Recruit food and health bloggers to write reviews and submit content and become advocates for our site and products. Reviewers will be compensated in site recognition via links, products for review, free swag and free entry to select events to cover them as press.
- Contact food companies to review their product on the site and when possible, set up affiliate plans
- Give kit and subscriptions to opinion leaders online to review and promote
- Build fan base with in-house online specialists who will engage food communities through social media, forums, comments and valuable blog posts and links
- Promote website at media conventions targeting young Millennials and Gen X'ers, i.e., SxSW or ComicCon
- Set up at conventions targeting foodies, health and nutrition
- Give in-store demos at grocery stores like Whole Foods and PCC using their food but our cooking kit and real volunteers to help demonstrate ease of use
- User generated YouTube video contest where the contestants tell (or reenact) stories of their disastrous/hilarious/poignant cooking flops, be it with friends, family or women/men they wanted to impress. Prize will be a 1 year premium subscription, starter kit and \$100 for groceries. We'll then promote said video through relevant social media. Idea is to go viral.
- Find out who would buy subscriptions/kits for the men in their life. Target them as well through appropriate channels
- Promote on Valentine's Day, Christmas, and Graduation Day. Seek out advertising opportunities targeted towards life transition points such as moving, marriage or divorce, New Year's resolutions, birthdays or going away to college
- Advertise on men's health websites, gamer sites, comic book sites and blogs about these topics
- Guest blog on men's health sites and have prominent bloggers guest on our site

- Develop tie-in video-game to be released later in the year to gain valuable points that can go towards unlocking sales codes, free swag at events, while also learning to cook and make healthy choices
- Build community in-site using in-house online specialists
- Offer 2-hour free trial of video game to increase premium subscription sales
- Direct marketing on mobiles, email coupons

VII. Budget:

We project profitability in the first year, breaking even to initial capital investments within the first three months of business. Our first year's net profit, allowing for taxes and depreciation of initial investments, is projected at \$6,567,613, with a first year IRR of 3188.2%. Major capital expenditures are website development and cooking kit development and production.

The creation of a website like the one proposed would take 6 months if done by retained, in-house programmers, which would include senior software architects skilled in database creation. The cost of retaining world-class designers and programmers for just the website and app creation will cost an estimated \$150,000. The team will be composed partially of freelance web developers and partially of the programmers and designers who will stay with the company on a full-time basis to keep it fresh and optimally functioning, especially as we begin to sell subscriptions and promote our social network.

Our projected app and subscription sales will more than recoup development costs within the first year. We project \$250,000 profit in upgrades to the \$2.99 premium app, and \$1,125,000 total profit from ad-free subscriptions (75,000 at \$5 monthly cost, and 25,000 at \$30 monthly premium level).

The cooking kit will be designed and manufactured by freelance partners who will do it on a smaller, more affordable scale. Freelance designers will create a stackable suite of products in fresh colors that will nest for smaller apartments. We estimate a cost of \$200,000 for the design, production, and distribution of the cooking kit. We expect to make the majority of our first year's revenue from the cooking kit. Its \$100 price point is affordable without sacrificing quality materials, and we expect that 100,000 kits will sell the first year, resulting in \$10 million gross profit. See Appendix A for the full budget.

VI. Timeline

January: Site and app launch. Over the past year, we've been building buzz through cooking demonstrations at farmer's markets, Whole Foods stores, campuses, and similar venues in large cities and college towns on both coasts. Online/mobile advertisements go up on chosen sites and the app. Advertisements will be designed by our in-house web specialists/designers. Our marketing department will arrange which sites to target and negotiate fees or program affiliations. Target those resolving to improve their health/cooking skills for the New Year.

February: Launch cooking kit, sending free product to food bloggers and influencers for reviews. Because of its style factor/nesting functionality, send to urban fashion bloggers/influencers as well. Boost initial sales with discounted package of premium subscription + cooking kit online. Advertise as Valentine's Day gift. Work with Target on promotion: ads for cooking kit launch will resemble one of their designer collaboration promos. Work on mix of online ads promoting the cooking kit itself or cooking kit + subscriptions.

March: Reach out to the network we've been building of food bloggers and fans. Have them review our standard and premium recipe subscription services, cooking kit, and app. Our online specialists are reaching out to our first subscribers through the site's social network, encouraging comments, shares, and user-generated content and feedback.

April: Cross-promote our recipes by working with food bloggers/celebrity chefs who test out our recipes on their platform. Heavy analysis of initial online marketing push—determine which ad designs/locations are most effective and edit the mix.

May: Launch a summer cooking demonstration tour while section of target market is still on campus. Seek out superfans to lead/assist in demos for travel and perks. Film casual/funny instructional videos to boost YouTube presence. Advertise cooking kits/subscriptions for recent graduates.

June: Continue to seek out user-generated content for further recipe customizations, to empower users, and to recruit superfans for official blogging/demo possibilities. Feature users on YouTube, seek out user photos on Instagram to repost on site, and encourage users to interact with online community through quick, engaging staff feedback and regular promotional perks. Make sure our interactions reinforce the sense of community and user empowerment.

July: Demonstrate heavily at farmer's markets and domestic vacation destinations during summer months. Build up YouTube content. Rent email data from similar websites/organizations for an email marketing push towards new constituencies using email coupons.

August: Target those returning to college with promotional offers and blog posts offering tips that complement our subscription meal plans, acting as a gateway to subscriptions. Make use of the best of the year's user content for ads featuring real users.

September: Build up income from like-minded affiliates by researching additional chefs, farmers, cookware designers/manufacturers for possible partnerships. Build up product review section of website, with user reviews as well as staff.

October: Release video game feature to premium subscribers, linking to discounts and other rewards that will boost sales of cooking kit and affiliate products. Two-hour free trial of video game feature promotes subscription sales. Online ads retooled, promoting different product mix depending on ad location.

November: Launch YouTube video contest where contestants tell (or re-enact) the stories of their disastrous/hilarious/poignant cooking flops, be it with friends, family or women/men they wanted to impress. Prize will be a 1-year premium subscription, a cooking kit, and \$100 for groceries. Winning video will be promoted heavily through social media, with a goal of launching it as a viral hit.

December: Promote subscriptions/cooking kit sales for the holidays through online ads and a social media push that promotes sharing of our recipes geared towards holiday entertaining. Mobile marketing push targeted towards consumers who want a quick but useful gift solution for a brother, friend, father, or significant other.

VIII. Controls

We will use four main controls: customer feedback, target market sales, site statistics and retail partner feedback.

Customer feedback: Maintain a 99% positive feedback rating from customers on cooking kits.

Target market sales: We will monitor sales on a quarterly basis, paying special attention to consumption within our target market.

Site Statistics: We will judge our performance by browse-to-purchase numbers, time spent on site, number of pages viewed, number of recommendations to friends, quantity and quality of user-generated content.

Retail partner feedback: Work regularly with our retail partners to understand customer interest in the product, proper placement in the store and reasons for returns.

Third-party measures: Track our performance using the Net Promoter Score (NPS®) and the BrandIndex Buzz Score.

Appendix A: Budget Plan

One-Year Budget Plan

Company Data

Required rate of return	10.0%
Tax rate	20.0%

	YEAR	
	Pre-Launch	1
Initial Investment in Website		
Hardware	\$40,000	
Software	15,000	
Development	150,000	
Hosting, domain-name registration	1,000	
Total Initial Investments	\$206,000	

Income		
Premium subscribers		\$1,125,000
Cooking kit sales		10,000,000
App Upgrades		250,000
Affiliates		70,000
Recipe rights		25,000
Advertising		500,000
Sponsorships		55,000
Total Income		\$12,025,000

Costs (Excluding Initial Capital Investments)		
Website Upkeep		\$500,000
Recipe Developers		650,000
Marketing/Advertising		2,000,000
Depreciation on capital expenditures		68,667
Website Hosting		150
Rent/insurance on offices/kitchen		25,000
Cooks on Call		200,000
Cooking Kit		200,000
Total Costs		\$3,643,817

Net Benefits (Costs)		\$8,381,183
Tax		1,676,237
Value after tax		6,704,947
Depreciation added back		68,667
Cash flow	(\$206,000)	\$6,773,613
Cumulative cash flow	(\$206,000)	\$6,567,613

Evaluation Metrics	
Net present value (NPV)	\$5,951,830
Internal rate of return (IRR)	3188.2%