Business Proposal

Team #: 229

Client (Company): Selfo

Chosen target country: the United Kingdom

Product/Service (a brief description, 3-10 lines): The app that Selfo has created is a new ordering system for restaurants that enables the customers to place orders via their mobile phone or tablet.
How it works: When entering the restaurant, the customer opens the app, inserts the restaurant's ID and the number of his/her table, and the menu will appear directly on his/her device. Therefore, the customer will have a complete overview of the menu and be able to place orders using the app as well as pay the bill.

Number of pages, including title page: 32 pages

Team members:

Name	Country	Work completed: Please briefly describe the work completed by each team member
Daniele Bianco	Italy	M3-Analysis of the client organization and product and other ideas
Ambre Friedmann	Belgium	M7-Product and pricing, language check and project layout/structure
Chu-Miao Lien	Taïwan	M5-Market selection and other ideas
Yee Shan Ng	Hong Kong	M4-Market success factors, executive summary and other ideas
Marigold Pascual	USA	M8-Distribution and promotion
Leonid Stechenko	Poland	M6-Entry mode and staffing

Executive Summary

Selfo is a Belgian startup offering a mobile app designed for customers to place orders in restaurants, bars and cafés in a new way. Through this app, users will be able to overview a comprehensive menu, place orders, as well as pay the bill directly.

We identified five key market characteristics for the app to be successful: an adequate level of Internet penetration, an appropriate technological knowledge of apps, a large proportion of young adults population, high protection of intellectual property rights, and medium to high income level.

Based on the above characteristics, we chose the United Kingdom as the optimal market for Selfo to enter. In fact, about 40% of UK's total population consists of young to middle adults, the country has a high rate of Internet and smartphone penetration, scores high on the protection of intellectual property right, has a high level of cultural homogeneity with Belgium and has high personal disposable income.

The optimal entry mode for Selfo is strategic alliance. Indeed, it is the cheapest and quickest entry mode. Selfo is suggested to hire additional staff in UK who can support the clients, including solving problems and providing training and information about the app.

The app will need extra features to enter UK such as the English language, restaurants table layout, photos and reviews of the places, etc. The price will also have to be modified to £44.99 for the Basic Pack and £49.99 for the Premium Pack due to the high personal disposable income and higher price of competitive firms in UK.

The app will be directly distributed to end-users through App Stores. Our sales representative will deliver Selfo to the clients once the contract is signed. The low cost promotion of Selfo includes POS signage, community sponsorships, earned media, short video and Facebook ads.

Team

Daniele Bianco is from Italy, he is currently studying a Master in International Business and Economics. Daniele focused his work on milestone 3 –nalysis of the client organization and product.

Ambre Friedmann is from Belgium, she is currently studying a Master in Management Science at the Solvay Business School in Brussels. Ambre took care of the product and pricing milestone, as well as corrected the spelling and grammar of everybody and did the structure and layout of the paper.

Chu-Miao Lien is from Taiwan, she is currently a Master 2 student in the Graduate School of International Business in National Cheng Kung University. Chu-Miao focused her work on milestone 5 –select a new market.

Yee Shan (Sarah) Ng is from HK, she is currently studying a Master of International Business in the University of Adelaide. Sarah focused her work on milestone 4 –success factors and also did the executive summary.

Marigold is earning her International MBA at the University of Memphis, with a study abroad component at the Indian Institute of Management, Bangalore. She has over 15 years of Media and Communications experience for both the private sector and non-profit organizations. Marigold focused her work on milestone 8 –distribution and promotion.

Leonid Stechenko is from Ukraine, he is currently studying a Master in International Business at Poznan University of Economics in Poland. Leonid focused his work on milestone 6 – entry mode and staffing.

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1. Analysis of the Client Organization and Product (Selfo Mobile App)

1.1. <u>Brief History of the Company</u>[1]

The company our group has chosen for the X-Culture project is Selfo. Selfo has developed a mobile application, the function of which is to provide customers with a new way to place orders in restaurants, bars and cafés using digital technologies.

Selfo is a Belgian startup, created in 2014 by two Belgian entrepreneurs, Lucka Wahba and Nicolas Bernier, both of whom have previously participated in the X-Culture project. Lucka is a Business Engineer student at the Solvay Business School of Economics and Management and is mainly in charge of Selfo's business model, sales and marketing. Nicolas is a Software Engineer student at L'école Polytechnique de Belgique (ULB); he is primarily in charge of the Information Technology development and all the technical aspects of the mobile app their company has created. Additionally, they both work in partnership with "M4KE.IT", a company founded by Alexis Boderet which provides basic consultation services for startups, such as IT services and design.

1.2. <u>Existing Product and Markets</u>

The app that Selfo has created is a new ordering system for restaurants that enables the customers to place the order via their mobile phone or tablet. How it works: When entering the restaurant, the customer opens the app, inserts the restaurant's ID and the number of his/her table, and the menu will appear directly on his/her device. Therefore, the customer will have a complete overview of the menu and be able to place orders using the app as well as pay the bill.

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[1] Wahba, L. (2015), Personal correspondence

Selfo's app is interconnected with the restaurant's ordering system and also with the Cash Register system. An interconnected Cash Register system is completely new, so it needs providers who will be repaid with commissions deducted from each payment made using the app. Selfo's sales team will solicit restaurants in order to convince them to use their service; instead, they will work in partnership with Cash Register Providers. At the moment, they are in contact with two Cash Register systems Providers: Hesco and RestoMax, both Belgian companies. However, according to the founders of Selfo, the process there is slow mainly due to the Belgian culture. For this reason, no sales have been made yet.

At the moment, the app is in a prototype stage because they are facing some problems. The main problem is that the Belgian market – the only market they are active in – is small and limited, so they would like to explore other international opportunities by identifying promising markets in order to expand their activities there. Presently, it will take six weeks to obtain a first finalized version of Selfo.

The Selfo customer-enabled ordering and payment app is not meant to replace waiters/waitresses in restaurants, but to help them work more efficiently. A good use of the app can help to reduce errors in the ordering system such as misunderstandings between customers and waiters, or between chefs and waiters, if orders are carried out manually.

One advantage of Selfo is that customers can look at the menu whenever they want (e.g. at home or before heading out) and they can then choose one restaurant over another based on the menu. Another advantage of Selfo is that restaurant owners can modify and change the menu almost every day without the cost of reprinting them. They can also use the data that the ordering system provides in order to capture which are the most frequent orders/requests of their customers and try to use this opportunity to increase their profit.

Selfo offers two Packs:[2]

1. A "Basic Pack" at 39.99€per month which gives the owners the right to choose between "take away" or order "on-site";

2. A "Premium Pack" at 49.99€per month which gives the owners the right to use both systems.

Cash Register Providers will receive commissions of 10 to 20% for the whole life of the contract. They also offer a three-month trial without any contract.

1.3. Competitors Analysis

In the Belgian market, at the moment, there are no competitors. However, from an international point of view, there are some companies who offer similar products:

- ChowNow[3], located in the USA, offers a system where customers can place orders through the restaurant's Online Website/Facebook Pages and it also offers a mobile app built exclusively for each restaurant. However, the company mainly targets "takeaway" restaurants. ChowNow offers this service with a monthly or annual plan, both at $99 per month. Additional costs include a fee for each location which is $499 for the monthly plan and $1138 for the annual plan. The company also offers some add-ons like a wireless receipt printer for $24 per month.

- Splickit[4], located in the USA, offers branded mobile and web ordering applications that feature in-app payments. The company targets several locations such as restaurants, airports, hotels, stadiums, etc. and it already works with 34 major American brands, such as Moe's.

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[2] Selfo Website. (2015). http://selfo.be
[3] Chownow Website. (2015). http://chownow.com
[4] Splickit Website. (2015). http://www.splickit.com

- Squareorders[5], based in the USA, but available worldwide in the app store, offers a mobile ordering system. The company is more focused on restaurants and cafés owners' needs, so it provides features such as a real time sales tracker, a spreadsheet to help them prepare tax accounts, an inventory manager, and also a section with user-friendly statistics.

- Orderella[6], located in the UK, mainly targets bars and nightlife places.

- oResto[7], located in France, offers a basic service of ordering and payments via point-of-sale (POS) systems.

- Revel iPad based POS systems by Bluebird[8]: Revel iPad based POS systems, based in San Francisco, partner up with Bluebird, based in the UK, to facilitate its Revel iPad based POS systems sales and distribution to European union. It is Selfo' competitor because it also offers restaurant online ordering features with POS systems integrated.

[5] Squareup Website. (2015). http://squareup.com
[6] Orderella Website. (2015). http://orderella.co.uk
[7] Oresto Website. (2015). http://oresto.com http://www.orderella.co.uk/
[8] Bluebird Website. (2015). http://www.bluebird-global.com/revel-systems/

2. Market Success Factors

We identified five factors that could affect Selfo's success in a new market. There are the following: the level of Internet penetration, the technological knowledge of the mobile applications, the age distribution, the intellectual property rights and the income level.

2.1. Technological Factors

The Level of Internet Penetration

The level of Internet penetration in one country is an essential success factor for Selfo to enter a new market. Indeed, Internet access is required to use the mobile app Selfo. In other words, the target market size would be limited or rather small if the network wireless device or mobile data service is limited in the new market[9]. Therefore, the level of Internet penetration can affect the ability of accessing Internet, and thus influence the number of mobile app use[10].

The Technological Knowledge of Mobile Apps

The technological knowledge of mobile apps is also an important factor. In fact, the restaurants' staffs and the new market's population are required to maintain an adequate level of technological knowledge in order to properly use the Selfo. The staff might need to be specially trained if technical support is not readily available[11]. Thus, an adequate level of technological knowledge of the Selfo mobile app is a significant success factor for Selfo in a new market. It could broaden the target market size and reduce the cost, as well as ensure the population to properly use the mobile app.

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[9] Digital Agenda Scoreboard. (2012). *LIFE ONLINE* (p. 4). Retrieved March 16, 2015, from https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/scoreboard_life_online.pdf
[10] Digital Agenda Scoreboard. (2012). *LIFE ONLINE* (p. 10). Retrieved March 16, 2015, from https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/scoreboard_life_online.pdf
[11] Cateora et al. (2009). *International Marketing* (p. 13). McGraw Hill, Australia.

2.2. Demographic and Geography Factors

The Age Distribution

Age distribution is another critical success factor. Indeed, the age level can determine today's demand for mobile apps[12]. Different age groups can lead to different intentions of mobile apps use. For instance, the biggest target for the use of mobile apps is the population aged from 24 to 35[13] while on the other hand, older people are less inclined to use mobile phones to surf the Web[14]. Therefore, a large proportion of "young adults" in the new market is another key success factor for Selfo.

2.3. Political and Legal Environment Factors

The Intellectual Property Rights

Intellectual property rights are critical to protect mobile apps. Indeed, a mobile app is a kind of computer software that is easily replicable by other people or competitors[15]. Thus, intellectual property rights such as trademarks, copyrights and patents are important for mobile apps. For example, trademarks and copyrights are used to register the mobile app's name, logo, images, text, sounds and video in order to protect the company's reputation and its mobile app[16]. Moreover, patents can grant up to twenty years of monopoly protection on the new functionality of the mobile app[17]. Therefore, intellectual property rights could prevent the potential entrants and competitors from copying and/or stealing Selfo's mobile app in the new market.

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[12] Cateora et al. (2009). *International Marketing* (p. 74). McGraw Hill, Australia.
[13] Kang, S. (2014). Factors influencing intention of mobile application use. *Int. J. of Mobile Communications* (p. 368).
[14] Digital Agenda Scoreboard. (2012). *LIFE ONLINE* (p. 10). Retrieved March 16, 2015, from https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/scoreboard_life_online.pdf
[15] Cateora et al. (2009). *International Marketing* (p. 197). McGraw Hill, Australia.
[16] Dubuisson, T. (2013). *What Startups Should Do To Protect Their Big Mobile Application Idea? The Importance of Intellectual Property Rights*. Retrieved March 16, 2015, from http://www.slideshare.net/ThomasDubuissonLLM/article-july-2013
[17] James & Arkley. (2012). *Intellectual property in mobile applications: the practicalities*. Retrieved March 17, 2015, from http://lw.com/thoughtLeadership/ip-in-mobile-applications

2.4. Economic Environment Factors

The Income Level

According to Smith[18], income level can impact the use of smartphones, which in turn can affect the market size of mobile apps. In fact, higher income level population is the largest proportion of smartphones and tablets use. On the other hand, lower income level population commonly uses 2G basic phones[19]. This is because smartphones and tablets generally encourage users to access their mobile data service more often. In consequence, it incites the users to choose a mobile contract with higher data allowances that usually comes at a higher cost[20]. Therefore, a high income level is a significant success factor for Selfo.

[18] Smith, A. (2013). *Smartphone Ownership 2013*. Pew Research Center. Retrieved March 17, 2015, from http://www.pewinternet.org/2013/06/05/smartphone-ownership-2013
[19] Wireless RERC. (2013). *SUNspot – Disability, Household Income and Use of Wireless Devices* (pp. 2-3). Rehabilitation Engineering Research Center. Retrieved March 17, 2015, from http://www.wirelessrerc.org/sites/default/files/publications/SUNspot_2013-02_Wireless%20Devices-Disability-INCOME_2013-04-05_0.pdf
[20] Australian Communications and Media Authority. (2013). *Communications report 2011–12 series Report 3 - Smartphones and tablets Take-up and use in Australia* (pp. 23-24). Australian Government. Retrieved March 17, 2015, from http://www.acma.gov.au/webwr/_assets/main/lib310665/report-3-smartphones-tablets-comms_report_11-12_series.pdf

3. Market Selection

United Kingdom, Hong Kong, Germany and Taiwan are the four markets that satisfy our group's success criteria defined in the previous section. From these four markets, we chose to compare Hong Kong (HK) and United Kingdom (UK). Based on the following in-depth comparison of the success factors of these two markets, we chose to enter the UK market where we believe the success of Selfo will be possible.

3.1. Demographic and Geography Factors

The Age Distribution[21]

As the age group of 24 to 35 is the target population for mobile apps[22], Selfo would need to enter a market with most of its population distributed in this young adults age group. Figures 1 and 2 below show the age distribution of UK and HK. For the age distribution of UK, the 25 to 54 age group comprises 41% of its total population of 63,742,977 as of July 2014[23]. For the age distribution of HK, the 25 to 54 age group accounts for 46.9% of its total population of 7,112,688 as of July 2014[24]. Both UK and HK have over 40% of their total population distributed in the 25-54 age group.

Albeit, UK's population in aged 25-54 group is 5.9% slightly less than that of HK, it is not wise to take only percentage into consideration. In fact, we also need to take market dimension into account when making decision for market selection. In other words, HK market is limited in dimension with only 3,335,621 people in the 25-54 age group, whereas

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[21] Central Intelligence Agency. (2014). Welcome to the World Factbook. In The World Factbook. Retrieved March 30, 2015, from https://www.cia.gov/library/publications/resources/the-world-factbook/

[22] Kang, S. (2014). Factors influencing intention of mobile application use. *Int. J. of Mobile Communications* (p. 368).

[23] Central Intelligence Agency. (2014). United Kingdom. In The World Factbook. Retrieved March 30, 2015, https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html

[24] Central Intelligence Agency. (2014). Hong Kong. In The World Factbook. Retrieved March 30, 2015, from https://www.cia.gov/library/publications/the-world-factbook/geos/hk.html

UK market is bigger in dimension with 26,143,668 people in this age group. Therefore, it would be more interesting for Selfo to enter the UK market as the UK's population in the 25-54 age group is approximately 8 times larger than that of HK.

Figure 1: Year 2014 – 25 to 54 Age Group Population
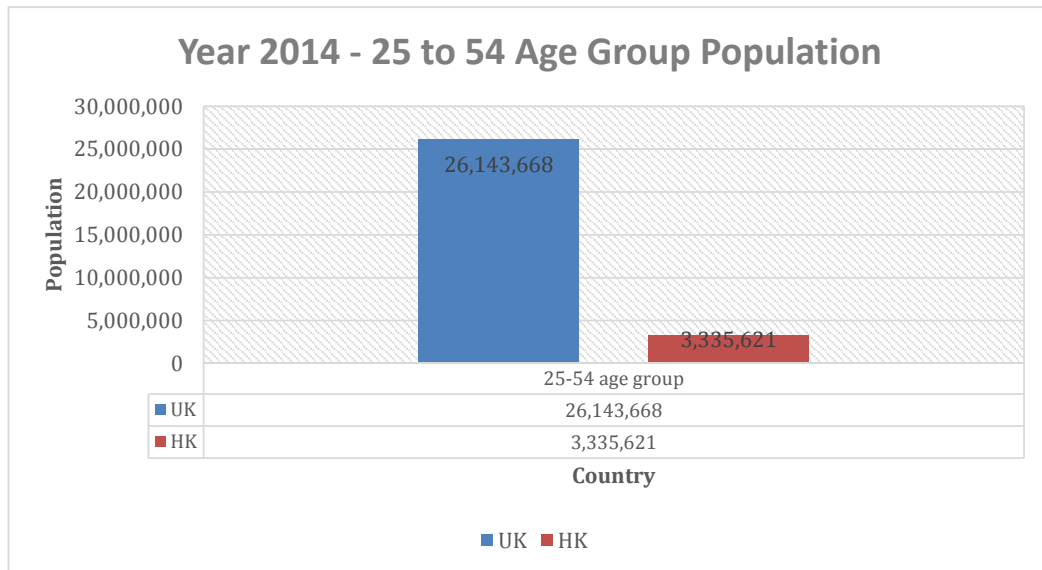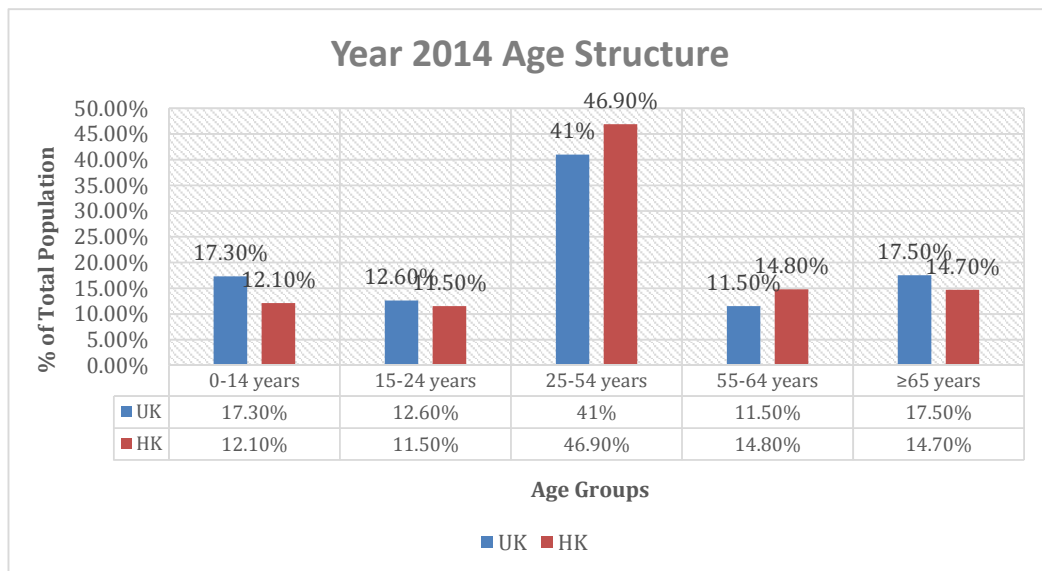
Source: CIA, The World Factbook

Figure 2: Year 2014 – Age Structure of UK and HK

Source: CIA, The World Factbook

3.2. Technological Factors

The Level of Internet Penetration

The use of mobile apps is positively correlated to the level of Internet penetration, which in turn is determined by the level of the telecommunications infrastructure development. London and HK are both ranked in the top 10 international financial centers in the world[25] and are considered as important business hubs in Europe and Asia[26]. It is necessary for both countries to have advanced development in telecommunications infrastructure, for examples: free/charged public WIFI connection services offered by public and private sector, computer broadband connection services and 3G/4G mobile broadband connection services offered by telecommunication companies to facilitate business transactions and information transmission.

As both nations have advanced/well-established telecommunications infrastructure, their Internet penetration rate continue to soar each year. In 2014, according to Internet World Stats, HK's 5,751,357 Internet users account for 80.9% of its total population and UK's 57,266,690 Internet users account for 89.8% of its total population.[27]

Even though both nations have high Internet penetration, it is not wise to only take the percentage into account. Indeed, we also need to take the market dimension into consideration. In other words, HK market is limited in its dimension with only 5,751,357 Internet users, whereas UK market is bigger in its dimension and 10 times larger than HK with 57,266,690 Internet users. Therefore, once again, the UK market is more promising than HK for Selfo.

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[25] New York dethrones London to become world's top financial center for the first time in seven years (2014, March 16). *Mail Online.* Retrieved March 30, 2015, from http://www.dailymail.co.uk/news/article-2582110/New-York-dethrones-London-worlds-financial-center-time-seven-years.html

[26] Hong Kong Special Administrative Region Government. (2015). Hong Kong: The Facts. Telecommunications. Retrieved March 30, 2015, from http://www.gov.hk/en/about/abouthk/factsheets/docs/telecommunications.pdf

[27] Internet World Stats. (2014). Usage and Population Statistics. Retrieved March 30, 2015, from http://www.internetworldstats.com/

Figure 3: Year 2014 – Internet Penetration

Source: Internet World Stats

Year 2014 Internet Penetration

	Internet Penetration
■ UK	89.90%
■ HK	80.90%

Country

■ UK ■ HK

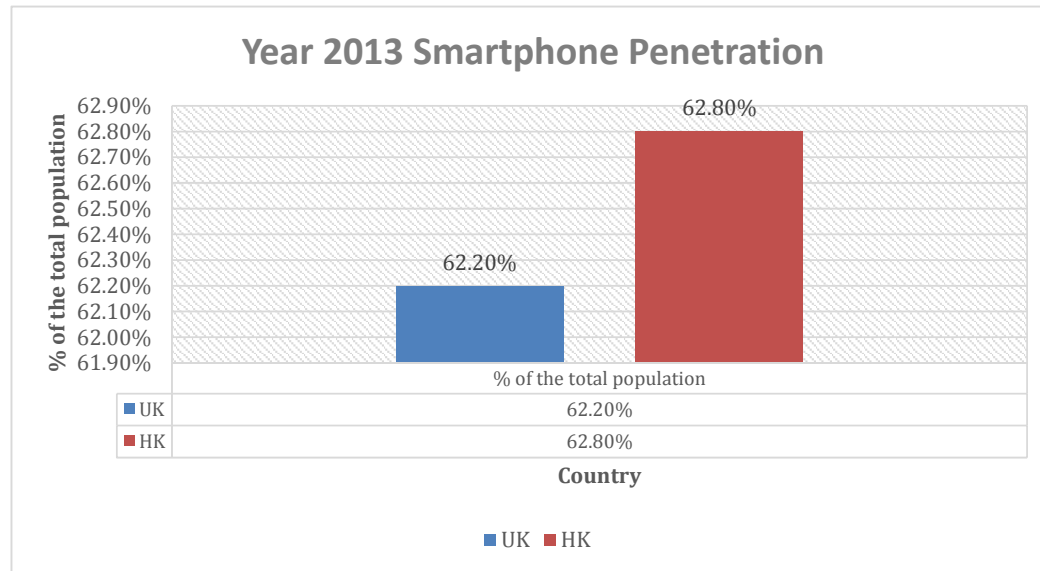### The Technological Knowledge of Mobile Apps[28]

      Smartphone penetration is one statistical data that could help Selfo's owners to know whether the population in UK and HK has an adequate level of technological knowledge to use the app properly. Indeed, a high smartphone penetration rate indicates a higher level of mobile app knowledge. The smartphone penetration of UK and HK in 2013 was respectively 62.2% and 62.8% of their total population. The high smartphone penetration rate of both nations infers that they have a high level of mobile app knowledge. Thus, it will be quick and easy for both UK and HK customers to learn how to use Selfo. However, UK is the optimal choice since it has a bigger market than HK in dimension.

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[28] Our Mobile Planet. (2013). The Our Mobile Planet research. Retrieved March 30, 2015, from http://think.withgoogle.com/mobileplanet/en/

Figure 4: Year 2013 – Smartphone Penetration

Source: Our Mobile Plane

Year 2013 Smartphone Penetration

	% of the total population
■ UK	62.20%
■ HK	62.80%

Country

■ UK ■ HK

3.3. Economic Environment Factors

The Income Level

In the market success factors section we mentioned Smith (2013)'s statement that the market size of mobile apps is affected by the use of smartphones, which in turn is affected by the income level of the population[29]. The disposable personal income is one of the key indexes that can help Selfo to gain insights about the total amount of money available/left for spending and saving of an individual after having paid taxes.[30] Figure 5 shows the average monthly disposable salary of UK and HK in 2014. The monthly average personal disposable income of UK is $2,960.54[31], which is higher than that of HK, $2,495.86[32]. Thus, UK would

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[29] Smith, A. (2013). *Smartphone Ownership 2013*. Pew Research Center. Retrieved March 17, 2015, from http://www.pewinternet.org/2013/06/05/smartphone-ownership-2013

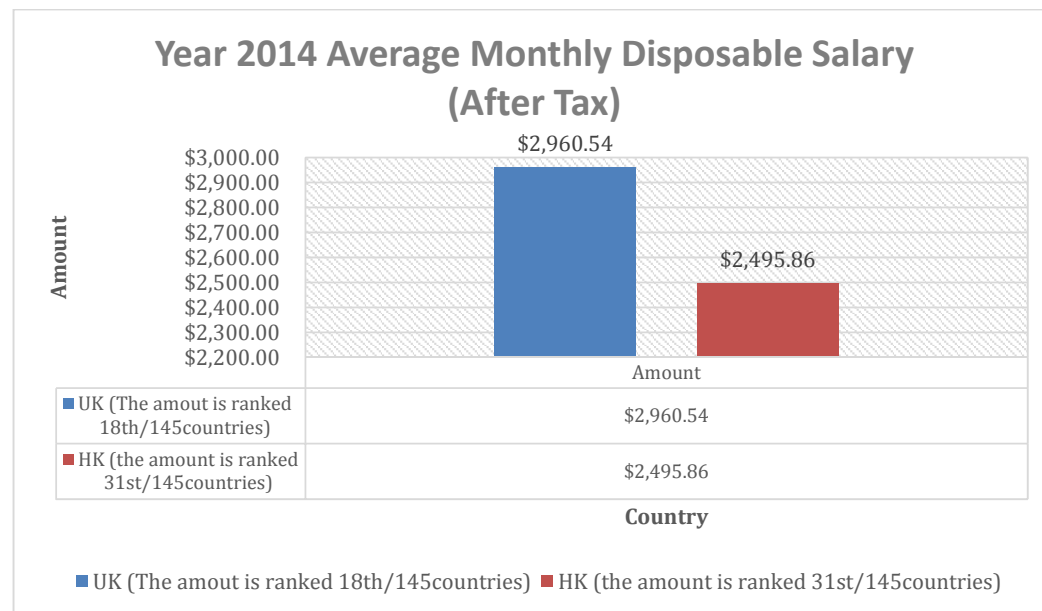[30] William P. (2015) *Marketing 2016.* (p. 69) Retrieved March 30, 2015, from https://books.google.com.tw/books?id=czFBBAAAQBAJ&dq=William+Pride,+%E2%80%8EO.+C.+Ferrell+-+2015+-+%E2%80%8EPreview&source=gbs_navlinks_s

[31] Nation Master. (2014). United Kingdom Cost of Living Stats. Retrieved March 30, 2015, from http://www.nationmaster.com/country-info/profiles/United-Kingdom/Cost-of-living

be a good opportunity for Selfo since there is a high monthly disposable salary per person which means a high purchasing power, and therefore a better likeliness for people in UK to choose higher allowance mobile 3G/4G broadband data plan with their smartphone purchase. In consequence, there will be a bigger size of the mobile apps market in UK for Selfo to enter.

Figure 5: Year 2014 – Average Monthly Disposable Salary

Source: Nation Master

	Amount
UK (The amout is ranked 18th/145countries)	$2,960.54
HK (the amount is ranked 31st/145countries)	$2,495.86

3.4. Political and Legal Environment Factors

The Intellectual Property Rights

Protecting Selfo's intellectual property right is critical for the owners when entering a new market since they will partner up with a cash register. During the partnership, they probably will work together to write or to modify the app's code in order to integrate their systems. Selfo shall obtain or register their app's code copyright. Additionally, Selfo shall take the level of intellectual property right protection in the new market into consideration when making market selection decision. The International Property Rights index (2014)

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[32] Nation Master. (2014). Hong Kong Cost of Living Stats. Retrieved March 30, 2015, from http://www.nationmaster.com/country-info/profiles/Hong-Kong/Cost-of-living

provides intellectual property right protection ranking for every country and ranks countries from most secure to least secure intellectual property. Even though UK and HK do not appear in the top 10 countries, both score high[33].

3.5. <u>Cultural Environment Factors</u>

Culture and Language Barriers

Since it is an initial app product launch, Selfo must be regularly in contact with its cash register partner in the new market. Having said that, we recommend Selfo to enter an English speaking country and a country with a similar culture to Belgium. UK and HK are two good choices in terms of culture and language similarities to Belgium because both countries use English, UK and Belgium both have high level of cultural homogeneity, and the HK culture is westernized to certain degree as HK was under the British colonisation for 156 years[34]. However, HK is geographically far away from Belgium, it will thus be a problem for Selfo's owners to make regular trips to HK and establish a business connection with the cash register partner. Therefore, we recommend Selfo to enter UK for its initial product launch. Only after Selfo proves its success in UK should Selfo further expand to HK.

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[33] The International Property Rights Index. (2014). Countries. Retrieved March 30, 2015, from http://internationalpropertyrightsindex.org/countries
[34] Edward A. G. (n.d.). China Resumes Control of Hong Kong, Concluding 156 years of British Rule. *The New York Times*. Retrieved March 30, 2015, from http://www.nytimes.com/learning/general/onthisday/big/0630.html

4. Entry Mode and Staffing

4.1. <u>Entry mode</u>

Selfo is a small startup with no name in UK, so we cannot use most types of existing entry modes for it to enter the market. At first we wanted to choose exporting, as it seemed to be the cheapest and quickest way for Selfo to enter UK market with minimized risks. But then we assumed that using this type of entry mode the company should have spent lots of funds for hiring new personnel, advertising and building its own distribution channels.

In our opinion, the most efficient mode for Selfo to enter UK is strategic alliance. It is a flexible and adaptive structure, which can give Selfo an opportunity to reach its strategic goals with a number of advantages: quick and cheap entry, good integration in the new market as the partner will be a local company with already built trade channels, and access to the UK market information.

We also must pay attention to some negative aspects that Selfo may face using strategic alliance as an entry mode. Generally, we see such risks: risk of unequal partnership and risk that the partner can obtain Selfo's technology. In our opinion, the risk of unequal partnership is hardly probable as we know that Selfo is startup, and the risk of losing control over technology can be minimized in 2 ways: signing a good contract, in which this moment will be prescribed, and providing full service to the app by Selfo's personnel.

Whom do we see as a local partner for Selfo? We think that the company must co-work with UK Cash Register Distributor which sells and supports cash registers for bars and pubs and POS terminals for restaurants. In this way such partner can propose to its clients Selfo's app as a way of attracting new visitors.

We think that Selfo may negotiate establishing a strategic alliance with UK Cash Register Distributors such as:

- Cash Register Group[35] (http://www.cashregistergroup.co.uk/), which sells cash registers to bars and pubs,

- Cash Register Services[36] (http://www.crshull.karoo.net/), which not only sells cash registers and point of sale terminals, but also provides service, programming and software installation,

- Premier Cash Registers[37] (http://www.premiercash.co.uk/), which is Casio main agent in UK. The company sells, rents, provides service repairs cash registers and POS terminals.

Also we recommend Selfo to get in touch with the POS terminals solutions providers, such as:

- Tevalis[38] (http://website.tevalis.com/), which provides clients with its own Table management feature with a graphical floor plan interface that gives restaurant's staff an opportunity to manage floor activity in an easy way. Tevalis clients portfolio includes names such as: Michelin Starred Restaurants Lima London, Mark Hix Restaurants, Hotel Chocolat and others,

- Eposnow[39] (http://www.eposnow.com/), which provides its clients with complete retail, hospitality and fashion & beauty solutions for retail.

4.2. Staffing

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[35] Cash Register Group Website. (2015). http://www.cashregistergroup.co.uk/
[36] Cash Register Services Website. (2015). http://www.crshull.karoo.net/
[37] Premier Cash Registers Website. (2015). http://www.premiercash.co.uk/
[38] Tevalis Website. (2015). http://website.tevalis.com/
[39] Eposnow Website. (2015). http://www.eposnow.com/

Selfo can establish a business relationship with new UK partners and make regular business trips to coordinate the work there. However, it is technically impossible for the owners to be present on a daily basis. That is why we believe Selfo will need to hire additional UK staff.

First, Selfo must search a company representative who will support clients. For example, this person will review the app with the restaurant's manager and staff, give them all necessary information about the product, provide training, etc. At first this person can work without renting an office, as he/she will present Selfo's app to the clients on their site.

When Selfo's product will be used by a number of clients, we think that the company must organize a mini UK client support department (2 or 3 persons), which will quickly help users to solve any problems related to the app and answer their questions. According to us, this client support department must provide support via telephone and Internet both to the restaurant's staff and to those who will buy Selfo's Packs.
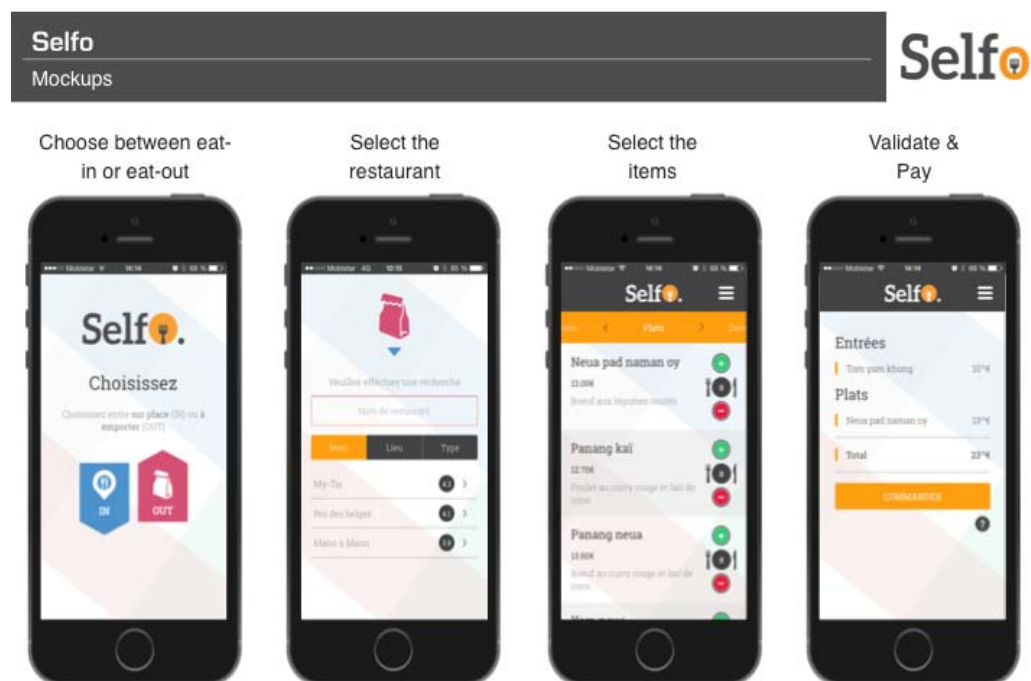
At the moment we do not think that the company must hire additional technical personnel, as Nicolas Bernier is a Software Engineer student and is responsible for the technical part of the app. However, when the product will be in use, it must be regularly improved, checked and updated. If the founders see that they cannot do everything themselves, we recommend them to hire technical staff on a freelance basis. In our opinion, the best choice is to hire technical personnel from countries such as Russia or China. They can work in their country via Internet, so Selfo mustn't pay for additional working places. Besides, their salary is lower than the salary of IT-specialists with the same qualifications from EU countries. We do not think that there will be any language barriers, as in most cases good technical specialists have good knowledge of English.

5. Product and Pricing

5.1. <u>Product</u>

Concerning the design of the app, the owners provided us with a mockup (see figure below).

Figure 6: Selfo Mockups[40]

We find the design very minimalistic and simple but in a good way. Indeed, it allows the users to see directly what the app is about and it makes it very user-friendly. However, we have a few recommendations. Below is a list with all of them :

1. There definitely needs to be one additional feature in the app which is the English language, since we chose to enter the UK. Having said that and having talked with the owners about it, they said that this would not be a problem and can be done very easily and quickly.

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[40] Wahba, L. (2015), Personal correspondence

2.   We believe that the app could benefit from more features such as the restaurants table layout when the customers want to eat-in ; it would be a win-win for the customers and the restaurants owners allowing an overal better management.

3.   We think that the app can extend itself and provide the same service to bars and cafés. Indeed, once the system is set up for restaurants, an extension to bars and cafés would broaden the app's target market and therefore increase revenues without the owners having to invest a considerable amount of time and money.

4.   Selfo could partner up with Tripadvisor for example in order for the users to see photos and reviews made by other users about the restaurants. From an IT point of view, it would be just about adding one Tripadvisor button in the app, so nothing too complicated.

5.   The restaurants could sell special discounts meal tickets via Selfo. It would be a win-win situation for both the restaurants and Selfo. Indeed, thanks to the discounts, more customers will be attracted to go to the restaurants and for Selfo, the discount tickets will be another tool to generate revenues.

5.2. Pricing

About the pricing, we know that Selfo offers two packs: the first one is a "Basic Pack" at 39.99€per month which gives the owners the right to choose between "take away" or order "on-site", and the second one is a "Premium Pack" at 49.99€per month which gives the owners the right to use both systems. The first thing to do is a benchmarking with the competitors in the UK (Revel System[41] and Orderella). In fact, the prices given by Selfo are a result of an analysis for the Belgian market. We thus need to adapt those prices to the UK market. Secondly, we need to take into consideration the disposable personal income of both

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[41] Bluebird Website. (2015). http://www.bluebird-global.com/revel-systems/

countries, UK and Belgium, and adapt the prices accordingly. Finally, as we chose to enter UK, we have to convert the price in Pounds.

Below are the three steps to define the right pricing:

Step 1: Benchmark with UK competitors

Selfo's main competitors in UK are Orderella and Revel System. We know that Orderella's revenue comes from charging a 4% commission on pubs[42]. What is more, according to The Caterer, "Orderella costs operators £249 a month including training, menu setup, credit card fees and 24/7 IT support"[43]. If those prices are reliable, Selfo seems to have a price advantage. This is a good point for Selfo because as a new entrant to the market with no reputation, it would attract more customers. On the other hand, we did not find any data or reliable price information for Revel System, the second competitor.

Step 2: Adaptation to the Disposable Personal Income[44]

UK monthly disposable personal income: $2,960.54

Belgium monthly disposable personal income: $2,564.89

We can observe that UK's monthly disposable personal income is 15% higher than Belgium. Therefore, it would be logical to charge a higher price for the app in the UK than in Belgium.

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[42] Zhuang, Z. (2014, November 14). *Drink-ordering app for pubs launches in Dublin.* The Irish Times. Retrieved April 10, 2015, from http://www.irishtimes.com/business/technology/drink-ordering-app-for-pubs-launches-in-dublin-1.1986635

[43] McComb, R. (2015, January 19). *Hospitality Show: Orderella scoops top prize in Star Product Awards*. The Caterer. Retrieved April 10, 2015, from https://www.thecaterer.com/articles/355777/hospitality-show-orderella-scoops-top-prize-in-star-product-awards?hc_location=ufi

[44] NationMaster. Belgium vs United Kingdom Cost of living Stats Compared. Retrieved April 10, 2015, from http://www.nationmaster.com/country-info/compare/Belgium/United-Kingdom/Cost-of-living?hc_location=ufi#stat

<u>Step 3: Conversion from Euros to Pounds</u>

When doing a simple conversion from Euros to Pounds, we obtain 28.90£ for the Basick Pack and 36.13£ for the Premium Pack without taking the adaptations from step 1 and 2 into account. Those prices are not attractive at first sight and we will thus need to adapt them to catchier prices such as the ones the owners gave us.

       For the final price, we decided first to charge approximately 15% more than the prices given by the owners. We thus obtain £35 for the Basic Pack and £40 for the Premium Pack. As our main competitor Orderella charges significantly more for the same service but in bars, we decided to raise the price to £45 for the Basic Pack and £50 for the Premium Pack. We believe these prices are relatively cheap in order to enter the UK market.

       To define the final pricing, we adapted the prices the way the owners did to make it more attractive to the customers. We thus have £44.99 for the Basic Pack and £49.99 for the Premium Pack. We find that this is a good deal for Selfo owners since it is a higher price than what they defined but still relatively cheap compared to Orderella and also attractive to British customers when taking into consideration their personal disposable income.

6. Distribution and Promotion

6.1. <u>Distribution</u>

Distribution for Selfo is fairly straight forward for the end user: since it is a mobile app, end users will download this product via app stores – Google Play or Apple. For clients, the distribution entails more process. Once a contract is in place with a client who will use Selfo in their restaurants/cafes, a sales representative/field manager for Selfo will go to the business to deliver the software/hardware necessary to use the product. This company representative will review the product with the manager and staff, and provide training on how to use it. Literature will be left with the client detailing the instructions for the product, as well as FAQs, troubleshooting, and who to contact if there are further questions about use. This will help build the relationship between Selfo and the client. Additionally, the attention to detail and service Selfo provides the client will also serve well as a promotion strategy, as the business may become a promoter for Selfo – not only for people who enter the restaurant, but perhaps more importantly in this example, for other business owners of restaurants and cafes.

6.2. <u>Promotion</u>

Selfo is a small company, and the focus for the promotion strategy was one with little or no cost. Following are some suggestions for promotional efforts:

1) **POS SIGNAGE.** Selfo should have POS (point-of-sale) signage in their client's restaurants/cafes so the end user can download and use on the spot.

    a. A restaurant/café will not be open to putting up large posters, however, small "table tents" promoting the Selfo app are useful in getting attention. Table tents will be sturdy plastic holders like these: http://tinyurl.com/lqf2ror which

can be purchased inexpensively. The example given is $1.79 US per piece, but

this price can be further reduced when purchasing in larger quantities.

b. Double-sided postcards will be printed to put in the table tents, which will be

light on copy, and direct on intent. Furthermore, since postcards are already

being printed for the table tents, additional quantities can be printed to be used

for handbills or for other forms of collateral items to distribute to potential

clients or end users.

c. Another smaller POS item to be printed is a business card-sized promotional

piece about the Selfo app. Business card-sized pieces may have a small

amount of copy about the Selfo app, but could also give end users an

incentive/coupon for a discount off a present and/or future meal, with

download of the app.

2) **COMMUNITY SPONSORSHIPS.** Selfo can partner with some clubs/organizations

that hold regular meetings – such as networking events for young people – so they can

tie their name/product to the "movers and shakers" of the community. This is a

strategy employed by businesses of many sizes. Although a partnership of this kind is

most commonly seen in corporate sponsorships with larger entities, it is an excellent

way for smaller companies to get noticed, and to be promoted organically through

community involvement. Good groups to get involved with are networking groups for

creative professionals, due to the fact that most are tech savvy and have an

entrepreneur attitude. More specifically, it is recommended that Selfo sponsor the

events that these group host, many of which are monthly meet-ups. Often times, these

meet-ups are at a bar, café, or restaurant: all of these attributes make sponsorship an

excellent promotional platform. Below are just a few groups that Selfo may want to get involved with in the UK:

    a. It's Nice That: "Nicer Tuesdays: monthly events which bring together a collection of excellent speakers for informal but sharp insights concerning the creative and design world."[45] [46]

    b. Glug: "Glug is a series of events for the design and creative community. The showcase event is held in London but there are now 10 other events around the world." [47]

    c. The Digital Pond: "The Digital Pond is a community of over 1,000 digital minds who host regular events throughout the year; most recently on the topics of UX strategies, digital marketing and tech startups." [48] [49]

3) **EARNED MEDIA.** Selfo should send out press releases to local media about this new app, benefits, how it fits in with the local scene, etc., and be sure to follow up to possibly get coverage in "cool" city papers, and also in business-focused publications. One easy, no-cost way to promote the app is to create a short and concise press. This press release cannot simply be about the release of a new application, but also should use an angle of interest. If Selfo is able to sponsor creative group(s), this can be used in the press release for city papers; the press release for business publications should focus on what problem Selfo is solving by the introduction of this new app.

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[45] Futureheads. (2015). Creative Networking Events in London 2014. Retrieved April 23, 2015, from http://www.wearefutureheads.co.uk/index.php/news-and-views/creative-networking-events-in-london-2014/

[46] It's Nice That. (2015). Nicer Tuesday. Retrieved April 23, 2015, from http://www.itsnicethat.com/events/nicer-tuesdays

[47] Meetup. (2015). Glug London. Retrieved April 23, 2015, from http://www.meetup.com/gluglondon/

[48] Meetup. (2015). The Digital Pond. Retrieved April 23, 2015, from http://www.meetup.com/The-Digital-Pond/

[49] Futureheads. (2015). Creative Networking Events in London 2014. Retrieved April 23, 2015, from http://www.wearefutureheads.co.uk/index.php/news-and-views/creative-networking-events-in-london-2014/

4) **SHORT VIDEO.** A YouTube video can be made, either as an "infomercial" on the

product, a background on the founders and their idea, or how it works in action. This

video can be uploaded to the Selfo website and Facebook page. A picture is worth a

thousand words – perhaps a video is worth even more. Different people process

information in different ways, and a video is just another medium to communicate any

messaging, and also demonstrate how the app works for end users.

5) **FACEBOOK ADS.** Once some media has been generated and content about the

company exists, it is recommended to drive traffic to the FB page, and directly to the

app store via FB ads. Facebook allows businesses to target specific populations of

people, and is variable depending on budget. There are small budget Facebook ads

which can easily be managed with a daily budget, or a more strategic media buy that

can be placed, with the assistance of Facebook representatives.

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