

TFM - Final Project Executive Summary



Healthful Foods for Both People and Planet

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Executive Summary

1. Overview

Food is the defining issue of our generation. We live in a world that has prospered tremendously from the abundance of food thanks to modern farming technology and globalization, connecting billions of people to a variety of foods that was previously inaccessible.

Along with it, an immense challenge has risen food is now threatening the health of both people and the planet. While the current global food system produces enough for all human beings, over 820 million people still suffer from hunger and malnutrition and many more have diet-related health issues such as obesity, heart disease and diabetes. Global food production is also *the leading* cause of environmental degradation, accelerating both the climate crisis and food insecurity. As climate change threatens crops through rising temperatures, extreme weather and increased droughts, food production, in turn, is a major driver of climate change.

Agriculture is one of the top emitters of greenhouse gas emissions globally. And in cities, food is among the biggest sources of consumption-based emissions. However, not all foods have the same impact: consumption of animal-based food constitutes 75% of consumption-based emissions from cities. Within this group, beef and lamb are the most damaging by far.

By 2050, the global population is projected to grow to 10 billion people and urbanization in cities is set to grow dramatically, consuming 80% of all food produced in the world. We must ask ourselves -- can we sustain feeding the global population without destroying the planet?

The answer is yes. Just as destructive, food is also the single most powerful lever we have to achieving many of the Sustainable Development Goals set by the United Nations and the Paris Agreement of keeping temperature rise below 1.5 degrees Celsius. A 2019 report published by the EAT-*Lancet* Commission concludes that a major transformation in the way we eat -- to a diet rich in plant-based foods and few animal source food -- is the key to bringing our food systems back to operating within planetary boundaries (e.g. within biophysical limits of the Earth system to ensure a stable and resilient planet). This transformation would optimize the health of both humans and the environment and ensure conditions necessary to foster prosperity for future generation.

We cannot sit idly knowing that we have a powerful tool readily available that can contribute to a more sustainable and food-secure future. Even though animal products are two to three times more environmentally damaging than non-animal source products, they are consumed daily and in large quantities by many. If we want to see universal adoption of a diet that reduces highly carbon-intensive foods (e.g. meat, dairy) by over 50% while doubling the consumption of planetary health foods (e.g. foods healthy for humans and the planet) like fruits, vegetables and whole grains, we need innovative and convincing solutions for consumers to change their behavior.

This is why we have created PlentiHealth, a mobile App that incentivizes consumers to switch to a mostly plant-based diet. Currently there is a lack of tools that combine sustainability education of foods with market-driven incentives for people to change their consumption

behaviors. PlentiHealth combines these two aspects to allow users to see the environmental footprint of land, water and greenhouse gas emissions of food items as compared to others and be financially rewarded (e.g. discounts at restaurants and grocery stores) for making smart purchasing decisions whenever they buy planetary health foods.

We want to make plant-based diets a norm in society and we want to make it easy and fun. With education and a financial reward system, the App intends to create a positive feedback loop between consumers, grocery stores and restaurants to continue driving each other to higher demands for foods that are healthy for both people and planet.

2. Target Market, Competition & Strategy

PlentiHealth will be launched in Madrid with the goal of going global. Our customer base focuses on millennials between the ages of 22 to 40 who do their own grocery shopping. Potential App users would likely have a college degree and are concerned with sustainability, animal welfare, and/or their health and therefore are actively reducing the amount of animal source foods they eat. They are also likely to be concerned with their budget. In Madrid alone, there are 1.7 million residents between 20-39 years old. Knowing exactly how many among this group falls within in our target customer base is difficult however, as flexitarianism (e.g. someone who is mostly vegetarian but occasionally eats meat and fish) is still an emerging market. Therefore, questions remain in terms of quantifying the number of flexitarians that fall under our intended market segmentation.

Despite this challenge, research in general shows that the number of flexitarians is growing in popularity, precisely because it is *not* a restrictive diet. The exponential growth of sales of alternative meat and dairy products is also evidence that demand is rising. In the US, demand for vegan meat grew 20% between 2017 and 2018 and the trend doesn't stop there. Kellogg-owned MorningStar plans to make its entire lineup of packages foods vegan by 2021. In Europe, flexitarianism is already very popular in the UK and Germany while in Spain, the sale of plant-based products accelerated especially during COVID-19 when supermarkets and vegan meat producers greatly expanded the production and availability on shelves. All of this points to a rapidly growing market of flexitarians that our App can tap into.

In terms of the mobile App market in Spain, it is one of the most developed in the world with 88% of the population possessing smartphones. But competition in the mobile App space is high. Just in the iOS Spain store alone, there are hundreds of Apps listed under the Health & Fitness category. Based on detailed analysis of five potential competitors and our interview findings however, we have concluded that PlentiHealth uniquely fills a gap in the market by combining sustainability education of food products *with* market-driven incentives (e.g. cash-back rewards) to attract users.

PlentiHealth will be gradually rolled out in three stages every six months. The first stage will introduce Version 1.0 which is detailed in the full report. Our marketing plan for Version 1.0 will be replicated in pushing out Versions 2.0 and 3.0 as well. Specifically, the marketing plan is divided into pre-launch, launch and post-launch strategies. A major portion falls in the pre-launch phase, where we actively use wide-ranging tools to generate brand awareness and create a dedicated following for the App. Activities will involve creating Facebook, Twitter, Pinterest accounts and our own website (see Annex) to amass subscribers using a content

calendar that includes news, blogs, photos, videos and articles. We will use Google Analytics to analyze the effectiveness of our posting channels and frequency to continuously improve our reach, as defined with click rates and number of subscribers.

We plan on tailoring a script of our pitch for influencers and the EAT Foundation to generate brand awareness and traction. We will also use the same strategy to pitch to restaurants and grocery stores in Madrid as partners prior to launching Version 2.0. We will fully utilize App Store Optimization strategies to increase visibility of our App in both iOS and Android App stores as well as placing ads to draw in users. In conjunction, our other post-launch goal is to retain existing users through reliable, data-driven content and making updates to the App based on user-feedback.

3. Operational Overview

As the entire business is centered around offering an App, our business operations in terms of employees and workload are completely focused on generating awareness, bringing in partners and creating a well-functioning App that is easy to use with minimal glitches. The App will be free to download and use (with a premium version launched after six months) and will be available in both Google Play and iOS App Store.

The main areas of the company such as Outreach, Marketing and Finance will be initially carried out by the partners themselves. For this reason, we are not planning on hiring any employees in the beginning. Regarding the development and maintenance of the App, we will outsource it to external developers. Any other function that the partners cannot carry out themselves will also be outsourced.

Leading up to the launch of Version 1.0, four of the five partners will have been working on marketing, outreach and all other business logistics, including a crowdfunding campaign. In parallel, the remaining partner will dedicate fulltime to map, select and pursue the most adequate acceleration or incubation opportunities, as well as tournaments and bootcamps. That person will also be in charge of identifying new partners beyond potential investors. One step will be to broaden the scope of stakeholders to nutritionists, and experts in the healthcare sector in quest of validation. Another step would consist in seeking the support of those in a position to expand our visibility: such as influencers promoting a healthy lifestyle, or environmental activist youtubers.

A software company will have been identified and hired to begin App development. We will determine an optimal date to launch the App, taking into account any other events that might overshadow the App in order to avoid that possibility. In addition, the service that PlentiHealth offers in Version 2.0 requires the participation of various partners, such as restaurants and supermarkets that will provide a discount to the users of the App. Therefore, we will also begin to conduct early outreach to potential partners in Madrid in order to ensure that Version 2.0 will be launched on time (six months after the launch of Version 1.0). After Version 2.0, we will reach out to non-governmental organizations in order to feature them in Version 3.0 after an additional six months. The idea is to amass as many subscribers as possible in Version 1.0 so that restaurants and grocery stores will want to partner with PlentiHealth to gain customers and visibility. The premium version in Version 2.0 will charge a small monthly fee to customers by offering them cash-back rewards. Version 3.0 will be available to all users.

4. Forecasting & Investment Needs

There are four main sources of income. The first, and most profitable, is through in-app advertising in the form of a banner that users will see in our App. This works through third-party companies that provide the service and deliver an amount of income to PlentiHealth for each click from each user. Based on the strong marketing campaign mentioned above, we envision securing 500 users initially followed by a monthly growth rate of 20% in the first year and 30% in the second year. Out of the total number of downloads, we envision 30% to be active users (e.g. use the App daily). The second source of income is during Version 2.0. Users who want to access the premium version with a cash-back rewards system would pay 1,99€/month. Also, during this period, restaurants and grocery stores that want to be featured in our App will pay a subscription fee of 20€/month. Finally, the last revenue stream would come from franchising the App in other cities in the future to make our vision of going global.

The most costly items are associated with the development of the App by a third-party company and with marketing campaigns. These two areas alone will require 43.000€. The other costs are maintenance of the App through this same external company, annual salaries for the partners, ongoing marketing, and other operational costs. Once the App has been launched, there will only be one variable direct cost, which corresponds with the commission fee required by Google Play and Apple iOS store when users subscribe to the premium version.

We foresee an initial investment need of approximately 75.000€. Each partner will invest 5.000€ (totaling 25.000€). We expect to raise 30.000€ through a crowdfunding campaign and an equal amount of 30.000€ from investors.

Based on our calculations, we begin to see an important growth in profit at the beginning of the second year. The return on equity (ROE) obtained after the second period is of 89,6%, which is a very positive gain. The return on investment (ROI) for the same period is 86,3%, again a positive number since it returns on the investment at that rate. Finally, the pay-back period for the recovery of the initial investment is 1,15 years.