

Frugal It!

CHANGING THE WAY METROPOLIS SAVES.



NAAF NEW MEDIA NEWS CHALLENGE

MOBILE APPLICATION BUSINESS PLAN

TEAM GAMMA

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Frugal It!

Executive Summary

Frugal It! is Metropolis' best mobile source for saving money. Through Frugal It!, Metropolis consumers will be able to get the best deals, compare offers, and track their savings. Businesses will gain an extra venue of advertisement by alerting consumers of deals or offers right to their mobile phones. By giving this option to the Metropolis consumer and business, the Metropolis Daily and MetroDaily.com stand to increase revenue and reach a demographic that has eluded readership.

The mission of Frugal It! is to close the gap between consumer and business in a way to benefit both. At \$29.99 a month, \$9.99 for our current advertisers, businesses can join the network of Frugal It! For our advertisers, we want to increase their opportunities for advertising and marketing by bringing them directly into the pocket and purse of the consumer. Through special alerts, at a nominal fee of \$1.99 per alert, businesses will be able to attract consumers to their businesses with special offers. Frugal It! proposes to give advertisers an extra option to bring in consumers when businesses experience low traffic.

The Metropolis consumer will be able to purchase and download Frugal It! for a one time payment of \$1.99. Different features on Frugal It! can finally bring all shopping lists into one, add the coupons, and then the Maximizer generates the best deal for the consumer. Shoppers will also be able to generate a list of coupons for any store that is in the Frugal It! program. For the first time, consumers will be able to list exactly what items they would like to buy and get directed, from their mobile phone straight to the store. To further facilitate the shopping experience for the consumer, businesses will be able to scan the coupon barcode directly off the mobile phone display.

Frugal It! Mission Statement

Frugal It! is Metropolis' most complete mobile source for saving money. The purpose of Frugal It! is to enhance the shopping experience for the consumer with location-based bar-code coupons, instant alerts from businesses for extra deals, user-generated product reviews and a handy shopping list as well as other features that will save money for the consumer and increase business and traffic for Metropolis-area businesses.

This mobile application will facilitate, for the consumer, budgeting, frugality, and savings. Frugal It! will facilitate, for businesses, expansion of their networks,

increase traffic, and a chance to increase business on a slow day. By bringing the consumer and businesses closer together, both end up profiting from such a relationship.

Frugal It! Infrastructure

Partner Network: Metropolis Daily and MetroDaily.com

Consumers: 25-44 years of age, Smartphone users, based targeted demographic and psychographic profiles

Business clients: Grocery stores, restaurants, bars, department stores, event venues, etc.

Possible media partnerships

Look into creating a regular segment on shopping and Frugal It! on one of the local media stations in exchange for an advertising share to be determined.

Frugal It! is a mobile source for helping the consumer save money while shopping, created by Metropolis Daily and MetroDaily.com. The mobile app also educates and creates a community of savvy shopper by providing savings-related news from Metropolis Daily and tips from other users. money.

Frugal It! creates, delivers and captures value for both consumers and area businesses by bringing together buyers and sellers of various products and goods. This app also creates social value by creating a community of users who can communicate their deals and tips on how to get great deals.

Business Environment

Audience:

- Frugal It! targets those individuals in Metropolis interested in saving money in their everyday shopping and activities. We seek to reach 25 to 44 year-olds, men and women, in Metropolis and the metro areas. Our primary audience are smartphone users, familiar with the Metropolis Daily brand, employed and within the median household income of \$43,011. There are 364,585 potential users in the Metropolis area.
- Due to the shopping behavior, and usual household finances, we predict that Frugal It! Will be primarily used by women and heads of household, as well as those families slightly below the median household income.
- Because of it's practical and portable nature, the application will be used by consumers on the go and those who want to find the best local deals at a moment's notice.

Target Audience (psychographics from Prism/Claritas):

- **New Homesteaders:** Upper to mid-income. Younger with kids. Young, upper-middle-class families seeking to escape suburban sprawl find refuge in New Homesteaders, a collection of small rustic townships filled with new ranches and Cape Cods. With decent-paying jobs in white and blue-collar industries, these dual-income couples have fashioned comfortable, child-centered lifestyles; their driveways are filled with campers and powerboats, their family rooms with PlayStations and Game Boys.
 - **U.S. Households:** 2,041,723
 - **Median Household Income:** \$57,898

- **White Picket Fences:** Upper to mid-income. Younger with kids. Midpoint on the socioeconomic ladder, residents in White Picket Fences look a lot like the stereotypical American household of a generation ago: young, upper-middle-class, and married with children. But the current version is characterized by modest homes and ethnic diversity, including a disproportionate number of Hispanics and African-Americans.
 - **U.S. Households:** 1,556,279
 - **Median Household Income:** \$53,901

- **Kid Country, USA:** Lower to mid-income. Younger with kids. Widely scattered throughout the nation's heartland, Kid Country, USA is a segment dominated by large families living in small towns. Predominantly white, with an above-average concentration of Hispanics, these young, working-class households include homeowners, renters, and military personnel living in base housing; about 20 percent of residents own mobile homes.
 - **U.S. Households:** 1,415,349
 - **Median Household Income:** \$43,504

- **Family Thrifts:** Lower to mid-income. Younger with kids. The small-city cousins of inner-city districts, Family Thrifts contain young, ethnically diverse parents who have lots of children and work entry-level service jobs. In these apartment-filled neighborhoods, visitors find the streets jam-packed with babies and toddlers, tricycles and basketball hoops, Suzukis and Kias.
 - **U.S. Households:** 2,086,967
 - **Median Household Income:** \$31,483

- **Mobility Blues:** Downscale, younger w/o kids. Mobility Blues is a segment of younger singles in working-class neighborhoods in America's satellite cities. Ethnically diverse, these transient Americans tend to have modest lifestyles due to their lower-income jobs. Surveys show they excel in going to movies, playing basketball, and shooting pool.
 - **U.S. Households:** 1,469,468
 - **Median Household Income:** \$29,912

- **Sustaining Families:** Sustaining Families is the least affluent of the Family Life groups, an assortment of segments that range from working-class to decidedly downscale. Ethnically mixed, with a high percentage of African American, Asian, and Hispanic families, these segments also display geographic diversity--from inner cities to some of the most isolated communities in the nation. Most adults hold blue-collar and service jobs, earning wages that relegate their families to small, older apartments and mobile homes. And the lifestyles are similarly modest: households here are into playing games and sports, shopping at discount chains and convenience stores, and tuning into nearly everything that airs on TV and radio.
 - **U.S. Households:** 6,998,954
 - **Median Household Income:** \$29,461

Analysis of Value Proposition (benefits and costs)

Consumers and Businesses

- General savings for the consumer
- Ability to track savings
- Carry all shopping lists in one device
- Maximizer finds the best deal at each store
- Calculates the best deal before you leave home
- Businesses will be able to advertise directly to a customer
- Creates awareness of offers, deals, and sales through instant alerts
- Brand recognition - Metropolis Daily and MetroDaily.com name could give product instant brand recognition

Risks

- Threat of similar, free products
- Utility is golden, but price determines rating
- Brand recognition - Lack of relation to the name Metropolis Daily and MetroDaily.com

Next Steps

We plan on expanding the social networking features and functionality of Frugal It! to further foster a local community of smart shoppers. The additional features would include integrating social networking accounts of users into the daily functionality and allow for greater expansion on individual profiles created on the app and interaction within the app.

We also plan on building Frugal It! for other mobile devices including the Blackberry, Android and Palm Pre. We would also like to exclusive iPad app would also

Product Description

Frugal It! is a tool for consumers to find the best deals in town and maximize their shopping experience and money saving strategy. Also, this tool is meant to bring the seller and the consumer together like never before. Frugal It! facilitates bringing businesses the opportunity to advertise to their consumers special products, events, deals, and sales.

Financial Overview

Start-up business costs

Frugal It! staff costs

Developer	\$40,000.00/ flat development, including 40 hours of technical support
Designer	In-house
Business/Salesperson	\$45,000 plus commission (incurred cost)
Projection	\$85,000.00+(commission)+(defects)

Capital expenses

Office Rent	In-house
Utilities	In-house
Office Equipment and software	\$5,000.00 one-time
Total	\$5,000.00

Total costs: \$90,000.00

Multiple Revenue Streams

User revenue

Cost of application	\$1.99/one-time cost
Total Projected	\$5970.00

Projected users

360,000+ target audience \Rightarrow 3,000 downloads (1-2% in the first month)
Popularity of single application models \Rightarrow 12,000 downloads (400% first year)

Business revenue

Monthly fee	\$29.99 per month for coupons and deals to show up on Frugal It!
Incentive	Free if current advertiser on Sunday coupon insert advertiser
Alerts	\$1.99/alert
Alert commission	10 percent of deal if consumer acts on alert
Coupon commission	1 percent of amount sold

Advertising package

Tailor package to business (might include banners, video ad during upload, more alerts, etc.)

Projected users

Current advertisers

100% (100 advertisers)

Potential users

100 advertisers

Timeline of projected revenue

Quarterly projection

$(29.99 \times 100)^3$

\$9,000 in monthly payments

$(1.99 \times 25)^3$

\$150 in alerts

$[(3000/10)20/10]^3$

\$1800 in alert commission

Average Household Consumption of Coupons*

$[(21,861/5)(0.01)/12]^3,000$

\$32,760 in coupon commission

Yearly Total Projection

\$131,166.00

User-based Revenue

\$ 5970.00 without growth

Yearly Revenue

\$137,136.00-\$90,000

Profit

\$47,136.00

Frugal It! Revenue Projection	
Transportation	\$6,374.00
Entertainment	\$2,698.00
Food	\$6,313.00
Education	\$945.00
Alcoholic beverages	\$457.00
Apparel	\$1,881.00
Personal Care	\$588.00
Miscellaneous	\$808.00
Household Furnishings	\$1,797.00
Total expenses	\$21,861.00
20% coupon usage	\$4,372.20
1% Coupon Commission (Yearly)	\$43.72
Yearly revenue assuming 3000 Users	\$131,166.00
Quarterly estimated revenue (Based on 1% acquisition or 3,000 users)	\$32,791.50

*Based on an average household spending of 21,861 a year and 20% coupon usage.

Action Plan

Audience Acquisition (marketing and promotion):

We will aggressively market the Frugal It! within the community as a social money-saving tool three months in advance to get the brand out there. Our marketing plan will utilize social networking tools, community events, and local engagement in order to get our product out in the minds of the consumer and gain brand recognition. Frugal It! will soon garner a buzz within the community before it is even publicly released.

Three-months prior

- Use **social media** to market and advertise for the product and service. Gain a following and update followers for updates and exclusives about the app and its services.

One-month prior (brand awareness)

- Host **promo events** within the community to advertise to locals the services of the app, garner a following, while helping brand the product and creating a buzz for the app. Promo events could be anything from sponsored concerts, giveaways, smart shopper contests, demonstrations and even a out in the streets event complete with games, handouts, a d.j. or band, exclusive deals with vendors, etc.
- We will work with local businesses for **on-site advertising** at their locations. Our “street team” will inform consumers about the app as well as other promotional activities at the actual locations.
- **In-house advertising:** The app will be advertised in the print, online and other app editions of our publication.
- Create an **advertising insert** in the coupon bundle in the print edition of Sunday’s newspaper.
- Invest in a **small outdoor ad campaign** in buses, billboards and maybe in local malls.

One-week prior (audience acquisition)

- **Media Campaign:** The creators of Frugal It! will also talk about the new app and its significance in the community on local TV and radio stations.
- **Pre-Contest:** Give away free downloads to influential bloggers, teachers and community leaders.

Week of launch and ongoing (product acquisition)

- **Contest:** To give an added incentive for consumers to download the app, a random number of Frugal It! app users will be entered to win gift certificates and items donated by select advertising businesses. Other prizes could also include Frugal It! merchandise.

- **Community events:** The app will sponsor local community events as well as community sports teams.
- **Launch party:** Frugal It! will host a launch party for the app inviting both resident of the community and the businesses to foster the local community that we strive for.
- **Weekly Column:** We would assign a columnist to write about financial tips and ways to shop smart. The column will refer to the app as well as integrate user-generated comments.

Frugal It! also will build a savvy shopping community by allowing consumers to share their buys, saving tips and reviews with their friends through Facebook Connect.