**AFE BABALOLA UNIVERSITY, ADO-EKITI**

**COLLEGE OF SCIENCES**

**DEPARTMENT OF COMPUTER SCIENCE**

**A BUSINESS PLAN ON:**

**VEED FRIES – A FAST FOOD RESTAURANT**

**DONE BY:**

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**Executive Summary**

**Veed Fries** is a locally owned fast food outlet that will be positioned as an international franchise through our creative approach to the company's image and detail presentation. Veed Fries will provide a combination of excellent food at value pricing, with fun packaging and atmosphere. Veed Fries is the answer to an increasing demand for snack-type fast food, to be consumed while window shopping and walking around inside a shopping mall.

In today's highly competitive environment, it is becoming increasingly difficult to differentiate one fast food outlet from another. Lagos, a city state, is now becoming the model metropolis for Nigeria's new economic boom. With more than 5 million visitors yearly, Lagos's retail sector is the strongest in the region.

Our main priority is to establish one outlet in a crowded mall, preferably in one of prominent shopping malls in Lagos. Later, our effort will be a further development of more retail outlets in the surrounding area.

This plan is prepared to obtain a location for the initial launch of this concept. Additional financing will need to be secured for the two subsequent outlets, anticipated in month 13 and early in year three. The financing, in addition to the capital contributions from shareholders, will allow Veed Fries to successfully open and expand through year two. The initial capital investment will allow Veed Fries to provide its customers with a value-driven, entertaining experience through the creativity of its founders.

Veed Fries will entice youngsters to bring their friends and family with our innovative environment, fresh-cut Belgian fries, and selection of unique signature dipping sauces.

**Objectives**

To establish a presence as a successful local fast food outlets and gain a market share in Lagos's fast food industry.

To make Veed Fries a destination spot for mall-goers.

To expand to a number of outlets by year three and sell the franchise to neighbouring metropolitan cities.

**Mission**

Our main goal is to be one of the most successful fast food outlets in Lagos, starting with one retail outlet located inside a major shopping mall as a "market tester."

Veed Fries will strive to be a premier local fast food brand in the local marketplace. We want our customers to have the total experience when visiting our outlet(s) and website as they will learn about this fascinating new "pop culture." We will sell merchandise from pre-packaged sauces and t-shirts, to potato cutters, all with our official brand attached to them.

Our main focus will be serving high-quality food at a great value.

**Company Summary**

**What is Veed Fries?**

Veed Fries sells gourmet fries in a cone with a choice of sauce. We use the concept of Belgian Fries, where the fries are all made from fresh potatoes and fried twice. Our outlet also provides excellent and friendly customer service to support the ambience of fun, energetic and youthful lifestyle.

**Youthful and fresh surroundings**

We will imitate successful establishments, such as Dodo Pizza and KFC, which represent the majority of our core target market, between 18 to 35 years of age. Our store will feature display cooking of our featured Belgian Fries from cutting to frying. Our customers will also be able to read our in-house brochures in regards to all knowledge about Belgian Fries and our featured sauces. Our store will be decorated with fast food setting, such as a bright counter and display menu on the wall.

**Quality food**

Each store will offer nothing but freshly fried Belgian fries, sandwiches and variety of unique blend sauces, all served with old-fashioned home-style care.

**Open everyday**

Our store is open every day from 9am to 9pm.

**Competitive Comparison**

Veed Fries has several advantages over its leading competitors:

* Unique "fusion" concept of dipping sauce.
* We expect a high degree of enthusiasm and offer a fun store with friendly staffs that reflect the company's youthful and energetic culture.
* Supporting merchandise items that support the company's brand building.
* Our fried potato is made 100% fresh, compared to most fast food outlets that use frozen fries.
* Our dipping sauce is also made fresh without preservatives.
* Our innovative packaging will be more entertaining than our competitors; a single cone with a cup reserved for dipping sauce.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Company | Clean | Value | Merchandising | Hang Out | Simple | Fresh | Cool | Pop Culture |
| Veed | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| McDonald's | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes |
| KFC | Yes | Yes | No | Yes | No | No | Yes | No |
| Tastee | Yes | Yes | No | No | Yes | Yes | No | No |
| Krispy Kreme | Yes | Yes | No | No | Yes | Yes | No | No |

**Market Analysis Summary**

Consumer expenditures for fast food in Lagos rose during the end of the year 2000, followed by the recovery of Lagos's economy. The increasing number of new establishments such as fast food franchises, fancy restaurants and gourmet bakeries around Lagos has shown a significant growth in this sector. Food spending is around 56% of total consumer expenditures in Lagos, and consumer spending on leisure and recreation made up of 13% of total consumer spending.

A much broader appeal exists for weekend slots because those are the days when most of our core target market enjoys the mall going activities.

* Age - Youngsters, single, currently enrolled in college and high school.
* Family unit - We will also appeal to families (young families) with children.
* Gender - We will target both sexes, with a slight skew for males due to their lower attention to dietary concerns.
* Income - We will appeal to the medium income individuals and to all in the lower medium income bracket.

Our concept will have very broad appeal. It is our goal to be the hip destination for fast food cravings.

According to a recent public survey of people 15 - 45 years old, 80% of those interviewed like fast food. 90% of them like fast food on a regular basis, and 10% of them claimed that they like fast food "very much," or "love" fast food. The survey also provided the following particular reasons for the increasing popularity of fast food:

* People have 52 weekends and three long holidays a year. Most of Lagosians love to window shop, and when they do strolling around the shopping district, they need a quick bite to accommodate their activities.
* White-collar workers in offices have stopped bring lunch, and enjoy chicken, hamburger, pizza or other fast food joints in the vicinity.
* Parents give more money to kids and students to buy lunch. Fast food is naturally their first choice, because of the brand building effort that heavily targets their age group.
* Eating out still remains as Lagosians' common habit of life. They do not perceive fast food is a luxury, and they enjoy it by bringing their family, especially if they have smaller kids, in the environment of the western-style fast food outlets.

### Competition and Buying Patterns

The competition in this arena is the fiercest in all other metropolitan areas in SW Nigeria. Lagos is a compact city, but has a lot to offer. Usually there are a minimum of two of the same outlets within a radius of less than 300 meters. For instance, Domino’s opens one outlet inside the Ikeja City Shopping Mall and another just across the street inside the Leisure Shopping Mall. It is quite common for retailers to implement this kind of strategy, due to the high volume of people strolling around the main area of Ikeja.

Another reason is because many retailers do not want to lose sales opportunity, as the competitors are offering substitutions and similar product categories. This phenomenon has made Lagos the best place to shop. If you just missed Dodo Pizza at Yaba, there is another Dodo Pizza across at the new Paragon Shopping Centre.

### Main Competitors

Our main competitors in this segment are any food outlets within the 300 meter radius along Oba Akran road, Ikeja. In our location, there are Tori-Q, Dodo Pizza, KFC, Bread Talk, and Tastee.

**Tori-Q**  
Tori-Q is locally owned franchise who sells chinese BBQ skewers. Established in 2002, Tori-Q had expanded its operation into neighboring countries, Ghana, Togo and Kenya. Tori-Q is popular among local teenagers as it offers fast service to its customers. Commonly, Tori-Q outlets are rather small, and can only serve a maximum of 6 guests. It is a choice for those who are in a hurry and would like to grab a quick lunch on the way.

**Dodo Pizza**  
Dodo Pizza is a joint venture positioned as gourmet pizza joint in Lagos. Most of its retail outlets are decorated with welcoming ambience, such as flowers and see-through kitchens. Dodo Pizza is a good place to hang out, and the place is always full during lunch hour. It has more than enough tables to serve a maximum of 55 guests. Its specialty is all-you-can-eat pizza!.

**Bread Talk**  
As the most successful franchiser in Lagos, Bread Talk is surely becoming a threat for most food retailers. Bread Talk not only rented most of the retail space along Oba Akran Road, but now they are doing delivery to offices and apartments nearby. Bread Talk outlets usually consist of a huge see-through kitchen, and bread trays ready for pick-up by customers, with three or four cashiers at front, to speed up the queue. Rumor has it that Bread Talk sold more than 35,000 breads each day in just one of their retail outlets.

**Tastee**  
Tastee is quite popular in the region as it is now expanding into several cities in South Africa, Ghana. Tastee offers simplicity for quick lunch franchiser, and often considered alternatives for its long queueing rivals.

### Marketing Strategy

Our strategy is based on serving our markets well. We will start our first outlet as a "market tester" that could become a model of the expanding number of outlets in the future. Concentration will be on maintaining quality and establishing a strong identity in the local market.

A combination of local media and local store marketing programs will be utilized at each location. Local store marketing is most effective, followed by print ad. As soon as a concentration of stores is established in a market, then broader media will be explored. We believe, however, that the best form of advertising is still "buzz." By providing a fun and energetic environment, with unbeatable quality at an acceptable price in a clean and friendly outlet, we will be the talk of the town. Therefore, the execution of our concept is the most critical element of our plan. We will actively build our brand, through the selling of supporting materials, such as merchandise, promotional items and other marketing gimmicks similar to those of other fast food franchises.

### Pricing Strategy

Our pricing strategy is positioned as "generic", meaning that N1,200 is the average consumer spending for a snack or light lunch in Lagos. Leveraging the volume of fries, Soda, and signature style sauces to be sold, we are serving the majority of Lagosians.

### Brand Challenges

Veed Fries must establish a distinct brand to stand out from the other Western-style fast food competitors.

* Our logo is distinct as fresh, energetic and playful with color elements that are eye catching.
* Product names are geared toward the target market (teens), with items such as "Frenzy Veed" and "Uber Veed" which are fun and easy to remember.

### Marketing Programs

We will deploy three different marketing tactics to increase customer awareness of Veed Fries. Our most important tactic will be "word-of-mouth" and in-store marketing. This will be by far the cheapest and most effective of our marketing programs because of the high traffic in targeted shopping locations.

The second tactic will be local store marketing. These will be low-budget plans that will provide community support and awareness of our facility. The last marketing effort will be utilizing local media. Although, this will be the most costly, this tactic will be used sparingly as a supplement where necessary.

* In-Store Marketing
  + In-store brochures containing our concept and philosophy.
  + Wall posters.
  + Design concept.
  + In-store viewing of making fries process from cutting to frying.
  + Standing signage inside malls’ lobby/aisle.
  + Outdoor signage (if possible).
  + Grand opening promotion.
  + Party catering.
  + Merchandising items.

* Local Store Marketing
  + Brochures.
  + Free occasional t-shirts at local stores events.

* Local Media
  + Direct mail piece – containing brochures sent to surrounding addresses.
  + Web page – containing company philosophy, history and news.
  + Local magazines that target our core customers, such as Free! Magazine.
  + Newspaper campaign – placing several large ads throughout the month to explain our concept to the local area.

### Positioning Statement

Our main focus in marketing will be to increase customer awareness in the surrounding community. We will direct all of our tactics and programs toward the goal of explaining who we are and what we are all about. We will price our products fairly, keep our standards high, and execute the concept so that “word-of-mouth” will be our main marketing force.

### Sales Strategy

The sales strategy is to build and open new locations in order to increase revenue. However, this plan will be implemented when the one "market tester" outlet showed potential growth. As each individual location will continue to build its local customer base over the first three years of operation, the goal of each store is N11,600,000 in annual sales, with the original flagship store expected to earn almost N15,000,000 per year.

### Sales Forecast

We anticipate the highest peak on the months of November and December in our sales forecast, due to the holiday seasons. In November, there is Ramadan, and for non-muslim, it means vacation time. Approximately 3.5 million Americans visit Lagos each year, mostly for shopping and dining. Then in December, we anticipate more tourists coming into Lagos; this explains the

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| --- | --- | --- | --- |
| **SALES FORECAST** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Unit Sales |  |  |  |
| Belgian Fries | 49,464 | 98,928 | 197,856 |
| Italian Soda | 27,692 | 55,384 | 110,768 |
| Merchandising | 3,889 | 7,778 | 15,556 |
| Signature Packaged Sauces | 3,356 | 6,712 | 13,425 |
| **TOTAL UNIT SALES** | **84,401** | **168,802** | **337,605** |
| Unit Prices | Year 1 | Year 2 | Year 3 |
| Belgian Fries | $4.00 | $4.00 | $4.00 |
| Italian Soda | $1.50 | $1.50 | $1.50 |
| Merchandising | $8.50 | $8.50 | $8.50 |
| Signature Packaged Sauces | $2.00 | $2.00 | $2.00 |
| Sales |  |  |  |
| Belgian Fries | $197,856 | $395,712 | $791,424 |
| Italian Soda | $41,538 | $83,076 | $166,152 |
| Merchandising | $33,057 | $66,114 | $132,228 |
| Signature Packaged Sauces | $6,712 | $13,425 | $26,849 |
| **TOTAL SALES** | **$279,163** | **$558,327** | **$1,116,654** |
| Direct Unit Costs | Year 1 | Year 2 | Year 3 |
| Belgian Fries | $0.80 | $0.80 | $0.80 |
| Italian Soda | $0.15 | $0.15 | $0.15 |
| Merchandising | $3.83 | $3.83 | $3.83 |
| Signature Packaged Sauces | $1.00 | $1.00 | $1.00 |
| Direct Cost of Sales |  |  |  |
| Belgian Fries | $39,571 | $79,142 | $158,285 |
| Italian Soda | $4,154 | $8,308 | $16,615 |
| Merchandising | $14,876 | $29,751 | $59,503 |
| Signature Packaged Sauces | $3,356 | $6,712 | $13,425 |
| Subtotal Direct Cost of Sales | $61,957 | $123,914 | $247,827 |

## Web Plan Summary

The website will, of course, show visitors everything about Belgian food culture, including the history of french fries over time. To make the website interactive, Veed Fries will offer gift cards and promotions via the Internet, so our visitors can print the promotional coupon in PDF format and bring it when they visit Veed Fries. Visitors can also download Veed Fries' theme song as ring tones, or order potato cutters for delivery.

Besides the traditional formats of customer service hotline and in-store form, customers can now write their comments and suggestions on our website, which will be directed to one of our staff.

So, the website itself will act as the medium between our company and our audience.

In the future, our website will show information on franchising/licensing our brand name.

### Website Marketing Strategy

We will leverage the visibility of our shopping mall's website by getting them to include a link to ours. We will also post banners on an official Lagos tourism website.

### Development Requirements

To adequately serve our audience, the front end strategy of our website should be parallel with our corporate color. The front end design of our website will be entirely trusted to Mr. Guy Fry.

The diversity of founders' background in our company has enabled a cost efficient development in our venture. As Mr. Harry Hip and Mr. Carl Cone are experts in Information Technology, the back end of our website will be developed by these gentlemen.

## Financial Plan

The company is now privately held by Harry Hip, Guy Fry, Carl Cone, and Sam Sauce. Future shares will be offered after two consecutive years of operating in Singapore.