"Why send it to the trash, when it can earn you cash"

Team 19

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Global Enterprise Experience 2020
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**EXECUTIVE SUMMARY**

Welcome to Hunger Monger, the new live interactive “app” that connects food retailers to entities that deal with providing food to the less fortunate. We aim at providing a safe marketplace for hotels, restaurants, grocery stores, and anyone that sells food on a large scale, to connect with non-profits such as the Red Cross, food banks, shelters, and anyone else that provides a service to feed the hungry.

The goal of Hunger Monger is to assist food retailers with lowering their food waste and increasing their revenue while, most notably, aiding in the fight against hunger. With this goal in mind, we aim towards accomplishing the United Nations Sustainable Development Goal 2 - Zero Hunger.

Hunger Monger will be available as a free app, as well as a premium, upgraded version. The upgraded version will be charged at a fee but will offer the client more options for buying and selling. The retailers will follow the Seller side of the app, allowing them to sell or donate food that’s near expiration to the Client. The buyers will follow the Client side of the app, allowing them to buy good quality food in bulk from the Seller at a very low fee.

While this is already an active practice, we aim at being the marketplace that connects our prospective markets together and strives to further this practice to expand in a manner that is safe for both parties selling and especially buying near to expired food.

**BUSINESS OVERVIEW**

**THE OPPORTUNITY**

Approximately 4.6 million people in California are facing food insecurity, with 19% of them being children (Hunger Fact Sheet, 2020). To put that into perspective, about 1 in every 8 Californians do not know where their next meal will come from. The poverty rate is about 20.6% in California and before the coronavirus pandemic began, the unemployment rate was 5.4%. However, the unemployment rate is now close to 25% of California’s workforce, with hundreds of thousands of workers losing their jobs every week (Avalos, 2020). Food insecurity and poverty in California are enormous problems that are increasing every single day.

Surprisingly, Californians also throw away almost 6 million tons of food each year. This food waste comes directly from the 76,000 restaurants, 1,900 supermarkets, and 210 hotels in California. This crazy amount of food that's wasted could instead help the 4.6 million people with food insecurities in California. The main difficulty the 6,000 non-profits, charities, and soup kitchens face is they don’t have a connection to the restaurants, supermarkets, and hotels with excess wholesale food. Hunger Monger solves this problem. The mobile application acts as the middleman between sellers such as restaurants, supermarkets, and hotels, and clients such as non-profit organizations, soup kitchens, and local charities. By providing this platform where sellers can list what wholesale food they are selling and non-profits can list what they need, the Hunger Monger will eliminate waste of wholesale goods while profiting sellers, and as a result, provide more food to nonprofits to feed more hungry people.

**OBJECTIVES**

Hunger Monger has a few different objectives we want to accomplish. First, we want to make the app as simple as possible for the seller and client to use. By allowing hotels, restaurants, and grocery stores to sell the products which are near their expiration dates directly to soup kitchens and non-profit organizations through the app, we can create a marketplace ecosystem to get food to the people who need it most. To accomplish this, we will make the app easy to understand and easy to use for both parties.

The second objective is for Hunger Monger to be profitable within the first year. The team behind Hunger Monger has been working hard to achieve this goal.
Our most important objective is reducing hunger and waste. Our goal is to decrease the amount of hungry people in California by 10%, and to save over one million tons of edible food from landfills. This is our most important objective as it will help us make a positive impact on our local community.

**PRODUCT OVERVIEW**

Hunger Monger is a live interactive “app” that connects food retailers to entities that deal with providing food to the less fortunate. The platform provides a safe marketplace for hotels, restaurants, grocery stores to sell nearly expired food on a large scale and connect with non-profits such as the Red-Cross, food banks, and shelters that provide services to feed the hungry in California.

Hunger Monger will be available as both a free app for clients and also a premium, upgraded version. The upgraded version will be charged at a monthly fee.

On the homepage of the app, there will be a seller version and a client version. If the users of the app are retailers, they will follow the seller side of the version, allowing them to sell or donate the food that is near to expiration. If they are a nonprofit organization that deals with helping feed the hungry in California, they will follow the client side of the app.

**THE SELLER SIDE**

**Seller Screen 1:** The signup page is divided into a seller and client view that requests personal information. Terms and Conditions include all information about liability and acceptable practice which both sides must lawfully agree to.

**Seller Screen 2:** My Listings is where the seller builds their list of products for sale, and includes a name, expiration date, price, and any additional details or photos of the product. The seller can also see their current listings and view their completed transactions.

**Seller Screen 3:** On the Requests page, the seller can see all the requests from their clients. If the seller can fulfill a request, they click on the Respond button and sell the item to the client.
Seller Screen 4: The Expiring Soon page is exclusively for premium users and pairs with their inventory software. They can see inventory that is approaching its expiration date and easily list it for sale. They can also click the bell icon next to any item to get a notification closer to its expiration date.

Example Seller Notification: On the right is an example of a notification a premium user would receive if a product is near its expiration date. The notification would give the seller an option to automatically list the item on Hunger Monger or donate it. The notification will also list the sellers purchase price, average listing price, and suggest a selling price.

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THE CLIENT SIDE

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Client Screen 1: Functions the same as Seller Screen 1.

Client Screen 2: Listings page is a cumulation of all listings that adhere to standards set and are for sale on Hunger Monger. These are listed in terms of last updated and allow users to scan through any possible deals.

Client Screen 3: The search page allows customers to search for specific keywords for items they are looking for. The page lists the most recent posts first or those that are nearest to one's location. Also, if the client doesn’t know what they are looking for, they can use the nearby search for anything near them. This feature will not store their location long term.

Client Screen 4: The notification page is where customers can put up “shopping lists”. Customers receive notifications when the products meeting their specifications get added to the app and allow them to get to the products as soon as possible. They can also adjust their notification settings based on how far they are willing to drive for products or how much they are willing to pay.
**Example Client Notification:** When a new product is listed on Hunger Monger that is saved in your notification’s preferences, this banner will pop up. Clients can choose to buy the product, get more information, or to ignore the notification. The banner will include helpful information like the price discount, quantity available, and expiration date.

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**MARKET ANALYSIS**

### TARGET MARKET

Hunger Monger’s target market are sellers such as suppliers, retailers, hotels, and resorts who are looking to sell their excess food for a profit rather than wasting it. In California alone, there are approximately 76,000 restaurants, 1,900 supermarkets, and 210 hotels. As the middleman, Hunger Monger will connect these sellers to clients such as non-profits who want to purchase food at wholesale quantities to help feed a portion of the millions of hungry people in California.

California is a popular tourist destination, with a multitude of resorts spread across the state. During seasons when attendance is low due to lack of snow or other reasons, resorts end up buying more food than they can sell. Excess inventory tends to include dairy products, fruit, and vegetables, all of which have a short shelf life. Hence, Hunger Monger can take advantage of this shortcoming and approach these organizations to help them resell or distribute this food to nonprofits through our platform. Hotels and restaurants in California also face this problem and waste an enormous amount of food on a daily basis. A surprising 4%-10% of all food purchased by restaurants ends up in a landfill without even reaching the consumer (Gunders, 2017). A majority of the food waste doesn’t meet strict codes related to the “best before date” or the “expiration date”. Nonetheless, a majority of the food is still edible and won’t get a person sick. This food can actually make an enormous impact on the lives of those struggling to provide for their families. As the middleman, Hunger Monger will connect sellers such as hotels and restaurants to clients such as non-profits, interested in purchasing their excess wholesale food. These clients can then get the food to the people who need it the most.

In the current coronavirus outbreak, many farmers, growers, and producers are experiencing a massive surplus of highly perishable goods which they are unable to sell. A majority of the large buyers in the food industry have been forced to close and the remaining grocery stores cannot absorb the superabundance of perishable items. As a result, millions of pounds of fresh produce are being wasted due to a lack of demand (Cagle 2020). Hunger Monger can prevent this from happening again by connecting these sellers to clients who are eager to purchase the surplus perishable food at a lower price.

### MARKETING STRATEGY

Our initial marketing strategy for sellers will focus primarily on our team reaching out to grocery stores, hotels, resorts, and other retail establishments and getting them on board with this idea. To reach our goal of 1500 sellers on our app in the first year, we will need to aggressively market our app and reach out to as many retailers as possible. This will largely occur through cold calls and cold emails to managers and store owners. By highlighting the potential to turn a profit off of the food they normally would throw out, being able to write off any food sold to nonprofits, while making a positive impact on their local communities, and connecting the app to their inventory control systems to get notifications when products are expiring, we will make this app irresistible to suppliers (sellers).

Our marketing strategy for expanding our client base will also include cold calling and cold emailing, along with a small amount of social media marketing. We plan to highlight in these ads the ability to list your nonprofits’ needs, see nearby listings for wholesale products, and get notifications on your phone when a seller lists a product which you have as one of your “needs”. However, we won’t need to do a whole lot of marketing as positive media stories about Hunger Monger will skyrocket the popularity of our app among nonprofits, food banks, and related charities, along with positive word of mouth.
COMPETITIVE ANALYSIS

Our main competitor is Chowberry, an application that connects grocery stores to low-income individuals, charities, and non-profits in Nigeria. Similar to Hunger Monger, Chowberry allows grocery stores to sell nearly expired food at a discounted price to the impoverished. Hunger Monger differentiates itself by both operating in California and connecting all types of sellers to an assortment of clients looking to purchase food at a cheaper rate to feed the hungry. By remaining the intermediary in the relationship, we can create a system that will benefit both the seller and the client in the simplest way possible. Another of our direct competitors is Food Cowboy, a company that connects a food company’s logistics team with the closest charity for food classified as “no-good” by a warehouse manager but with few or no imperfections. Food Cowboy is mainly focused on food that is not accepted by a distributor or leftovers from large events.

Our indirect competitors include a variety of nonprofits and services that prevent leftover food from going to the landfill. Flashfood, an app that fights food waste by giving consumers large discounts on products that are nearing their expiration date in-store, focuses primarily on preventing food waste. Food Runners, based in San Francisco, uses an army of volunteers to pick up leftover perishables and other items from businesses and delivers them to local shelters and programs. Transfernation is a New York non-profit focused on picking up leftover untouched food from receptions and offices, and delivering it to shelters. It is similar to Hunger Monger in rewarding businesses that donate food the opportunity to write it off on their taxes.

The Hunger Monger’s competitive advantage for sellers is being able to profit from near-expired goods that would normally be thrown out while sustaining corporate social responsibility in their local community. On the receiving end, the low-income consumer also benefits as they can purchase food for a discount. The Hunger Monger’s convenient notification system for clients looking for a specific item, the seller’s ability to connect the app with their inventory software to sell goods nearing expiration, and an overall ease of use for both sides, allow us to connect the sellers with the non-profit in the simplest, most cost-effective way possible.

FINANCIALS

FORECASTED SALES AND COSTS

As stated in the business overview section, the Hunger Monger App will focus on achieving our goal of reducing food insecurity in California by acting as a middleman between sellers and clients. Figure one depicts the income statement and figure 2 depicts the profit breakdown for year one.

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<th>Figure 1: INCOME STATEMENT</th>
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The app has two versions; the user version and the premium version. The user version will have an estimated 6,300 clients using the app, free of charge. The premium version costs 20 USD a month for the seller, but has no ads and gives them more advanced features.

Figure 2 depicts the number of sellers using premium for the first 12 months. In the first month, we estimate to have only two sellers using the premium version of our app. However, in months 2-6, we predict to have about 100 new sellers subscribing to premium every month. In months 7-12, we estimate between 100 and 200 new sellers joining the app until we hit 1500 active users. We predict to capture between 2-3% of the market for the restaurants, supermarkets, and hotels in California (78,000) in the first year and maintain that percentage for the next two years while expanding to other states. However, our income statement only focuses on California. The rest of our revenue will come from the in-app advertising on the free version of our app.

As displayed in Figure 1, our expenses in year one include set-up costs, app creation, design, and legal fees of about 30,000 USD. Marketing will cost around 2,500 USD while insurance will be 2,500 USD to protect the app owner from any negligent or civil liability. An additional 1,000 USD was added for miscellaneous expenses.

### INITIAL INVESTMENT

Hunger Monger is estimated to make 158,000 USD in revenue the first year with a net profit of 123,000 USD before taxes. With an initial investment of 40,000 USD to cover our first-year expenses, an investor can see a return on equity of about 307.6%. The profit generated from the premium version of the app will provide adequate returns to the investor while allowing us to expand to other parts of the country and the world.

### FUTURE OUTLOOK

After the first year, Hunger Monger will have 1,500 active suppliers on the app. The suppliers are crucial to our app’s success, so we want to make their lives as easy and transactions as straightforward as possible. Expanding the locations that we operate will also be extremely helpful for us in building our brand and increasing revenue while making a positive impact on the local community and reducing food waste. By onboarding 1,500 suppliers on the platform in California, we will save close to 1 million tons of food waste in California while feeding hundreds of thousands of hungry Californians!

In the second year, Hunger Monger plans to expand the app to five other states. Although California is one of the leading states for food waste, Connecticut, Colorado, Massachusetts, Rhode Island, and Vermont are close behind. These five states have similar problems to California and we will expand into them in a bid to grab market share, drive penetration, and build trust and awareness about our brand.

In years three to five of piloting the app, Hunger Monger has the goal to expand to 3 other countries. Kenya (Africa), the United Kingdom (Europe), and India (Asia) are amongst the leading nations with the highest problems of food waste in their continent. In a survey by the Ministry of Food Processing, it is revealed that agricultural produce worth 580 billion Rupees is wasted in India each year (Nellemann, MacDevette 2009). In Kenya, around 95 million liters of milk, worth around 22.4 million USD, are lost each year (Isaiya Kabira, 2019). While in the United Kingdom, households waste an estimated 6.7 million tons of food every year, around one-third of the 21.7 million tons purchased. This means that approximately 32 percent of all food purchased per year is not eaten (Lundqvist et al, 2008).

Making a positive impact in these countries will help Hunger Monger achieve its mission of reducing food insecurity in local communities and across the world.
REFERENCES


