

**DEPARTMENT OF MANAGEMENT CORPORATE
FINANCE**

Master Thesis in Corporate Strategies

*“How to merge the Made in Italy food culture with
the Anglo-Saxon fast-food concept in a new
corporate model:
Food.it, the Italian way of Street-Fooding”*

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INTRODUCTION

The general topic of our dissertation, that we are going to discuss in the following chapters, aims to discover and analyse all ways to bring to every corner of the world what we define “The Italian way of Street-Fooding”.

This process needs to be implemented by a structured global company and no longer as a simple itinerant seller: the idea is to lead our national street food to the new step by granting to consumers Made-in-Italy and high-quality products along with service and Italian atmosphere.

The scope is demonstrating that it is possible to run this new business by introducing innovation through our idea and following the Business Plan rules.

The goal is to transform the truck or junk food market in a new type of business that we intend to run by exploiting the international power and image of Italian food.

Moreover, since abroad Italian-street-food is still unknown, we can use it and propose it as new type of food.

How should we do this?

By merging two opposite approaches and cultures to street-food and food in general: Italian one with the Anglo-Saxon one. The first one takes care of quality and service, meanwhile the second one is more rapidity-oriented, ignoring the aspect of the quality.

In fact, due to the unification between Made-in-Italy concept and fast food, we are going to create on the market a company that produce high-quality street-food.

Where this idea comes from?

It comes from two young master students that went abroad for the Erasmus Programme. Here, we both came into contact with other cultures and with Italian food made abroad. In that time, we asked ourselves why Italian street food was so appreciated in Italy but basically unknown abroad. Since Italy is the most famous country for food all around the world for obvious reasons, we have both thought:

but if an average kebab station or an average pizza shop, without quality, can make profit, what could happen if we are going to fund a well-organized Italian company of national street-food with Made-in-Italy products and high-level standards?

From this moment, we analysed deeply company such as Eataly (or Vapiano, but it not a real Italian chain), understanding that our idea is possible to realize. A proof of this belief: it still does not exist.

Paradoxically, it is here the problem of our research, since we know, or better we think, that this idea might work for the market because of an empirical evidence, but we have not yet all the instrument and information to confirm our assumptions.

The success of the idea, instead, would depend only on us. The scope of the topic, that we are going to discuss about, is to hypothesise of running this new business in two years by studying all the possible factors, which could have a significant influence on our project.

Therefore, after having carried forwards many researches through textbooks, papers, newspapers, online journals, blogs and statistics web site, we have collected all data that we needed in order to start writing our thesis.

We agreed on a common action to divide the work in three different chapters:

the first one theoretical, the second one empirical and the last one experimental.

From the outset, we aimed to set and define a real Business Plan for “Food.it”.

First of all, in order to write down it, we start from the Chapter 1 by reporting all the theory behind our project, including especially theoretical aspects such as the following:

- Methods,
- Theorems,
- Laws,
- Economic and financial rules,
- National and European regulatory frameworks.

Therefore, we illustrate the abstract functioning of a Business Plan: what it is, why it is useful for our street-food company and how to develop it in a proper way. We do this by identifying the subjects to be tackled and the activities to be organized in order to make each sub-category clear to the readers.

We chose theory related to new companies which intend to run a business and open a new market, but at the same time we select theory related to food sectors.

Moreover, we explain deeply each sections, offering in a detailed and transparent manner a general instrument to understand what instead we argue in the following chapters.

Secondly, in the Chapter 2, we take an empirical approach by establishing a concrete basis.

Here we describe our Business Plan and how it practically works, in our case: basically, how to pragmatically implement what we theoretically set.

Furthermore, we demonstrate how we apply this theoretical framework to “Food.it” and how this latter reacts inside and outside its dimension to market and industry agents.

Thanks to ISTAT data, European Commission documents and other international web site to collect statistics such as Statista.com and Bloomberg, we move to deep conclusions concerning how make the first steps in the new environment and we suppose different scenario for the first contacts between the firm and all agents, such as for instance suppliers, workers, government, consumers and law.

In this chapter, we implement our strategy and we explain how Food.it is going to get the consumers and how it is going to loyal them to our brand.

This study comes out from the building of analysis as Stakeholders, PESTEL, Industry, Market and portfolio ones. Across this latter, we expose all the world of Italian street-food that we want to sell to customers.

During the third and last chapter, we illustrate our strategic marketing plan, where we are going to define the operational part of our project and where we establish our budget for the first year.

Here, we explain our positioning strategy in the market and our target group of consumer by also motivating the reason why we chose Milan as first place to run the business.

This chapter summarizes the operational, marketing and financial of the early stages with focus on the first year.

In addition, the financial part aims to help us for understanding, through forecasting basis, how much we are going to spend and how we may obtain funds along with all risks directly connected with the business.

Finally, we propose to potential consumers or buyers, an anonymous online survey to get the missing data we are looking for.

Why?

In order to understand if “Food.it: The Italian way of Street-Fooding” is a successful idea to be proposed to public and future generation.

CHAPTER 1

OVERVIEW OF OUR BUSINESS PLAN

1.1 BUSINESS PLANNING AND ANALYSIS

Before starting a new business, most of the people ask themselves the following questions:

1. Is this new business going to be successful?
2. Which is the first step to run a new business?
3. How to start?

We may easily find the answers to all of those questions directly in the so called “Business Plan”, the main theoretically company document where ideas, strengths and weaknesses behind the new business are described and explained step by step.

But what is exactly a business plan?

“It explains how the business will achieve its objectives in a coherent, consistent and cohesive manner. It will be focused on the needs of the customer. The plan will identify the market, its growth prospects, the target customers and the main competitors. It must be based upon a credible set of assumptions and should identify the assumptions to which the success of the business is most sensitive. It should also identify the risks facing the business, the potential downsides and the actions that will be taken to mitigate the risks. As the blueprint for the business, it should describe what makes the business different from its competitors: its source of competitive advantage and how it will be sustained in the longer term. It should describe the experience and track record of the management team, and, within larger organisations, the plan should have the support of those in the different functions who will be involved in implementing it. Lastly, it should identify the funding being sought from potential investors.”¹

“It describes the business’s vision, mission and objectives as well as the strategy and tactics that will be employed to achieve them.”² A plan may also provide the “basis for operational budgets, targets, procedures and management controls. No two businesses are identical and no two business plans are ever exactly the same.”³

In fact: the discipline requires to illustrate the business strategy along with operations in a document written clearly, where it is simple to understand all the thought behind the strategy itself. If this latter is not clear on the paper, the change to convince the other side during a presentation will be slim⁴. According to this book, in the business plan we are going to identify the market where the business is going to compete in, along with its competitors, its customers and the perspectives of the business.

Since the world of economy and businesses is becoming day by day more uncertain and unstable, Business plans (BP) are becoming less valid, even if those documents represent the only way to let external agents understand the idea behind the new business. In this way, external agents are able to evaluate the overall BP and we may find the right way in order to save time and report all the main and relevant information required by stakeholders.

In order to solve this problem, we may create and use the matrix below, the so called: “Time Management Matrix”⁵

	Urgent	Not Urgent
Important	<p><u>Quadrant I</u></p> <ul style="list-style-type: none"> • Crisis • Pressing problems • Deadline driven projects 	<p><u>Quadrant II</u></p> <ul style="list-style-type: none"> • Relationship building • Finding new opportunities • Long-term planning • Preventive activities • Personal growth • Recreation
Not Important	<p><u>Quadrant III</u></p> <ul style="list-style-type: none"> • Interruptions • Emails, calls, meetings • Popular activities • Proximate, pressing matters 	<p><u>Quadrant IV</u></p> <ul style="list-style-type: none"> • Trivia, busy work • Time wasters • Some calls and emails • Pleasant activities

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Source: Covey.s. The Seven habits of Highly effective People

“The business planning process should be continuous and interactive. How regularly the business plan is reviewed and updated will depend on the degree of change facing the business. In fast-moving industries, business planning activities must be swift, as must decision-making, and regular updates to the business plan will be required.”⁷

1.2 PLANS AND ANALYSIS

After having explained and illustrated what BP is and why it is relevant and important in order to develop and to run a new business, we should now show how to develop BP.

First, let’s analyse the Business Planning Process in each different phase/step, called “plans”.

Each phase/step is made of different analysis such as qualitative ones and quantitative ones, or market and risk analysis, we are going to be through every step of the BP process in order to analyse it.

The BP process “*must be flexible as well as continuous with feedback at every stage. This process can be tailored to meet the specific planning needs of the organisation, business or project.*”⁸

“This process begins with a “strategic review” that is designed to examine the current state of the business and also identifies the axes around which the future might evolve. A business’s vision, mission and objectives can be an input or an output of the business planning process.

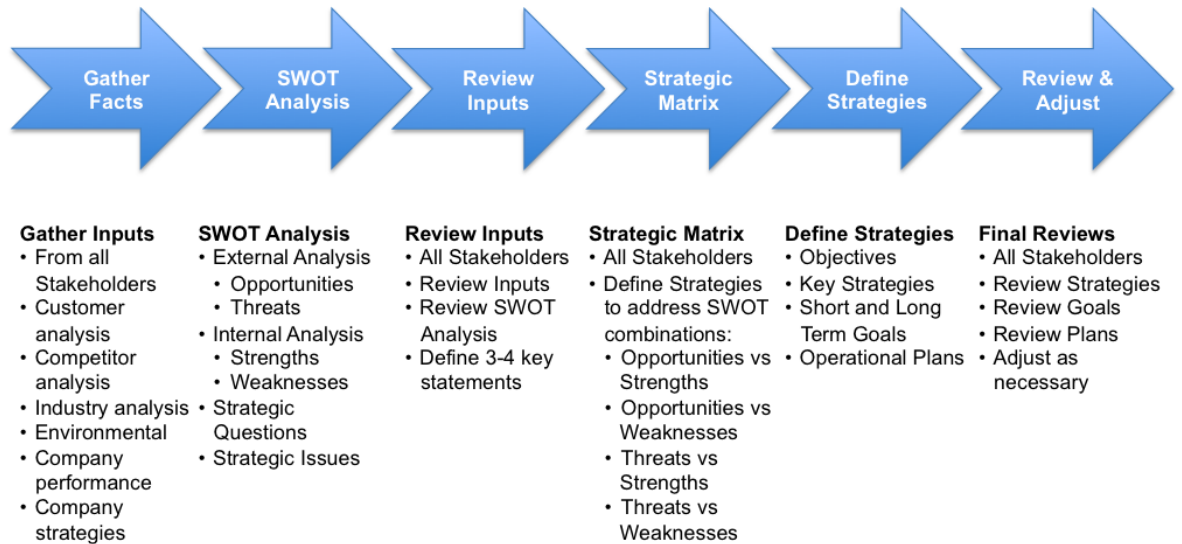
The strategic review examines the business’s customers, suppliers and competitors as well as the industry dynamics that govern how these groups interact. The review also includes the wider environment, according to the PESTEL analysis, in which the business operates and might take in the political, economic, social and technological changes that affect the business. Lastly, the review examines the business itself and the analysis may include the financial capabilities of the firm, its operating infrastructure, patents and knowledge and the skills of its staff.

The second stage is the so called Marketing plan: Having examined the current state of the business and its environment, the planning process examines the future. Scenario planning techniques can be used to forecast a variety of future market environments in which the business may have to operate and for which alternative marketing strategies and tactics can be developed within the marketing plan.”⁹

Here it is really important the distinction between strategy and tactics: it is not always particularly clear.

- “Strategic planning” addresses the issue of what the business should do.
- “Tactic” is sometimes portrayed as addressing the question: “How should the business do it?”

Strategic Plan Process



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The last stage is the “Operational plan”: at this point *“the business should be clear about its vision and mission as well as some of its objectives. A number of strategic options will have been arrived at, designed to achieve these goals, and the strategies will be supported by a set of tactics. The tactics can then be broken down into operational plans, which spell out how the tactics are to be executed. When the business planning process has reached the operational planning stage a financial model should be developed.”*¹¹

The next graph shows the different sequences and steps we are going through in our study are described in the graph below and we are going to analyse each one of them following a rational order and in the next Chapter we are going to apply them to our Business Idea.

1.3 STRATEGIC PLAN¹² : WHAT STRATEGIC PLAN IS¹³

In this section, we are going to describe the development of a business and the reasons behind the enterprise decisions.

“The Strategic Plan is considered to be the basis on which BP has been built and it represent the “operative” way to achieve the objectives established by the company.

The duration of strategic plan has a focus of L/m perspectives, usually with a time-horizon of five years and it changes through the time answering to perspectives, immediate requirements/needs and sudden changes.

If we intend to obtain a sustainable competitive advantage to reach a healthy level of profits, we need to plan our strategy: we need Strategic Planning. A strategic plan analyse the match between business’s resources and related opportunities”¹⁴

Anyway, there are two different approaches and analysis for strategic planning.

- “prescriptive”: it is not short-time oriented and it is not going to change because of what is going to happen in the external/internal environment. When writing a business model is convenient to adopt and implement this approach in order to set a spot (point of reference) on which the business is going to turn.
- “emergent”: it is an experimental and short-term tactical planning. Basically, this approach adjusts every time taking into account the environment and the market tickles.

In a nutshell the strategic planning is made of a lot of steps and various analysis and it is the biggest part of the business planning as it is visible in the past graph.

1.4 STAKEHOLDERS ANALYSIS, OUR MISSION AND THE WAY OUT

The first phase is the Stakeholder Analysis. They have interests in the company and they may influence the business or be influenced by it.

We have:

1. Shareholders;
2. Lenders;
3. Customers;
4. Suppliers;
5. Government;
6. Society/Environment.

A stakeholder analysis has the aim to “*identify the primary and possibly conflicting expectations of different stakeholders and their power and influence*” ¹⁵ in the environment and, then, on the business.

In fact, they always interact directly and indirectly with the company and its business.

Example of stakeholder’s analysis:

Stakeholder	Expectation and objectives	Power and influence	Commonality and conflict
Shareholders	Share price growth, dividends	Appoint board	Conflict: bargaining with staff
Lenders	Interest and principal to be repaid, maintain credit ratings, risk averse	Can enforce loan covenants	Similar to shareholders, but not in financial crisis
Directors and managers	Success on CV, salary, share options, job satisfaction	Make most decisions, have detailed information	Some alignment with shareholders if rewards are linked to profits or share price
Staff and unions	Salary, job security, job satisfaction	Customer experience, strike, staff turnover	Conflict: bargaining with shareholders
Suppliers	Long-term orders, payment	Pricing, quality	Conflict: generally seek high prices
Customers	Reliable supply of goods and/or services	Revenue is derived from customers	Seek low prices
Community	Environment, local impact, local jobs	Indirect, local planning, opinion leaders	Often same as staff
Government	Operate legally, tax receipts, jobs	Regulation, subsidies, taxation, planning	Diverse, balancing

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After pointing out each group of stakeholders, we should understand exactly what they want (expectations and benefits) from the business we are going to carry on

In addition, we should also take into account what we want and how each group can be useful for us, by analysing their interaction with the business and the company.

This is the first step to understand how the business as to work in order to satisfy all the agents around it. Instead, the next step to understand what for the business matters and what the business really wants.

Two fundamental statements, major pillars of the entire BP, should be introduced:

- 1) *“The ‘**Vision Statement**’: it focuses on the future like a source of inspiration and motivation. Often it describes not just the future of the organization but the future of the industry or society in which the organization hopes to effect change.”¹⁷* it is the purpose and the direction of the business and what the entrepreneur wants to create and make true. It is the definition of what the company is going to give outside.
- 2) The “**Mission**”, is the way in which the entrepreneur wants to make the Vision true. *“It concentrates on the present and it defines the customer(s), critical processes and it informs you about the desired level of performance.”¹⁸* “It is what should be done in order to realise the Vision in the market and then what each stakeholder group can expect from the business.”¹⁹

“These statements provide a summary of what a business is about and should be included in the executive summary of the business plan. They also provide a theme that should be reflected throughout the business plan, helping to ensure that it is consistent and coherent.”²⁰

The fragmentation of the Mission creates “**Objectives**”, smalls and specific targets that make possible to achieve goals (Mission), by moving through smaller steps (Objectives). Objectives let the evaluation of the business easier for internal and external agents, considering their tiny dimensions.

“Objectives must be **SMART: Specific, Measurable, Achievable in stated time frame, Relevant²¹ and Time bound**, and they can be divided in financial (and so easily measurable) and non-financial, usually linked to non-profit missions.

Most of the objectives are **financial (or quantitative)**, giving the possibility to precisely analyse and define what is happening to the firm even mathematically.

Others are non-financial (not measurable quantitatively), since they are based on different kind of target that are going to be contextualized, as an important internal innovation or a new CEO convinced to arrive in the society (not Financials nor Mathematical explainable immediately or until they have direct effect on the financials of the society).”²²

Since the business way of working and objectives are settled, it is time to have a “way for flee”, called **Exit Strategy**.²³

This is a key moment in the Strategic Plan: investors/shareholders want to be sure to get back their money from their investments if something is going to have a different epilogue or conclusion from the estimated one. The “Exit-Strategy” is proved by using financials values and by giving a credible estimation to the firm final sell-price.

1.5 ENVIRONMENTAL ANALYSIS²⁴

Once we know which agents are interested in our business (thanks to the stakeholder’s analysis) and once we defined our business Vision, it is the moment to analyse “where” we are going to put our idea into practice and which influences we are going to incur from outside. Our business is going to run an environment made by multiple Micro and Macro factors which are going to

influence and determine the results and the business itself (I.E. Taxes, Inflation, natural resources available, Interest rates etc..).

The Environment Analysis, such as the PESTEL Analysis, gives more information to evaluate different possibilities and to know better how to face the external factors. It reveals most of the influences coming from the external environmental and which may influence the business's performance.

Nowadays, all the environments are going to change year-by-year, month-by-month, day-by-day, but still every environment has a different speed of changes. They can be divided in three groups:

- **Stable**, the environment changes slowly, or sometimes it does not change at all. A stable market is almost a mature market where relationships with external partners, such as suppliers or customers, are stable and not reactive. Those environments are perfect for well set-strategies, since they are easily predictable and identifiable.
- **Dynamic**, the environment is going to change, but not so often. It is going to happen to have new entrants in the market, but most of the time, enterprises are going to adapt themselves to the new changes, so strategies are going to be effective.
- **Turbulent**, unpracticable and unpredictable market with a huge turnover of enterprises and a great amount of innovations. It is quite hard to keep on a strategy in those markets since they aren't predictable at all.

Since right now we have an idea of how environment is working, it is very important to settle a strategy in order to remove uncertainties.

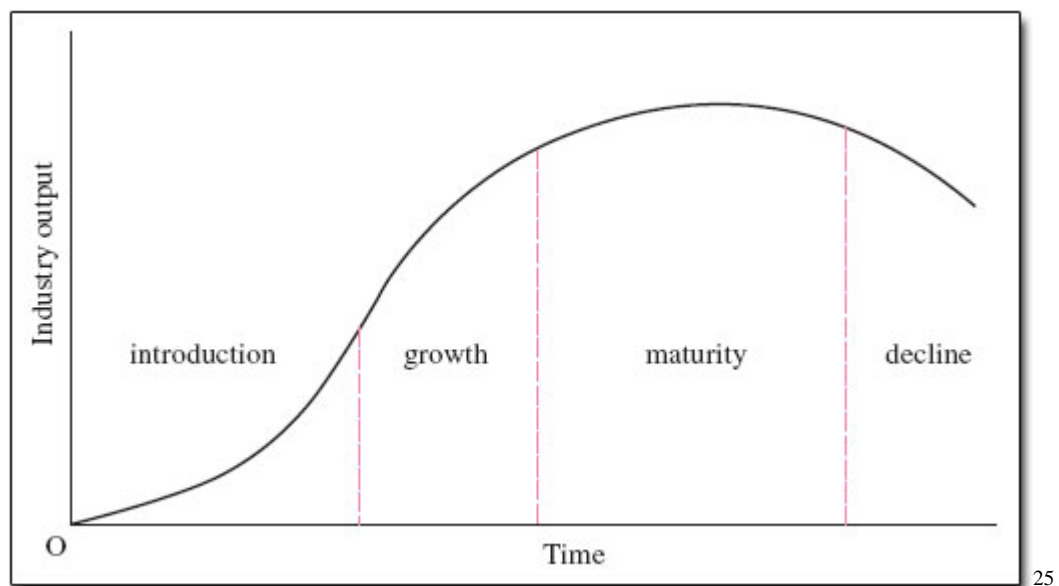
The process of strategy planning, in terms of environment, is made by four steps:

- 1 Identify which scenario the business is working in (scenario speed) and **which factors have impacts on our business and how much impact** (Pest analysis).

- 2 **Evaluate the factors in terms of probability and to write down the different paths** the business can follow to protect itself from uncertainties (i.e. there is a problem with the end consumer acquisition, so we can settle two paths to reduce violently prices for the firsts weeks or to start with high price and then fall day per day etc.)
- 3 As paths and factors are identified and evaluated it is time to **choose principals paths to follow for every factor.**
- 4 **Write down the scenario description combining all the paths we just decided to follow.**

We should now describe and outline the industry analysis and the competitor's analysis. Both of those analysis are performed by collecting as more data possible on industry important metrics (i.e. prices, volume of sales etc..) and by studying the competitors' actions through the time and present potential ones.

In the chart below, we can get an idea of an average industry life cycle:



Since it is possible to identify the how the structure is going to change during the time, we can now talk about the Industry Structure: it is a standard model well-known as **the Porter's 5 Forces**.

In fact, it has been divided in 5 forces which characterize the industry, such as: **Industry Competitors and rivalry, Buyers, Suppliers, Substitutes, Potential Entrants**. Each category of this model is going to be applied and better explained in the next chapter.

In regards to competitors analysis, it is considered to be as a part of the industry structure analysis, but it is performed even separately by using models such as the famous “**KSF competitor Ranking**”.

We use KSF model to assess all competitors of the industry through a valuation (from 1 to 5) and a wage (0 to 100%)

Read the example in the chart below:²⁶

KSF	Importance weight	— Own business—		— Competitor A—		— Competitor B—		— Competitor C—	
		Strength rating	Firm strength	Strength rating	Firm strength	Strength rating	Firm strength	Strength rating	Firm strength
Market share	0.25	4.0	1.0	3.0	0.8	1.5	0.4	1.2	0.3
Distribution	0.20	3.0	0.6	4.0	0.8	2.5	0.5	2.3	0.5
Brand image	0.16	4.0	0.6	3.9	0.6	2.0	0.3	5.0	0.8
Product quality	0.13	3.0	0.4	2.8	0.4	1.6	0.2	5.0	0.7
Product variety	0.11	5.0	0.6	3.9	0.4	3.0	0.3	1.0	0.1
Patents	0.08	4.0	0.3	4.0	0.3	2.0	0.2	4.0	0.3
R&D	0.04	4.0	0.2	4.0	0.2	2.0	0.1	4.0	0.2
Financial resources	0.03	5.0	0.2	4.0	0.1	3.0	0.1	2.0	0.1
Overall	1.00		3.8		3.6		2.1		2.9

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1.6 FIRM ANALYSIS²⁸

What is the meaning of analysing a single business?

First, it means identifying resources owned by the business entity and second, it means how these resources can be used to generate a competitive advantage.

In this context, Strategic Plan can be considered as the research of competitive advantages, but this competitive advantage is achieved not only by using resources or by combining them (transformation), but even resources

themselves and the same control of resources can be considered a competitive advantage.

And what is the meaning of “Competitive Advantage”?

“Competitive Advantage is an attribute that allows a company to outperform its competitors. It allows a company to achieve superior margins compared to its competition and generates value for the company and its shareholders.

A competitive advantage must be difficult, if not impossible, to duplicate. If it is easily copied or imitated, it is not considered a competitive advantage.

Examples of Competitive Advantage are:

- 1. Access to natural resources that are restricted to competitors*
- 2. Highly skilled labor*
- 3. A unique geographic location*
- 4. Access to new or proprietary technology*
- 5. Ability to manufacture products at the lowest cost*
- 6. Brand image recognition.”²⁹*

Moreover, in order to construct a Competitive Advantage “*it is important to know the:*

- 1. **Benefit:** A company must be clear what benefit(s) their product or service provides. It must offer real value and generate interest.*
- 2. **Target Market:** A company must establish who is purchasing from the company and how it can cater to their target market.*
- 3. **Competitors:** It is important for a company to understand other competitors in the competitive landscape.*

*To construct a competitive advantage, a company must be able to detail the **benefit** that they provide to their **target market** in ways that other **competitors** cannot.*

There are three strategies for establishing a competitive advantage:

- **Cost Leadership**

With this strategy, the aim is to become the lowest-cost producer. This is achieved through large-scale production where companies can exploit economies of scale.

If a company is able to utilize economies of scale and produce products at a cost lower than competitors, the company is then able to establish a selling price that is unable to be replicated by companies. Therefore, a company adopting a cost leadership strategy would be able to reap profits due to its significant cost advantage over its competitors.”³⁰

- **“Differentiation**

Company’s products or services are differentiated from that of its competitors: high-quality products or services to customers or innovating products or services.

If a company is able to differentiate successfully, the company would be able to set a premium price on its products or services.

- **Focus**

The company focuses its product or services towards a narrow target market segment. This strategy is successful if customers have different needs and want and the company is able to successfully create products/services that can cater to these customers. The focus strategy also has two variants;

1. **Cost-focus:** *Lowest-cost producer in a narrow market segment*
2. **Differentiation-focus:** *Differentiated products/services in a narrow market segment”³¹*

After explaining the meaning of competitive advantage and its importance for a new business, now we are going to explain why firm's analysis is a core task for the famous SWOT analysis and many others (described in the next Paragraphs)

We are going to describe many type of analysis of the firm:

1. **“Resource based view**, it can happen that competitors are not able to obtain some resources, making those resources a competitive advantage for the owner. But how can we understand if something is very important for our business? By using **VRIO analysis** (*Valuable Rare Imitable and Organize that we will use in the next chapters*). While searching to identify resources we must study our Core competencies (skills, routines and complementary assets that provides advantages against competitors) and activities in order to exploit them in the best way possible.”³²
2. **Configuration of Resources**, as we said before, not only the resources but even their configuration can become a competitive advantage for the business. In order to understand to create or identify an advantageous configuration **Value Add Analysis and Value chain analysis** are used.
3. **Resource Audit**, it is a hybrid part of the business analysis since it is undertaken in the mean time of Value Chain Analysis. In it concern an optimization in the consumption of resources of every kind, then we can see it as a part of the configuration of resources.

“The resource analysis can lead to a competitive advantage in terms of materials to use, but which output is the firm going to have? By having a vision of the output (or portfolio of outputs) it is possible to understand completely the position of firms in the markets and make the output itself a competitive advantage.

The principal's analytical approaches used for analysing the outputs of a firm are:

- 5 **Economies of Scale and Scope**, a concept studied by Boston Consulting Group, by Economies of Scale and experience curve it is intended the trend between the bigger volumes of production and a reduction of costs. The reasons behind the trend are (i) Fixed costs are distributed between the different units (ii) Specialisation (iii) Increase bargaining power against suppliers;
- 1 **Product Life cycle stage analysis**, the life of products change through the time and it can be summarised as a cycle similar to the one of the industries. (check image p.6). **The products life cycle starts with**
- Introduction**, the riskiest stage in which it is possible to test the product in the real market, it can start with an exponential growth of sales or with a failure. Subsequently if the real market introduction is not a failure the product will experience;
 - Growth**, it can be a deceleration or an acceleration, but it is identified as a change in the trend of sales and in the risk linked to the product, now the destiny of the product can be estimated easier.
 - When the trend is going to stop and the sales will reach stability, the moment is called **Maturity** in which management will try to stay as much as possible by reorganising and changing product and management, but (iiii) the product won't last forever and so it will start a **Decline** phase (a trend of reduction in sales), that can lead to reorganisation of the product management or of the style of the product in order to dismiss the product in most profitable way.”³³

“The life cycle of a product or a portfolio of products can be measured and identified by using different matrix BCG Matrix, Hoffer Matrix, Directional policy matrix and others that we will see in the next chapters for the business modelling process.”³⁴

1.7 MARKETING & OPERATIONAL PLAN: STRATEGY AND ANALYSIS

The main aim of a business plan is to acquire as more as possible in terms of market share and let the process be efficient. This is possible to achieved by developing a marketing strategy.

There are five steps for the “*marketing strategy process*”:

1. *Customer/market analysis*
2. *Market Segmentation*
3. *Market Targeting*
4. *Market Mix*
5. *Marketing Positioning.*”³⁵

As Marketers, first step to analyse a business is the **market and customer analysis**:

- *What market wants and needs?*
- *Which products can satisfy those needs?*
- *Where do customers buy and why?*
- *Who buys products?*

Philip Kotler developed a model well known as “**Model of Buyer Behaviours in consumer markets**”.

“This revolutionary model provides explanations to questions concerning consumers’ behaviours not only in function of prices, but of a lot of other factors.”³⁶

“Most of the factors that influence behaviours are personal of the consumer, but in order to target smaller groups of consumers and in the meantime to be as much as detailed possible, it is necessary to divide consumers in small groups in a process called **Market Segmentation.**” ³⁷

“A *market segment is defined as a large group of buyers with a differentiated set of needs and preferences that can be targeted with a differentiated*

marketing mix. Fine-tuning the marketing mix to address the segment needs will lead to increased sales. However, adjusting the marketing mix for particular segments results in increased costs. To be of value, therefore, the benefits of segmentation must outweigh the costs.”³⁸

Segmentations depend on how much variable we are taking into account. For instance, we could think about:

- **Geographic variable** as the most used since consumers in the geographic areas are usually linked in terms of incomes, ethnicity etc.
- **Demographic variable**, based on analysis of ages, income, social class, life-style, life stage, gender and so on. It is used in stable markets in order to reach smaller groups
- **Psychographic variable**, based on lifestyle, attitudes and value. But this category it is very difficult to be measured
- **Behavioural variable** “*based on customers knowledge of products, point of purchase, purchase pattern and frequency, intensity of use, benefits and trade-offs, loyalty and other buyer behaviour factors.*”³⁹ We basically analyse what make them decide which one to buy.

It is now the time to identify instead the potentials statements for products in order to target the segments we want to penetrate.

With regard to the segment decision, **Marketing mix** and the “Seven P theory” are useful to identify which segments are suitable for our Value Proposition and which ones are not.

The 7 Ps of Services Marketing



1.8 MARKET FORECASTING⁴⁰

“A forecast of total-market demand will not guarantee a successful strategy. But without it, decisions on investment, marketing support, and other resource allocations will be based on hidden, unconscious assumptions about industrywide requirements, and they’ll often be wrong. By gauging total-market demand explicitly, you have a better chance of controlling your company’s destiny. Merely going through the process has merit for a management team. Instead of just coming out with pat answers, numbers, and targets, the team is forced to rethink the competitive environment.

Total-market forecasting is only the first stage in creating a strategy. When you’ve finished your forecast, you’re not done with the planning process by any means.

There are four steps in any total-market forecast:

1. Define the market: we should define it to include all potential end users so that you can both identify the appropriate drivers of demand and reduce the risk of surprise product substitutions. In defining the market, an understanding of product substitution is critical. Customers might behave differently if the price or performance of potential substitute products changes.

2. Divide total industry demand into its main components: divide total demand into its main components for separate analysis, making each category small and homogeneous enough so that the drivers of demand will apply consistently across its various elements and at the same time making each large enough so that the analysis will be worth the effort.

3. Forecast the drivers of demand in each segment and project how they are likely to change: The third step is to understand and forecast the drivers of demand in each category. The tougher challenge is to look beyond the data on which regressions can easily be based to other factors where data are much harder to find. Then you need to develop a point of view on how those other factors may themselves change in the future.

4. Conduct sensitivity analyses: in order to understand the most critical assumptions and to gauge risks to the baseline forecast. At one level, such a sensitivity analysis can be done by simply varying assumptions and quantifying their impact on demand. But a more targeted approach usually provides better insight.”⁴¹

In fact, “A market forecast is a core component of a market analysis. It projects the future numbers, characteristics, and trends in your target market. A standard analysis shows the projected number of potential customers divided into segments.

Once the market is defined, we should forecast it and there are two ways to do that: quantitative methods (regression analysis) and qualitative methods (innovation models).

Main kind of quantitative analysis are:

- **Time series method (quantitative):** it is based on the forecast of seasonal variables and data that are going to be corrected through an error variable.
- **Regression analysis (quantitative):** it deals with the creation of a relationship between a casual variable and a dependent one, giving the possibility to use even more than one variable and see how variables changes and how market reacts to different possibilities.”⁴²

In the end, the representation of the marketing plan will be represented as a business plan, an example in the chart below:

Marketing plan		Period 1	Period 2	Period 3	Period 4
Unit sales	'000	1,000	1,100	1,210	1,331
Unit price		10	9	8	7
Gross revenue	'000	10,000	9,900	9,680	9,317
Revenue discounts	'000	(300)	(297)	(290)	(280)
Net revenue	'000	9,700	9,603	9,390	9,037
Cost of goods for resale	'000	(2,000)	(2,079)	(2,130)	(2,096)
Direct sales commission	'000	(388)	(384)	(376)	(361)
Other costs of sales	'000	0	0	0	0
Bad debt	'000	(146)	(144)	(141)	(136)
Total costs of sales	'000	(2,534)	(2,607)	(2,647)	(2,593)
Gross margin	'000	7,166	6,996	6,743	6,444
Gross margin	%	74	73	72	71
Advertising costs	'000	(200)	(220)	(242)	(266)
Promotions costs	'000	(30)	(30)	(160)	(30)
Other marketing costs	'000	(40)	(42)	(44)	(46)
Total marketing costs	'000	(270)	(292)	(446)	(342)
Marketing costs/sales	%	3	3	5	4

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1.9 THE OPERATIONAL PLAN

In order to illustrate how the business can carry out its activity, an operational plan is required. The operational plan is important and crucial to the allocation of resources.

It should contain a description of the organisational structure, including an organisation chart. Human resources are one of the most important resources of a business, and payroll and related costs account for a large part of operational expenditure.

The operational plan is the main cost driver, whereas the marketing plan is the revenue driver. It includes the cost of sales and some marketing costs.

Then, the operational plan has all the data of the precedents stages, about all the activities and resources inside the business (even human resources) and it explain how they are going to interact.

One of the first step is the decision related to the juridical form of our business/firm: SPA, SRL, SAS and so on, considering what is more appropriate for the business itself and all the stakeholders.

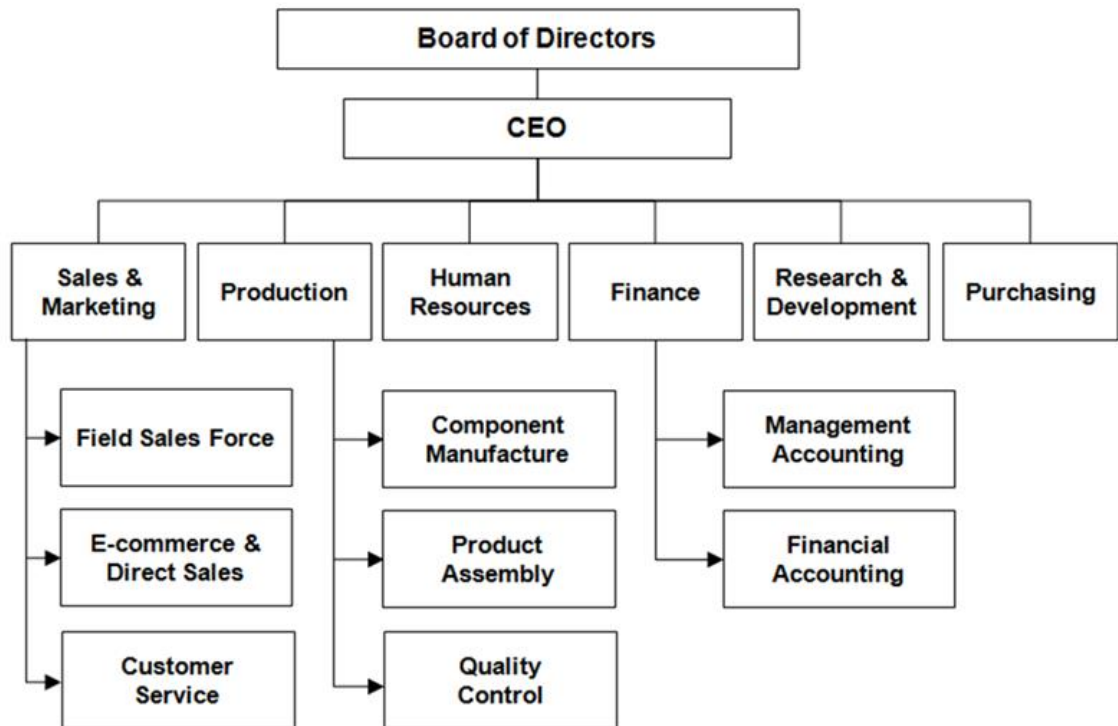
Thereafter, the **Organisational Structure** is going to be established by the management. It can become a competitive advantage and it can be a way to give to the customer a totally different experience of the service or product which the company is going to deliver.

The structure of an organisation will depend on lots of different aspects such as size, geographic scope and type of industry:

- **Functional Structure**, every structure(department) is a part of the value chain and of the activities. It is the most common as it is simple and clear. It is preferred by small business.
- **Divisional Structure**, it is divided in Strategic Business Units (SBUS) that can be very different even in terms of market or product that are served. Preferred from Large companies as it gives the possibility to

have a company that is larger horizontally and not only vertically as in the functional one. In fact, it can be very confusing.

- **Matrix Structure**, combination of the functional and the divisional structure giving a manager responsibility not only about his activities, but even about activities that are horizontally linked to him. Example of a functional Organisational structure:



tutor2u

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One more example could be the “Holding company structure”. A holding company is a small unit controlling a collection of independent companies which may not even be wholly owned subsidiaries. The holding-company functions are reduced to a few support functions such as finance and overall strategic planning.

Generally speaking, the operational plan gives us the structure on which the same business plan is based in terms of:

1. *“Employees and third-parties around company*
2. *Expenditures: financial and operational*
3. *Duties and responsibilities*
4. *Interaction within the firm.”*⁴⁵

1.10 MODELLING AND FORECASTING

The main reason for developing a business model is to generate the financial forecasts that are a fundamental element of any business plan. It enables you to evaluate also risk and quantitatively alternative strategic options as well as assess the funding requirement. If detailed, it can help the management for the day-by-day life of the business.

Main Business Model characteristics:

- *“No mistakes or errors*
- *In line with the assumptions about the market and the strategy*
- *capable of generating the results necessary to evaluate alternative strategic options*
- *complete in terms of revenues, expenditures, cash-flow, repayments and funding;*
- *Appropriate business planning time-horizon;*
- *capable of easily running sensitivities and scenarios to test how robust the plan is in terms of unexpected changes in the environment;*
- *capable of illustrating fair level of detail”.*⁴⁶

Of course, shareholders and investors in general are interested in revenues, interests and dividends: how much money the company requires, how much money the company receives and how much money the same company will pay back.

A business is involved in more than one project and the forecasts in the documents are delineated for each project.

In each Business Plan, we must find the following data:

1. *employee costs;*
2. *Bad-debt assumptions/scenario*
3. *Operating costs per category and capital expenditures*
4. *Amortisation and depreciations*
5. *Working capital*
6. *Financial sources estimations and interest payments.*

1.11 FINANCIAL ANALYSIS

In this paragraph, we are not going to discuss about the account principles since we are not going to apply them in our future analysis

1.11.1 Funding analysis

Thanks to the funding process, we can select which type of investors can help us and then which type of investors will be interested in our business by investing their money. Once we have selected the type of investor, we are going to look for the entire amount and for which kind of funding: Business Angels, external investors, Banks, crowdfunding, donations, Bit Coin or our money.

Once we have evaluated also this aspect, we must plan how to use and for how long we are going to use those money/investment.⁴⁷

Let's check together the main forms of funding:

- **Debt:** it refers to funds borrowed by a business. We may get it by different agents but banks still remain the best example to discuss about. They do not want to be part of the company, unless there are covenants or options relying on those debts, but still they only want to be payed back for their services. Since they do not have any right on the corporate management, in case of liquidation they are going to be repaid before all the equity. This group of Finance is composed of three smaller groups: *Medium Term, Short term and Special Finance.*

- **Equity Finance:** raising capital through the sale of shares in an enterprise. Equity financing essentially refers to the sale of an ownership interest to raise funds for business purposes. Equity financing spans a wide range of activities in scale and scope, from a few thousand dollars raised by an entrepreneur from friends and family, to giant initial public offerings (IPOs).

While the term is generally associated with financing by public companies listed on an exchange, it includes financing by private companies as well. It includes not just the sale of common equity, but also the sale of other equity or quasi-equity instruments such as preferred stock, convertible preferred stock and equity units that include common shares and warrants.

1.11.2 Risks analysis

We live in a world full of uncertainties and risks which influence and determine our life and our business.

Each business is different from the other, but we may find risks everywhere: in the entire business, in a single project in some costs or resources.⁴⁸

*“Risk includes the possibility of losing some or all of the original investment. Different versions of risk are usually measured by calculating the [standard deviation](#) of the [historical returns](#) or average returns of a specific investment.”*⁴⁹

*“But since not all of risks are visible, not easy to get and to manage, the ability of identifying every single risk is in the hands of the management.”*⁵⁰

There are 4 types of risks:

- **Operational:** linked to the firm abilities to achieve the objectives (problems with resources or with the staff)
- **Industrial:** generated by external developments out of the industry (new firms or issues with suppliers)
- **Financial:** an increase/decrease of the interest rate (swop rate)

-Political: instability, institutional problems, trade unions, lobbyist, activists and disasters

There are also subcategories of the main four such as Credit/Default risk, Country risk, Foreign Exchange Rate risk, Interest rate risk, Political Risk and Market risk.

Anyway, risk identification process starts with the listing of all the possible risks contained in the firm, it is helpful to use all the analysis conducted before the Risk analysis. After risks are identified we must quantify them thanks the help of models and scenarios:

1. **Historical simulation**

A fairly straightforward approach to risk quantification is simply to gather as much past data as possible and use this history as a simulation of the future. Reliance on historical simulation also introduces a further problem, sometimes known as pro-cyclicality, whereby the occurrence of a rare, significant risk event has a double impact.

2. **Normal distribution assumption**

Another way of exploiting past data is simply to observe the mean and standard deviation of a particular factor, for instance equity market returns, and assume that the factor is normally distributed. The basic properties of the normal distribution then allow us to generate the chosen confidence interval around the mean by taking particular multiples of the standard deviation. This approach generally gives far less weight to the outliers in the data than would a historical simulation.

3. **Extreme value theory**

Under extreme value theory (EVT) events below a particular threshold are excluded from the distribution-fitting process. In effect, this exclusion assumes that small variations in the risk factor are no help when trying to predict the occurrence of very large changes, and focuses the effort on replicating the observed large changes. The positive aspect

of this approach is that attention is concentrated on the part of the distribution in which we are most interested.

4. **“Monte Carlo simulation”**⁵¹

“Monte Carlo simulation is a statistical sampling technique for solving complex differential equations. Basically, we assume that the evolution of a particular item of interest can be described by a probability density function; the Monte Carlo simulation is then carried out by sampling from this probability density function and tallying the results. This is a powerful technique and may not strictly be required if ‘closed form’ (that is, formula based) solutions exist. However, Monte Carlo simulation is an approach frequently used in asset-liability modelling, and gives the user more flexibility in modelling the co-dependencies between multiple risk factors.”⁵²

One danger that often occurs when deriving the distribution of the risk factor is to add in too many parameters, and so ‘over-fit’ the distribution formula to the past data. This would lead to the distribution formula explaining the past particularly well, giving very small observed ‘error’ terms. “As a consequence, little uncertainty is projected, and the variability of the risk factor may be understated. This is an example of model risk and can be difficult to quantify.”⁵³

CHAPTER 2

FOOD.IT: THE ITALIAN WAY OF STREET-FOODING

2.1 FOCUS ON OBJECTIVES: OUR BUSINESS IDEA AND WHY IT MAY WORK

Our idea is very simple: bringing all around the world the tradition of the Italian street-food thanks to the merging of the Made-in Italy concept and the fast-food concept.

It means offering, to all the potential customers, fresh and genuine food (made in Italy concept) in a faster way (fast-food Anglo Saxon concept). We will explain the following argument deeply later and in the next Marketing chapter, paragraph 3.2 “Food.it Objectives”, but now we would like to introduce it in order to give an idea of our vision, mission and objectives.

In fact, we are going to run our business at the beginning in Italy, in Milan, in order to test our idea in the most international city of our country. After that we are going to open a second place in Florence, in order to get customers attention and become more famous by increasing our notoriety and brand reputation: Florence is one of the most visited city all around the world (almost 10 million of presence per year⁵⁴) and Tuscany in 2017 registered more than 100 million of people and this data it is going to increase by 4.4% in 2018. So, basically here we are going to unify street-food with history and beauty selling in this way our experience because of this combination and we are going to strengthen our brand image among European and international consumers.

Why not Rome? Or another place in the south?

Because our business idea comes, for most of the project, from the culture of the south and especially at the beginning, we all the local small places or trucks it could be risky for us.

The third step is going to be out of our national borders: Munich, Germany.

In view of the fact that EU differs in terms of society, consumers taste, culture, history, economic and regulatory framework, even if there is a common and shared “picture”, the approach that we are going to use out of Italy will always be different and we will need expert for researches we need.

Anyway, why Munich? Because it is really close to Italy and easy to reach also for our suppliers and their ingredients, facilitating in this way for us the sourcing, processing, distributing of street-food, by decreasing also expenses as well.

Moreover, Munich is another international city famous around the world, dynamic, with very high incomes and open to new cultures, especially to the Italian one, to which German people have always demonstrated passion and interest.

Why this idea and why should it work?

First of all, because we should take a look to the overall data and to the general trend.

According to them, we may immediately notice that agri-food export “made in Italy” has reached abroad more than 41 billion of euro in 2017 with a growth of more than 7% compared to the previous year. This is what clearly emerges from Coldiretti analysis, on the basis of ISTAT data related to the Italian export in the last year⁵⁵. This states the potentiality of our Made-in-Italy and what we were saying before about Munich: it underlines how Germany is still the first country for consumption of Italian products, with almost 7 million of imports.

Secondly, because of the evolution of the normal concept of restaurant: nowadays, out of our national boarder and especially for the new generation (the so-called millennials), restaurants seem to be more something for special and outstanding moment (as we can see from this article) and on average expensive as well.

In fact, according to many researches, in Europe and in general all around the world, the street-food sector has increased since 2016. Moreover, according to a global research made by Nielsen, more than 27% of the people who dined out in the last two years has chosen the street-food (in Europe more than 16% of them).

These researches state again that street-food is a process growing day by day, but of course, as we explained before, they are general trend-data and we should check each country before thinking about opening a new shop.

This is the reason why we are going to focus more our analysis on the Italian market and the first place where to open: Milan.

CODA, an important success made by the combination of:

1. consumption and service rapidity;
2. original and quality products;
3. direct contact with the operators;
4. affordable prices.

As a new company starting to face the market now, we are going to bet on all of the previous features. In the next step, we are going to analyze and describe how to do it.

Last but not least, because our company is a new type of corporation: not properly for the type of company (food-company) but for the idea and for the processes:

- merging two divergent cultures of how to see the food world production and delivery;
- building a network with all the Italian small and medium size firms which produce made in Italy food in order to create a system rooted in our Peninsula and all around the world;
- selling to our customers not only high-quality products but the experience, making them living the moment: “the pleasure of taste”;
- Not anymore only Italy of all the day: spaghetti & pizza, but Italy of the special days: the Italy of festivities and holidays.

In 2017, according to Coldiretti, it emerges that 52% of Italian buys regularly street food. Especially those from our tradition is the most widely sold with 69% of the overall sales, followed by the international food (like for example hot-dog) with 17% and the Ethnic Food (kebab, chines and so on) with 14%.

One more important and significant data for our business idea, it is the following one: 39% of the tourists, which come in Italy on vacations, decided to eat our street.⁵⁶

In fact, as long as/it is now three years ago since *Borsa Italiana* published an article where it explains the reason why the number of Italians eating street food is increasing day by day and how nowadays it represents “A new lever/stepping stone for the Made in Italy”.

More than 2.5 billion of people all around the world eats every day street food: the so-called “Foodies”.

A confirm is a research made by the University Bicocca of Milan: this new and emerging category of food-consumers take part of events and festivals ad hoc, where selling points artistically decorated with fresh, local, seasonal and biologic ingredients play the lord and master.⁵⁷

In Italy, more than 73% of the population in the last years bought street-food.

But our business idea does not concern neither the truck food nor the junk food: our business idea is the Made in Italy Street Food.

2.2 OUR VISION: THE MADE IN ITALY STREET-FOOD

"A company vision statement reveals, at the highest levels, what an organization most hopes to be and achieve in the long term" said Kathryn Taylor, CEO of Untold Content, a writing consultancy with clients in various industries.

A vision is the idea of the entrepreneur and it represents what the company would like to become in the future: "Horses will disappear from our streets", said Henry Ford referring to his cars and the new world coming.

It provides a concrete way for stakeholders, especially employees, to understand the meaning and purpose of your business⁵⁸.

What kind of a mark you want to make on the world with your business, and how you see that business developing into the future," said Nate Masterson, marketing manager for Maple Holistics, an organic and natural beauty products company. A vision statement should be concise, no longer than a sentence or a few paragraphs. You want your entire team and organization to be able to quickly repeat it and, more importantly, understand it, said Falkowski.

Basically then, the vision is the projections of a future/futuristic scenario that reflects the company's value and spirit. In order to develop a vision, we need to take into account lots of aspects such as:

- 1) Internal and external structure;
- 2) Markets to penetrate;
- 3) Products and services to offer;
- 4) Measures to be successful
- 5) Aims/goals;

Moreover, a successful Vision should be SES: specific, explicit and shared (with all the corporate levels).

John Sculley, former chief executive of Apple and president of PepsiCo and now a private investor in about 15 start-ups, said he was more interested in what he called a customer plan — hearing from the start-up's founders why a customer will want their particular product or service.

“If they can’t explain it through the eyes of a customer,” Mr. Sculley said, “then I’m not interested in investing.” Said John Sculley, former chief executive of Apple and president of PepsiCo and now a private investor in about 15 start-ups, said he was more interested in what he called a customer plan — hearing from the start-up’s founders why a customer will want their particular product or service.⁵⁹

So, why should a customer choose our company?

Because of the experience we are going to sell him/her: high quality product, made in Italy, atmosphere, service.

2.3 OUR MISSION: THE ITALIAN WAY OF STREET-FOODING

If you are a no-profit organization, a simple association, a firm or a start-up, it does not matter: what it is very important is to define and declare our mission clearly in a way that immediately all the people can understand.

In fact, often surfing on the internet and on the company’s web site, it is not simple to find their missions. A mission is one of the key process to write a perfect Business Plan and it does not have a limit or a deadline: it should not be too generic and at the same moment it must not forget the objectives/aims of the company and with them its stakeholders

The mission is like the track to be followed and it is how the vision becomes concrete.

It is the guide to realize the idea (then the vision) focalizing on the present and it describes in a concrete and clear way what to do and which instruments to use in order to make our objectives real.

In order to develop a good mission, we should use this scheme: verb, object, result. Like for example “The Italian way of Street-Fooding” with maximum 8 words. The

mission declares why our company exists. The vision, what we would like that the company to become.

We should ask (and then answer) the following questions:

- Which needs do we want to satisfy? the lack of the market itself: we are going to open this market showing all the Italian high-quality street-products
- Why will our company exist? Because it is the first one and we will have the first mover advantage. Moreover, our company would be the first one all around the world showing up the entire street-food culture of a nation. And this nation is the first one and most famous all around the world for the food: Italy. With its Made in Italy brand.
- Which contribute do we want to give to our clients, to our community and to the world? As we have already explained, we are going to sell first an high quality and made in Italy product (in each of its step, from preparation, assembly of components, final product and service), second the Italian atmosphere related to this type of products and last our prices: Italian culture and taste in a new form for an excellent price; in general to the community the possibility to have more and better choice to eat, understanding also that street-food in our (Italian) way is something healthy and not junk food. It is not going to be “eat and run” but “eat, stay and enjoy”. To the world, the help to bio-product instead of the industrial ones for better environmental condition and more responsibilities on which product buy and consume in this sense.
- How are we going to earn money? By selling our street-products and the experience: this last mean that we are going to loyal our client making sure they will come back again to eat because satisfied by the service.

Really difficult and deep questions that they need long paper to be answered⁶⁰. This is the reason why you need a simple sentence of maximum eight words, which is going to explain in a clear way what our mission is.⁶¹

If we want to develop our vision we need to define projects, which take form thanks to a mission through goals. ⁶²

Without any doubt, our goals will follow the scheme COPIMAC. It means they will be:

- Clear;
- Objective;
- Possible;
- Identifiable;
- Measurable;
- Attainable;
- Controllable⁶³

After this theoretical and preliminary analysis, let's start to introduce our BP in concrete.

2.4 STAKEHOLDER ANALYSIS

Once at this point, we should introduce one of the most important factor of our business plan: the Stakeholders Analysis.

Stakeholders are all of the people who have an interest in our company and in our business. Moreover, stakeholders are all the people involved or influenced in the environment.

After carrying on a long and deep analysis and according to what we have explained in the Chapter 1, we have found which are the stakeholders we should refer to. For all of them, we have provided a description and we have explained how they are or can be involved in the process:

- **SHAREHOLDERS**

Since the company aims to become an international brand, after the first period of developing, of course it will be listed on the market capital. They are powerful because they are directly involved in the company such as: the decision-making process, the board of directors, the dividends and the capital gain. Most of them will be only interested in the speculation on the

financial market (buying and selling shares in order to make profit), but they have the right to be always informed about what is happening in the company. In addition, we must manage all of them, by avoiding losing the majority of the shares and with them the ownership of the company. They usually expect the company to grow: the more it increases its value, the more they can earn money and capital gain. Having said that, we should consider that they are very important for us and for our goal: since they could not understand our mission, we must perfectly explain this latter to them and try to find a common point.

- **LENDERS**

They are of course interested in the financial part and pretend our business to survive over the years in order to get their interests. They own most of the liquidity that we will use to develop the business.

- **SUPPLIERS**

Their aspiration is to export (especially abroad) their products or ingredients and then opening to a partnership with our company. It is very simple to understand: reaching foreign markets is crucial in order to make their brands famous and sell more (with and without us). Example: if we are going to sell abroad the street-food “Arrosticino” from Abruzzo (Italian Region), all of the suppliers will be interested in selling to us their high quality ingredients (in this case made by sheep meat): the more we sell their products, the more we need sheep meat and then the more they sell to us. If they more sell, the more they make profits. Furthermore, they have bargaining power because since we want to sell Made-in-Italy products, we cannot buy sheep-meat from another region or nation otherwise the same vision would no longer make any sense.

- **EMPLOYEES**

They are part of the core-business activity since most of them are going to create the Italian atmosphere and service that we need according to our vision. It is indispensable to make them feel part of our national values and standards: “they are the product inside the product”. For instance, if we want

to establish ourselves in Germany and local people working for us are far away, for culture and behaviour, from our “Italian way”, it could damage our brand reputation: the waiter should be in the “Italian way” and not in the German one. They are basically a strategic resource as human capital.

- **GOVERNMENT**

Our country will benefit in terms of taxation, and Made-in-Italy importance. This latter will increase and consolidate its public awareness all around the world, raising the Italian GDP thanks to new flux of products and ingredients outside the national borders, with all the benefits for our country, like for example new investment. Moreover, creating a new company it will have directly or indirectly a new tax revenue coming from our company and all of the other companies and suppliers that decide to work with us, for example as partner. This tax generation consequently involves regions as well. For instance, the amount of taxes that a regional supplier is going to pay for its production cycle.

- **ENVIRONMENT**

This voice is directly connected to the previous one. In fact, all the environment can benefit from the inception of our idea since we are going to create new qualified and skilled workplaces. Moreover, all the suppliers could generate an increase of employment. Then, with new employment is easy to images new local/regional laws and new flux of income taxes.

- **CUSTOMERS**

On the customer side we shall explain how they are involved, but we are going to better describe the process of involvement in the marketing section. Thanks to our company and our mission, they are going to benefit of “The Italian way of Street-Fooding”, giving them the possibility to try the Italian high-quality products and ingredient to affordable prices. They want their satisfaction to growth and experience the Italian service. Basically, they decide our destiny and what we will become in the future so that we are going to take care of them with a customer-based ap

2.5 SPEED ANALYSIS AND INDUSTRY LIFE-CYCLE

From now on, we are going to describe where we should act as a company: the environment to run our business. Thanks to the PESTEL analysis we are going to highlight all the factors which can have a direct or indirect influence on our activity.

First of all, we are going to analyze the speed of change for our environment. This speed is very important in order to understand how much our business is changeable/stable and how much all the agents of this environment are going to influence the business and our company.

This analysis is going to be “qualitative”: it means we are going to describe the situation starting from data and then creating related and hypothetical scenarios.

In regards to the data we have reported in the previous paragraph, which stated that the market is growing and expanding year by year (more than 2.5 billion of “foodies” all around the world), we can say for sure that the environment which we are going to face is really DYNAMIC: for example according to a report made by “Unioncamere-InfoCamere”, only in Italy, more than 1.000 new street-food companies between 2013 and 2018, increasing from 1.717 firms to 2.729 (+60%).

⁶⁴Basically, one new street-food company every two days. In this framework, the Under 35 represent the 22%, showing a significant increase of 23,9% in these five years.⁶⁵

The environment then is going to change with lots of new entrants but it is not turbulent and there are concrete possibility of profits.

Moreover, all of the data collected and all of our considerations refer to the street-food market as “trunk”. We are a type of company different from the truck ones and with the will to open a new type of market.

With regards to the Industry Analysis, we would like to explain briefly the industry life-cycle.

Taking into consideration all the data, all the information and all the statistics shown so far, the street food industry is of course at the time-period called “GROWTH”.

Generally speaking, it is now in the expansion stage and it is “trendy”, but it is a type of industry/market which will never die: it could have in the future a new decline stage, such as in the past, but it will always continue to exist.

The reasons why we are now in the expansion stage are the following ones:

- Convenience and speedy;
- Taste and huge offer of ingredients;
- Cheapness.

Anyway, on average then it is growing faster than other industry but of course we should take a look at all the differences between cities, regions and countries in order to understand the trend and, with it, its level of competition: in regions such as for instance Lombardy and Apulia we will find many new firms; in others, like in the central part of Italy, less firms and then less competition but also less appeal for the street-food sector.

But still, we are not a truck food company. In the next paragraph, we are going to put into practice what we said thanks to the PESTEL analysis.

2.6 PESTEL ANALYSIS

It is now the time to examine the entire environment through the PESTEL analysis, which it is used in strategic management: Political, Economic, Social factors; Technological change; Environmental and Legislative context. But what we are going to read below, it is not only a “quantitative” analysis but also “qualitative”, since we must also explain pragmatically and through examples how we set the company in this framework.

Through with this PESTL Analysis, we are going to analyze Italian and European market (with its countries) in order to give a general idea to the readers, but our focus on objectives is going to be Italy anyway.

Nonetheless, it has usually performed in order to reveal the factors that help or hinder marketing dynamics of products (Kotler and Armstrong, 2004). Since the

PESTEL components represent the characteristics of the country itself, we are going to link the demand side of our brand to the country components (political, economic, social, technological, environmental and legislative), in order to identify our equilibrium point there.⁶⁶

- Political Factors, The EU market is composed of 28 nations (27 in the nearly future) different between each other in terms of cultures and tastes, but linked by the history, geographical positioning and after the Second World War even in political terms firstly by the ECSC and now by the EU.

It is considered the political area in which Human rights and freedom of individualities are defended, but most of all in which competition market is more active (a Single Currency adopted by 15 states in a market in which industries policies are shared).

For the food market UE has a really big and important regulation giving the possibility to customers to return the products to point of sale, but most of all there is a Strong traceability mechanism used to recall in a really efficient and effective manner

Note: Italy is part of the Single currency making easier the movements of things inside the various national markets, especially of businesses (a good start for our business in terms of future expansions). Italy is now going through a lot of political changes defined as a “political crisis” and, even if it remains a marginal possibility, the possibility of a future “Italiexit” is becoming more probable influencing our choices in a m/l term perspective.

- Economic Factors, it is the largest economy of the world with (i) 32,7 trillion of assets, (ii) the 2° world biggest GDP (it is composed by 5 of the 10th biggest national economy of the world) with 17277.70 \$/bln in the 2017 and (iii) really high-income average.⁶⁷

It must be signalled that inside the Euro zone is quite heterogeneous, in fact the East part of it is basically poorer (Slovakia, Romania, Hungary etc) than the west part (Germany , France , Netherlands etc) and there are a lot of differences in terms of real wages (even if the currency is most of the time shared).

Italy is totally in the middle with a GDP per capita equal to the EU average one, but as “Sole 24ore” underlines in an article, the north part and some regions of the central part of Italy have an income-average and a GDP per capita similar to the one of the most developed countries of the world, making those areas more capable for our business. ⁶⁸

- Social Factors, for the largest part of human history Europe has been the centre of the world hosting the biggest wars and the most important innovations. Europe is not the centre of the humanity anymore, but it is considered as the geographic area in which people are free in economical and human rights terms. It is the area hosting the highest number of war refugees and with Asia the highest number of immigrants 79 million⁶⁹, making Europe one of the most heterogeneous areas in terms of ethnical and cultural differences.

*It must be signalled that even if Italy is similar to EU in terms of human freedom, our country is the European nation with the highest genetic and cultural variety*⁷⁰

- **Technological Factors**, the unification of the investments coming from each country gives the possibility to maintain a central role in a world perspective. An example is the European space station possible only thanks to the unification of the investments flows. Trip Advisor has conducted a research on consumers behaviour trying to understand how much people are influenced by online rankings and photo posted, the results were incredibly high: the average of EU citizens influenced by TripAdvisor in restaurants choice are more than the 82% and more than the 90% are influenced by the review posted by other users.⁷¹

And we also have:

- Environmental context: marketers (like us) are facing more and more consumers demanding that the products they buy are sourced ethically, and if possible from a sustainable source. Ecological factors, because of the rise in importance of CSR (Corporate Sustainability Responsibility), include for example climate, recycling procedures and waste disposal⁷². Our offer of

ingredients Made-in-Italy, with high-quality and biological final products, states a decisive answer to the new customers' needs and worries;

- Legal context: our company needs to know what is and what is not legal and what is allowed and what is not allowed. This because our company must operate first in a professional way everywhere and second, because in order to be successful it must trade successfully. We are going to trade globally and each country has its own set of rules and regulations: we must know them⁷³

They also must be aware of any change in legislation and the impact this may have on business operations. Factors include employment legislation, consumer law, healthy and safety, international as well as trade regulation and restrictions.⁷⁴ For instance, if in country out of the European Union where we are established with one of our street-food stores, the government decides to change the current law and to imposed duties on certain agricultural products (on the tomato useful for pizza by the slide), we would be damaged in terms of expenses and costs, as it is easy to image, would increase reducing our profits and with them all the other possibilities directly connected: less profit for the period means less monetary resources, for instance, to invest.

2.7 PORTER'S FIVE FORCES ANALYSIS: STREET-FOOD IS NOT FAST-FOOD

The following analysis is useful to understand better what exactly is going to happen once we will run our business. By analyzing which elements and which forces we are going to cope with, we also identify what “shapes” the corresponding industry.

Even if we are going to open a new type of market (we are going to explain it better in the next chapters), we must pinpoint those which could constitute our indirect competitors.

Porter's Five Forces Analysis is frequently used to examine the industry's structure and subsequently to determine the corporate strategy: “The essence of strategy is choosing what not to do”⁷⁵

The level of competition depends on five forces, which may be more or less active in the industry and determining in this way also the level of profitability for a company.

- **COMPETITORS:** the larger is their number along with their product range, the lower is the power of a company⁷⁶. The competition level may be considerate “moderate” because of all the reasons and data already explained in the previous pages: we have more “indirect” competitor, such as restaurants, fast food, small shop and so on, since we want to open a new market.

But if we considerate them as direct competitors then the level of competition is “HIGH”, because we are referring to all the competition coming from the food sector. (dati sul quanti nel mondo ogni anno ne

Suppliers
<i>High</i>
1. Exporters of Italian high quality supply are rare
2. Growing market gives them possibility to switch sides



Buyers
<i>Low</i>
1. High price sensitivity (as retailers we can use it as an advantage
2. High customer loyalty and quality sensitivity
3. High Influencers and rating website power on us (as Trip Advisor)



Rivalry
<i>Moderate</i>
1. Market already expanded and dominated by American businesses (street/quick food)
2. Competitors of big and small sizes
3. High differentiation of the service can work as a mitigation of the competitors power



Substitutes
<i>Moderate</i>
Same as direct competitors, but highly price sensitive



New entrants
<i>Moderate</i>
1. Business Idea can be emulated
2. Low price initial investments

nascono e ne chiudo?). But as we have already demonstrated, it is a growing

market, especially the street-food one, with opportunities to reach clients and possibilities to make profit.

Our company is going to face all kinds of competitors: big-size competitors, such as McDonald, Vapiano, Eataly; medium size-competitors, such as for example Alice Pizza; small-size competitors: from an ordinary restaurant to a Kebap-Station.

The level of competition also depends country by country.

- **NEW ENTRANTS:** the less the time and money to enter the market, the more company earnings may be weakened. Strong barriers to entry may reduce this possibility, but of course the slow-food market along, with the new one we will create, does not have this type of barriers and it is easy to run the business for new operators and agents.

By the way, we need to take into account other types of barriers such as:

- *Initial investment:* fixed costs are really elevated for buying or renting buildings for the activity;
- *Information costs:* all the researches to carry on in order to get market data and statistics;
- *Transaction costs:* negotiation costs with all the suppliers, bureaucracy among different nations and relation with public administration.

Moreover, street-food industry does not have elevated prices even if the cost of final product is not particularly high. Still, there could be new entrants emulating our business plan, but unless they are Italian they will never be able to copy the Mission: the Italian way of Street-Fooding.

- **SUPPLIERS:** this is the category that partially decide and influence the final price of our products and then, the expenses for the company on the food side. The fewer the number of suppliers, and the more a company depends upon a supplier, the more power a supplier holds⁷⁷. With regards

to our case, we may find problems if the resource (ingredients) we need is rare, as for example in the “Mozzarella di Bufala” case; at the same time, instead, we may not find problems if we should acquire the meat to prepare “Pani câ meusa”, a Sicilian street-sandwich.

Furthermore, if we are situated in Italy we will not find problems with the export of high-quality products; abroad it might be problematic, but Eataly example states the possibility to sell high quality Italian products out of our national borders.

- **CUSTOMERS:** they will decide to reward us and they will evaluate our company. They usually are very sensitive to change in prices but they are also available to spend more for high-quality food, atmosphere, location, service and beauty. It depends on the segmentation made by the company and on the process of encouraging customer loyalty: we are going to talk about this topic in the Marketing chapter we are going to look more deeply into the subject in the Marketing chapter in order to explain better the topic.
- **SUBSTITUTES:** in this type of industry they are directly connected to the competitors for all the reasons we have discussed above in the COMPETITORS section. Actually, we should not talk about competitor substitutes if we consider everything in the food market as direct competitor; vice versa, if we do not consider everything in the food market as direct competitors it means that we have only competitor substitutes. Therefore, we could sum up by aggregating the competitors and substitutes sector together. Anyway, of course we are not going to do it.

One example of substitutes may be the same truck-food: the customer could rely on it thinking it provides him the same service of our company at a better price and same quality.

It is about us to make people understand that our entity is creating a new business. Marketing - Chapter 3 is going to explain deeply the argument.

2.8 FIRM ANALYSIS: SWOT ANALYSIS

At this stage, analyzing the general framework plays crucial part to evaluate our company's competitive position, by assessing its strengths, weaknesses, opportunities and threats. Specifically, SWOT analysis is a foundational assessment model that measures what an organization can and cannot do.

Anyway, it is necessary to make a preliminary statement: we are going to expand upon the argument in the next chapter.



Let's introduce the argument by illustrating how we want to operate inside the market:

❖ STRENGTHS

First of all, we initiate the creation process of a new industry: an entire national street-food in physical places and structured as a global company does not exist at all; in fact it is only possible to find truck companies, fast food companies and transitory markets for “generic” street-food, but not something born from a vision.

Therefore, we are going to be first-mover and have all the linked advantages: due to “first moving” we gain a competitive advantage directly linked to our resources (see the VRIO analysis below) along with brand-recognition and customer-loyalty before competitors will enter the market. One more advantage: we have the time to perfect our products, our ingredients and our service and having the possibility to set the prices.

Moreover, high standards and high quality for our products create already a point of differentiation compared with the upcoming firms which want to run the business.

❖ OPPORTUNITIES:

As we have illustrated in the previous section, nowadays street-food is a trend-based sector: the restaurants falling during the last years (-18% only in Italy) connected to the corresponding exponential growth of truck-food services, this latter due also to the economic crisis and the lack of possibility to spend money as in the past, has generated passion among customers which have decided to discover and to try again this market.

❖ WEAKNESSES.

Since we are going to run a new business and we are the first one, we do not have any brand reputation: we must build it. Marketing team will implement the right strategy for this aim.

In addition, we are going to face high organizational and coordination costs by looking for the right suppliers and the negotiating with them;

by training all the employees “in the Italian way” of the service; by structuring the management and the same company at regional level, at country level and at global level.

Finally, no adaptation or adjustment: we are not, for instance, McDonald’s and we cannot “adapt” our products (for example sandwiches) to the hosted country tastes. Our idea is to bring all around the world “The Italian way of Street-Fooding” and if we adjust our products to the other culture we go out of our business idea, by generating again junk food or fake Italian food. No economy of scale or scope at the beginning.

❖ **THREATS.**

We are the first-mover and we may be monopolist for a short/long period. But after that we will run the new business, other companies will enter the market once they will realize the opportunity to make profit.

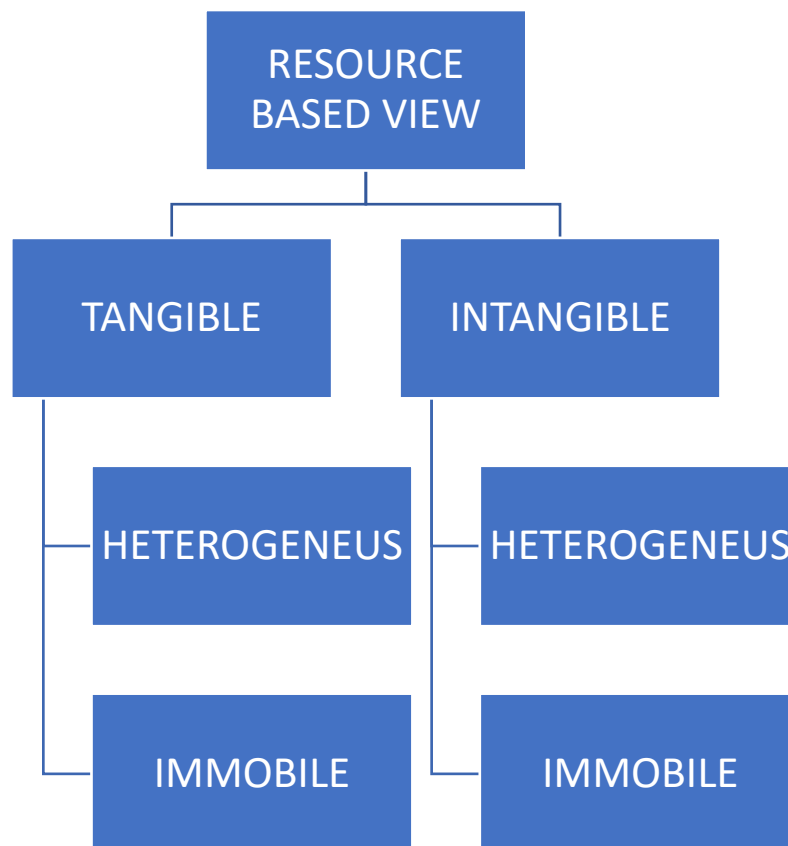
Especially with new Italian players, this threats will be a problem because we will not be anymore the only one using high quality made in Italy resources in this new sector and, at the same time, we should avoid to lose suppliers which could shift to the new entrants if their production is limited and the new companies will offer to them better and more advantageous conditions and contractual arrangement.⁷⁸

Moreover, company can use a SWOT for overall business-strategy sessions or for a specific segment like marketing, production or sales.

2.9 RESOURCE BASED VIEW: VRIO AND VALUE ADDED

The Resource Based View (RBV) is a model useful to understand which are our resources that create a superior performance for the company. By carrying on the following analysis, we are going to explain which resources enable the firm to get its “competitive advantage” over all the other competitors from the same industry.

In a hierarchic procedure, in the scheme below we illustrate step-by-step and with specific examples how we going to reach at the end our competitive advantage⁷⁹:



80

At this point, we need to explain our tangible and intangible assets:

- **TANGIBLE ASSETS:** all the high-quality ingredients, final goods and products we are going to use and then to sell to the final customer (see the next paragraph).
- **INTANGIBLE ASSETS:** everything that does not have physical structure but still creates the advantage. Brand reputation we are going to build as “the first mover” in the markets thanks to the marketing plan (see the marketing chapter); human Italian capital we are going to train; Atmosphere we are going to create in each of our store (see the marketing chapter).⁸¹

In addition, the other two assumptions of RBV are that resources should be:

- **HETEROGENEUS.** Our capabilities and resources that our organization owns differ from those that other competitors own. As we explained in the previous pages, we are creating a new type of market.
- **IMMOBILE:** our resources cannot move to other companies, at least in the short-run. For instance, our high-quality Italian supplies along with the human capital we need to train are both valid examples. Brand equity, processes or knowledge will be described in the next chapter.⁸²

The RBV model relies especially on the VRIO analysis, which means that a resource should be:

- Valuable: do we increase the value for the customer and do we create differentiation with made in Italy street-food?
- Rare: may our resources/capabilities be acquired by competitors?
- Imitable: Could be costly copying or substituting our resources for the rivals?

- **Organized:** may these resources/capabilities be organized to capture value?⁸³

Therefore, if a resource we own may exhibits “VRIO” specifications, this resource facilitates the company to have and preserve its competitive advantage.⁸⁴

It means we may look inside our company in order to better understand what may create our competitive advantage and not outside in the environment.

In the following scheme, we sum up exactly we have just illustrated.

RESOURCES	Valuable	Rare	Imitable	Organized
High-quality resources	yes	Not at all	yes	Temporary competitive advantage
Atmosphere	yes	Yes	Yes	Temporary competitive advantage
Human Resources	yes	Yes	Not at all	Sustainable competitive advantage
Selling-point Location	Yes	No	yes	Competitive Parity
Idea of first mover	Yes	Yes	no	Sustainable competitive advantage

Through these classes we are going to create our competitive advantage and generate our value-added strategy:

- **High-quality products and Atmosphere:** they are both valuable and rare since thanks to the idea of Italian street-food products and the made in Italy style of production of all the ingredients, we increase the differentiation compared to the other competitors. Moreover, not all the competitors may acquire these resources in the short-run. However, they can be imitated by future Italian competitors so that we get a “temporary competitive advantage”
- **Human resource:** they create the differentiation we are looking for and they are rare because it is not easy to find the right employees in order to create for instance the “Italian way” in the service sector since you need to train them in a proper way. In addition, this type of resources are also costly and not easy to imitate because they depend by the our company organization: here then, we can create or “sustainable competitive advantage”
- **Location:** this is valuable since it can create differentiation. At the same time is not rare since a competitor could decide to open a selling point close to us. Therefore in this section we should talk about “competitive parity”
- **Idea of first mover:** we consider this voice as an intangible asset. It generates of course a “sustainable competitive advantage” because creates differentiation, it is rare and not imitable since we are the first in the market and as a firm we are organized to capture value in the market we are going to create.

In the next paragraph we are going to illustrate which our resources and our capabilities which allow us to offer the products to all the customers along with the structure of the company.

2.10 PORTFOLIO ANALYSIS AND STRUCTURE OF THE COMPANY

Before introducing the next chapter, where we will explore the marketing strategy of the company explaining how to reach the customers, we need now to illustrate what type of products we want to provide clients starting from the resources and capabilities of the RBV analysis.

We want to sell made-in-Italy street-products, but not only them because we aim to sell the experience, we aim to sell the atmosphere: we aim to sell the Italian way of street-fooding.

This means that we need to select the best products and bring them all around the world. In order to proceed, through empirical researches we analysed each Italian region looking for the appreciated street-dishes coming from our tradition in Italy and abroad.

We have created the following table, divided for region and for sector, by listing the most popular products for the time being as according to our ideas and many ISTAT data:

REGION	STREET-FOOD	DOC/DOCG WINE	HOME-MADE/LOCAL BEER	DIGESTIVE AND OTHER DRINKS
LOMBARDY- VENETO- FRIULAN ADRIATIC	<ul style="list-style-type: none"> • Frisole • Folpetti 	<ul style="list-style-type: none"> • Prosecco • Ribolla • Veneto Ripasso valpolicella 	<ul style="list-style-type: none"> • Lamb rate: Mont estella 	<ul style="list-style-type: none"> • Fernet-Branca • Campari
PIEMONTE- AOSTA	<ul style="list-style-type: none"> • Sciatt 	<ul style="list-style-type: none"> • Barolo DOC (red) 	<ul style="list-style-type: none"> • Croce Malto • Baladin 	<ul style="list-style-type: none"> • Grappa
LIGURIA	<ul style="list-style-type: none"> • Farinata • Panissa • Torta al testo 	<ul style="list-style-type: none"> • Vermentino Ligure (white) 		

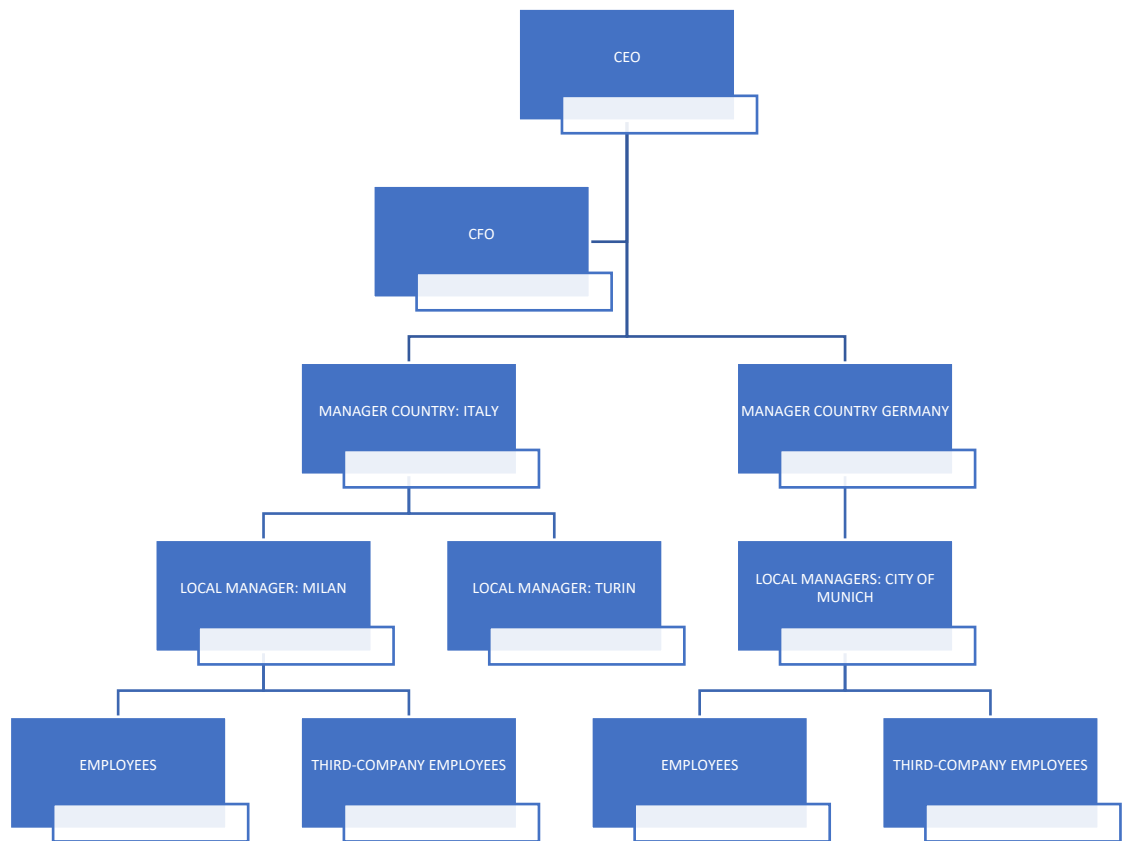
TRENTINO ALTO ADIGE		<ul style="list-style-type: none"> • Alto Adige Sauvignon • Alto Adige Chardonnay • Muller Thurgau 	<ul style="list-style-type: none"> • Colonial 	
EMILIA-ROMAGNA	<ul style="list-style-type: none"> • Piadina • Crescione • Borlengo 		<ul style="list-style-type: none"> • Okie Matilde 	<ul style="list-style-type: none"> • Amaro Montenegro
TOSCANA	<ul style="list-style-type: none"> • Lamprédoto • Porchetta • Cecina 	<ul style="list-style-type: none"> • Chianti • Lambrusco 		
MARCHE-UMBRIA	<ul style="list-style-type: none"> • Olive ascolane • Formaggio Fossa • Crema frita 	<ul style="list-style-type: none"> • Passerina 		
LAZIO	<ul style="list-style-type: none"> • Supplì • Calzone • Pizza e mortadella 		<ul style="list-style-type: none"> • Birra del Borgo 	
ABRUZZO-MOLISE	<ul style="list-style-type: none"> • Arrostiti • Panino con Porchetta 	<ul style="list-style-type: none"> • Montepulciano (red) • Pecorino (white) • Trebbiano (white) • Biferno Rosato 	<ul style="list-style-type: none"> • Anbrà • Antica Birra degli Abruzzi 	<ul style="list-style-type: none"> • Genziana • Ratafia • Centerba
CAMPANIA	<ul style="list-style-type: none"> • Pizza frita • Fiarelli • Pizza portafoglio 	<ul style="list-style-type: none"> • Greco di Tufo (white) • Capri (white) 	<ul style="list-style-type: none"> • Birrificcio dell'aspide: Blonde 	<ul style="list-style-type: none"> • La Strega • Nocillo

	<ul style="list-style-type: none"> • Cuoppo • Taralli 			
PUGLIA	<ul style="list-style-type: none"> • Focaccia Barese • Panzerotti • Tarallucci 	<ul style="list-style-type: none"> • Primitivo di Manduria (red) • Salice salentino (red) • Rosso di cerignola (red) 	<ul style="list-style-type: none"> • Super Tramp 3 	
CALABRIA-BASILICATA	<ul style="list-style-type: none"> • Pettole 		<ul style="list-style-type: none"> • 'A Magara: Frambueza 	<ul style="list-style-type: none"> • Amaro del Capo • Amaro Lucano
SICILIA	<ul style="list-style-type: none"> • Aranci na • Pane e panelle • Granita • Cassata 	<ul style="list-style-type: none"> • Nero D'Avola (red) • Cerasuolo di Vittoria (red) • Grillo 		
SARDEGNA		<ul style="list-style-type: none"> • Vermentino (white) 	<ul style="list-style-type: none"> • Icnusa • BB7 	<ul style="list-style-type: none"> • Averna

As we can notice from the previous table most of the products come from the Centre or the South of Italy which states a older culture for the street-food. In regards to beverage sector, we can notice that the situation is heterogeneous and it is useful to enforce and accompany the food sector by giving more force to our idea.

Anyway, this is only a range of products from which we would like to start with our first selling point based in Milan.

Finally, in the next table instead we illustrate our the corporate organization chart:



It illustrates the hierarchical structure we want to settle down in order to be close on one hand to the end customer and, on the other hand, to the suppliers and the locations we will choose. In this way, we may be even more connected to needs and problems of each point of sales and be more deeply rooted in the territory improving also our control-processes, from the supplying moment to the service one: a better control implies a faster check and a better functioning of the entire system we are going to develop.

2.11 THE BUSINESS PLAN OF FOOD.IT

Once we decide how to structure and build our corporation in an administrative way:

-Year 1, the objective is to open our first shop in Milan, in the historic centre (Navigli or Porta Genova areas). Second objective is to improve our visibility by participating to various festivals, the first one is the “Milano comics” by estimating the costs of participation. After a first appearance in a non-food related festival we want to take part of various street-food festivals (food-festival in general)

Moreover, we intend to organize events, every six months, linked to the street food similar, in order to let people approach to the quick food but high quality food in a natural way and selling them the Italian experience for creating a relationship between our brand and the Italian street food in general.

-Year 2, after the first period of consolidation in the market, we aim to start being the subjects of street-food, by organizing many festivals. We intend to be identified by consumers as the main character of a new “food-phenomenon. As already exposed in the objectives section of this chapter, we would like to work on our second shop in a new city: Florence.

It is going to be less costly than opening in Milan due to location, expenses and know-how accumulated.

-Year 3-5, here we are taking into consideration the medium and long term is to start returning from our investments in the 3rd year. If everything is going to work as we planned (and as shown in the BP), we are going to open our second shop in Florence after two years from the first opening. By giving free tastes on the street of Florence, we aim to make people come to our restaurant easily.

During year 5, we plan to start working on the opening of a new shop: this time in Munich, Germany. It is going to be the first experience abroad, out of our national borders.

The concretization of our strategy is in the Business Plan, in document we are estimating our objectives for the next years and our point view in terms of revenues and expenses that the business is going to product.

In the following graph, we illustrate Food.it BP for the period 2020-2024. Moreover, here we also explain the most likely scenario for our investments

The business Plan 2020-2024	2020	2021	2022	2023	2024
Revenues	€ 436.000,00	€ 461.720,00	€ 653.228,40	€ 676.108,54	€ 700.066,33
Operational	€ 396.000,00	€ 423.720,00	€ 617.128,40	€ 641.813,54	€ 667.486,08
Other revenues	€ 40.000,00	€ 38.000,00	€ 36.100,00	€ 34.295,00	€ 32.580,25
Costs	€ 501.131,33	€ 413.738,37	€ 649.630,77	€ 647.344,77	€ 654.504,77
Costs of services and resources	€ 194.058,00	€ 206.058,00	€ 361.004,40	€ 361.004,40	€ 361.004,40
Cost of wages	€ 149.286,67	€ 136.500,00	€ 214.260,00	€ 214.260,00	€ 221.420,00
Other costs	€ 8.500,00	€ 7.000,00	€ 4.000,00	€ 4.000,00	€ 4.000,00
R&D expenses (marketing and inv)	€ 149.286,67	€ 64.180,37	€ 70.366,37	€ 68.080,37	€ 68.080,37
EBITDA	-€ 65.131,33	€ 47.981,63	€ 3.597,63	€ 28.763,77	€ 45.561,56
EBITDA Margins	-15%	10%	1%	4%	7%
Ammortization and Depreciations	€ 9.566,60	€ 6.066,00	€ 18.066,60	€ 17.566,60	€ 16.066,60
EBIT	-€ 74.697,93	€ 41.915,63	-€ 14.468,97	€ 11.197,17	€ 29.494,96
EBIT Margins	-17%	9%	-2%	2%	4%
Financial Expenses/Revenues	€ -	-€ 20.200,00	-€ 20.200,00	-€ 20.200,00	-€ 20.200,00
Extraordinary Expenses/Revenues	€ -	€ -	€ -	€ -	€ -
EBT	-€ 74.697,93	€ 21.715,63	-€ 34.668,97	-€ 9.002,83	€ 9.294,96
EBT Margins	-17%	5%	-5%	-1%	1%

The purpose is steadying revenues and costs by the fifth year, making profits instead of further investments.

During the second year, we expect a profit because of the stop of investments in tangible assets. Anyway, we will continue to invest for marketing projects. New investments in tangible assets will take place again in 2022 with the new street-shop in Florence. The amount for the third-year investments will come from the 2nd year profits along with the new liquidity of a Loan provided us by Intesa San Paolo Bank. The scope is to achieve it in the second year, as illustrated from the interest expenses.

CHAPTER 3

THE STRATEGIC MARKETING PLAN OF FOOD.IT

3.1 THE MISSION OF FOOD.IT: THE ITALIAN WAY OF STREET-FOODING

Merging the Made-in-Italy brand and quality of products with rapidity of fast-food. Basically, the merger of two culture and two different way of eating apparently so far away and diametrically opposed. On one hand, the Italian way with its attention to the food and process quality, the design and the service; on the other hand, the Anglo-Saxon one that cares about speed of the service. How to combine two opposite ideas? Street-Food helps us to overcome some points of this. Following on from what we have already introduced in the previous chapter, it is now the time to illustrate deeply our Mission. In order to explain it we need to describe:

1. Who we are and what we want to do
2. Why we exist and what is our role;
3. Which benefits we offer and which needs we want to meet;
4. Which are our distinctive competencies.

3.2 WHO WE ARE AND WHAT WE WANT TO DO

Food.it is the first company that is going to bring to every corner of the globe the Italian street-food.

The street food of Food.it comes from way back in time and it was especially present in the southern-central and southern regions' culture along with many traditional specialties of the North of our country.

It is something coming from our roots and our traditions and still to be discovered from all over the world.

Therefore, our mission is selling:

- High-quality products,
- Made-in-Italy food
- Italian experience through its atmosphere and service.

3.3 WHY WE EXIST AND WHAT IS OUR ROLE

As already explained at the beginning of “Chapter 2”, we have a global vision for our company, but obviously at the first stage we may cope with all related problems of an international expansion such as:

- Availability of resources;
- Investments and funds;
- Time and confidence amongst people;

For all of the reasons mentioned above, our analysis, in this last chapter, is going to be focus on short and medium objectives: Italy and Milan along with costs related to open a new place in Florence and Munich.

Since the mission states why a company should be alive, we declare that we exist in order to develop and implement a task: “The Italian way of Street-Fooding”.

Food.it exists, or better, it will exist, because potentially it is going to be the First-Mover of a new sector inside the food-market and the food-industry.

In fact, so far the street food industry has been simply related to truck-food or, in the worst case, to junk food and it has not been structured as a “chain” and always left to personal action alone: never a global brand and never an Italian one.

Thereby, we exist because of our different position in the market.

We want to raise truck-food sector to new exciting levels, by responding to the fast-food as according the nowadays trend: our role is addressing all the people who have declared themselves tired of eating junk-food and who are available to experience something totally new, in the Italian-style granted by Made-in-Italy food.

3.4 WHICH BENEFITS WE OFFER AND WHICH NEEDS WE WANT TO MEET: MADE-IN-ITALY IS KEY

A new company should always ask itself what is the contribution that it wants to make to the external environment such as customers, community and the world.

This contribution unfolds through the matching between needs to meet from the market and benefits to offer by the company:

- **Customer**
 - Needs: Trying always something new. Less junk and fast food and more bio, green and healthy products.
 - Benefits: everything matched, because we are new and we offer street-food dishes composed of Made-in-Italy ingredients that are certified with the same national brand or others like DOC or DOGC.
- **Community**

- Needs: Employment of growth and creation of jobs, particularly in this period of economic crisis;
- Benefits: especially with regard to micro-entities such as our future suppliers, we help this situation because, in case of success of our company, they could growth and develop themselves with us, by generating in this way new job opportunities and creating a sustainable eco-system in the place of their production.
- **World**
 - Needs: no more industrial products and not-green production processes
 - Benefits: Corporate Social Responsibility is the key. We are going to explain it the “Objectives” paragraph.

3.5 WHICH ARE OUR DISTINCTIVE COMPETENCIES

Distinctive competencies are those capabilities that help you to achieve the competitive advantage. In fact, if on one hand in the previous chapter we have introduced the Resource Based View explaining how important and significant is having valuable, rare and not imitable resources, on the other hand we need to add how essential is the way we are going to combine those resources: they do not necessarily constitute a competitive advantage.⁸⁵

In order to obtain an advantage in terms of more profitability over our competitors, we must create value through their combination. We have two type of competencies:

- Basic Competencies: kind of competencies, without which, the company could not run the business and they do not constitute a source of competitive advantage. For instance they could be: being present on the internet and on social media or
- Distinctive Competencies: they are core and they differentiate the company from its main competitors. In this sense, we may develop the following ones:

-Innovation: it is probably the best way to have always a competitive edge in the market place. With regards to our company, it represents the ability of selling to customers cutting edge and cool food along with designs.

An example could be changing the range of street-food to offer every year or renovating store, atmosphere and service by adapting them to a special day.

-Quality: not only food but also human capital. We want to grant them thanks to Made-in-Italy products & ingredients and our skilled and qualified employees that we are going to take from recognized Italian high-school and universities and train them in order to provide a customer service always updated. Quality can be granted by controlling and checking all stages such as our suppliers and their products. Interpersonal relationship between managers and workers, satisfactory wages/salaries, and gratifying awards are a must to create value between work colleagues and for the company itself.

-Flexibility: we cannot change and adapt our food to the local environment, otherwise our vision would collapse on itself without making sense. Anyway, we can response to changes in the market and in the customer preferences. For instance, if in the future customers would prefer to eat only fish and not anymore meat because someone discovered that it presents a risk to public health, we may easily switch our ingredients.

-Philosophy: “The Italian way of Street-Fooding” and then selling the experience of tasting the other face of Italian food, the one you do not expect: the one coming from the street and the tradition. “We are more than truck-food”.

-Marketing: by organizing a festival of national street-food with participation of producers that have a partner with us, for example in Milan. It may represent a significant commercial promotion of our business by constituting a meeting and a regular event for the circuit of all “Foodies”, which means all people fans of street-food.⁸⁶

3.6 THE OBJECTIVES OF FOOD.IT: MILAN, “L’È BÔN, L’È STREET”

We need now to analyse our Objectives and divide them in two categories: short/medium term and long-term objectives.

During this analysis, we have fixed six objectives, which three of them are short-running and the other two long-running. In addition, thanks to the data collected, we have also set a quantitative and qualitative analysis to explain through statistics how we are going to realize what we want to propose.

The idea is to experience our first shop in Italy since it could be too risky opening at the beginning in foreign country because:

- We need to establish a partnership with our suppliers and organizing all transportation of materials, ingredients and products abroad could be really complicated;
- We would be in our country and it is going to be easier at the beginning moving in the bureaucracy and in the legislative framework.

Once we have set this, it is the time to choose the first city: Milan.

Why Milan and not for example Rome or a more touristic city?

In order to answer this question, we need to have a look at data and statistics.

Nowadays, Milan is the fastest growing city in Europe, +6,2% in the last 4 years⁸⁷ and 1,9% of GDP only during the last year, following the success achieved with EXPO 2015 and renamed “the place to be”.

It is a touristic city because of the art, culture, finance and fashion, with almost 12 million of presence per year.

It is on the way to become “a smart city”, which means city of innovation, and a “Steam” city, acronym stands for “Science”, “Technology”, “Education/Environment”, “Arts” and “Manufacturing”.⁸⁸ Basically, the city of tomorrow and cultural heritage.

Again, according to ISTAT, Milan is the most international city in Italy with more than 200.000 students and 20% of immigrants, which means that it is a city with international sensibility and everyone can breathe a truly international air. Moreover, it is the Financial and Start-up capital of our country, emphasising that, nowadays, there is no better place where to run a new business.

Objective	Qualitative analysis	Quantitative analysis
Profitability Level	It is the first-step to reach the liquidity amount required to run this new business	We are going to use the break-even point analysis in order to illustrate the level at which we intend to cover expenses

Finding Commercial Partner	It will make us gain all resources we need to freely compete inside and outside our national borders. It is a way to avoid losing quality. Some examples of partners	In terms of direct benefits coming from a partnership with an Italian food supplier it is not possible to quantify them, but they are necessary to freely compete in such a market. They are essential for our core business and to sell Made-in Italy products.																		
Opening in Milan	It is necessary to understand which city is suitable for the starting point. Nowadays, Milan seems to be perfect because of its international dimension, cultural heterogeneity and integration.	Immigrants represent 20% of the city population, making the city internationally integrated. Moreover, immigrants coming from EU countries are 40% of total foreigners. ⁸⁹																		
Brand Reputation: Street-Food Festival	Make our image stronger and gain in terms of image starting to make ourselves be known. We want to create a two days event that will become over the	<div>Costs:</div> <table border="1"> <tr> <td>Legal expenses</td><td>€</td><td>16,021.70</td></tr> <tr> <td></td><td>€</td><td></td></tr> <tr> <td>Human resources (cost for employees)</td><td>€</td><td>306.67</td></tr> <tr> <td>Public service such as police</td><td>€</td><td>1,540.00</td></tr> <tr> <td>Machinery and fixed assets</td><td>€</td><td>17,890.00</td></tr> <tr> <td>Total estimated cost</td><td>€</td><td>35,758.37</td></tr> </table>	Legal expenses	€	16,021.70		€		Human resources (cost for employees)	€	306.67	Public service such as police	€	1,540.00	Machinery and fixed assets	€	17,890.00	Total estimated cost	€	35,758.37
Legal expenses	€	16,021.70																		
	€																			
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Public service such as police	€	1,540.00																		
Machinery and fixed assets	€	17,890.00																		
Total estimated cost	€	35,758.37																		

	years a meeting for all Foodies.	The total amount is out of the computing of the marketing budget that we are going to analyze later. ⁹⁰
Life-Style Vision	“Let people talk about us”: we want to make Italian street-food a life-style process as happened with piazza and pasta by inserting it in other cultures habits. It is a long process because it copes with many barriers	22% of all the new born street food enterprises are managed by Under 35 people. In 2017, EU was composed for the 37% of people aged between 25-49 years old. ⁹¹
Global Dimension	“Famous all around the World”: Expansion abroad	

- 1) Profitability Level, 2) Finding Commercial Partners (suppliers) and 3) Opening in Milan are obviously short run objectives since, as explained above, we are going to start from them in order to run our business.
- 4) Brand Reputation: Street-Food Festival is actually a short run category, because we are going to organize the event in the year 2. But brand reputation is something that we would like to create in the medium term (3-5 years), thanks to also the second place in Florence.
- 5) Life-Style vision and 6) Global dimension instead are both long term objectives since you need time to become a global competitor and remain like

that and you need also time to create and impose a life style in customers' minds making them associate the moment and the experience to our brand.

Nonetheless, all data reported and indicated only contribute to strengthening what it has been already illustrated.

Since, at least in a marketing level, we may adapt to each city we are going to establish one a shop, why do not start with local language?

And then, "L'è Bôn, L'è Street", which means in the local dialect "It is good, it is Street", represent the best slogan to start with, because it is not Italian but easy to be understood by every Italian. In the same way, it is also partly an English sentence, with the purpose of stimulating by customers their curiosity in detective new Italian words, expression and culture that they do not know, by creating engagement and making the atmosphere "funny" and "cool" for them. Because Milan is international but it is also able to preserve its culture, as we mentioned before.

3.7 CORPORATE SOCIAL RESPONSIBILITY WITHIN A FOCUS-STRATEGY FRAMEWORK

Corporate Social Responsibility is a business model adopted by the company as a self-regulation in order to be socially accountable respect to stakeholders and public opinion. It is a set of rules and standards of ethical behaviour that if respected and practiced by the same company, we can become conscious of what kind of impact we are going to have on the society and on all of its aspects, including economic, social and environmental. It is then a positive contribution to society and it is going to show how the company can run the new business in a sustainable way.⁹² Nowadays, we cannot get away from public opinion.

Company's long-term financial success is directly linked to CSR. Georg Kell, Executive Director of United Nation Global Compact, has explained, during an

interview for the newspaper *The Guardian*, 4 points a company should care to be sustainable and ethic in the market. Therefore, we are going to analyse all points from our company side:

1. Transparency: our company is going to share with public opinion all information available, all data, all numbers and all performance during the years.
2. Trust: we need to be proactive. It means not only word but, for instance, we should promote initiatives and event of public interest, impacting society.
3. Community Participation: for example, in the environmental or work problems. By collaborating with scientists, public regulator and suppliers we can create workplaces with a green-impact in all processes. Bio-products, in this sense, it is already a good example along with solar energy produced by solar panel in our shops.
4. Accessing new markets responsibly: we want to avoid the exploitation of workers and violence on woman by granting them human rights in the workplaces. In addition, since we believe that the more an employee is paid, the more is going to feel him/her part of the company and motivated, we want to grant to all our workers good and sustainable salaries/wages and offer them options in case of success of the company.

Moreover, we are going to offer them training session to prepare them better for the work market.⁹³

Along with our CSR, the strategy we are going to exploit in the market is the “Strategy Focus”, which means we are going to merge “cost leadership” and “differentiation” strategies.

Cost leadership means that the company is the one practicing lower prices in the market compared to its competitors.

Differentiation means instead that the company is able to provide a unique product, compared to its competitors, in the market with value added for the buyers.

IKEA, for example, has been successfully implemented its “focus strategy”. Anyway, the main problem is related to the risk of being “Stuck in the middle”, without properly differentiating our products and without lowering our prices.

But our differentiation, compared to our competitors, is in the same product and idea: we are neither truck-food nor junk-food, but structured Italian Street-Food as a future global player and thanks to quality along with service and atmosphere, we are going to build our brand image and reputation by creating distance between what we do and what our peers are going to do.

In regards to cost-leadership, due to the combination of low prices, since it is street-food products and we may not ask for disproportionately high prices, we will achieve our sustainable competitive advantage in the long period.

3.8 SURVEY: THE RESULTS TO CONFIRM OUR IDEA

A survey is only a list of questions aimed to collect data from a group of people. With the exception of the simple meaning and use, we have decided to develop it in order to make our research more practical, detailed and experimental, since we needed some information about customers’ needs and tastes. By using a survey and asking the right questions, we understand if we are going in the right direction and if our idea find real consensus and approval.

We have developed this survey as a mean to:

- test the potential of our business along with its appeal;
- ensure if what we had underlined as “strengths” of the company, it is going to be recognized by consumers;
- change something of our marketing strategy which is not in line with what people/clients might think or believe.

Therefore, we have conducted an online survey by structuring it as an interview of ten questions and creating a market investigation: in a time-period of two weeks, we have examined a sample of seventy potential customers aged between 16 and

34 years. Half of them were not Italian because we wanted to check out how different food cultures might react to the same market offer.

Specifically, we have asked them to reply the following three categories of questions:

- If they are Italian or not;
- If they had ever been in Italian restaurants in Italy or abroad;
- What qualities or features of Italian restaurants they had appreciated more;
- If they had ever tried Italian street-food and what they think about this new idea.

As we can see from the survey results, the people who filled up the survey were 57,9% Italian and 42,1% for other countries. Anyway, this data is irrelevant for analysing the result, as well as the age, since it has not influenced it. Why?

Because the general answers to this survey was only one: we want Italian Street-Food!

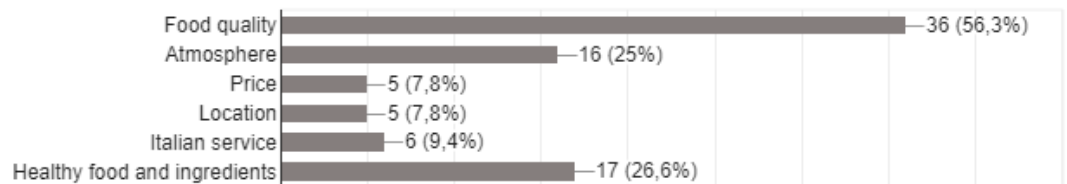
In fact, according to the following answers:

- 90% of the people have been to an Italian restaurant in Italy. The data decrease a little bit to 82,9% when we have asked if the same people had been to an Italian restaurant but abroad;
- When we asked about the main feature of an average Italian restaurant that they most liked, by giving them the possibility of two answers between all possibilities, at least one time 70,9% of them have chosen “Food Quality” and 27,9% “Healthy food and ingredients”. Instead, 29,1% the option “atmosphere”. This data, combined with the previous ones, states our idea: people believe in Made-in-Italy quality and in its atmosphere inside each shop or restaurant. Moreover, this means that our “Strengths” mentioned in the SWOT analysis are factual basis. Italian service instead is at a level a little bit lower than 17%, stating that is something that consumers still should discover and we need to build a new strength on it to ensure better compliance with our business. Location and price seem to be not so important for a customer since they are 5,5% and 12,7% respectively. In

regards to the same question but referred to abroad, the data change a little bit but they state the same concept (see the graph below).

5. What is the main reason(s) that drive(s) you to eat at Italian restaurant abroad? Max two choices

64 risposte



Source: our online survey “The Italian way of Street-Fooding”

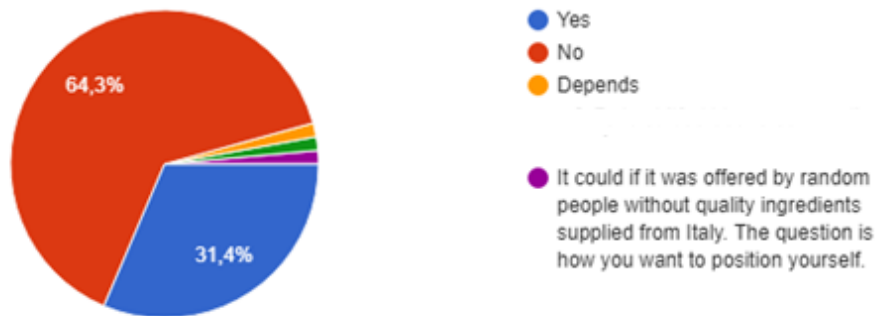
- Moreover, 44,3% of the people declared that they have never tried Italian street-food and the remaining part only random truck-food or junk food. This data confirms our vision and mission in particular because the “picture” is complete since the ones who did not try it or they tried as truck-food (except two people), declared that they would eat Italian street-food.
- When we asked them to tell us two advantages that Italian street-food might have on a normal Italian restaurant, most of them answered in two ways: faster and cheaper

Finally, the last question was the following one: “In your opinion, may Italian Street-Food lose its Made-in-Italy quality of the products/ingredients?”

Then, 64,3% of the interviewed said that Italian street-food in their opinion will not lose its Made-in-Italy brand, stating in this way that consumers believe in the Italian quality and in its capability to always be at a high level.

10. In your opinion, may Italian Street-Food lose its “Made-in-Italy” quality of the products/ingredients?

70 risposte



Source: our online survey “The Italian way of Street-Fooding”

3.9 HOW TO IMPLEMENT FOOD.IT’S STRATEGY

How are we going to reach our objectives?

As according to chapter one “1.3.1 Marketing Strategy and Analysis”, our aim is to get as more as possible in terms of market share and it is possible by implementing a marketing strategy. It is divided into five steps

1. Customer Analysis. We may reply to the following questions:

-What market needs?

Market needs to evolve from simple truck-food industry to a structured and high quality granted industry of street-food. We provide customers Street-Food Made-in-Italy.

- *Which products can serve those needs?*

High quality products along with high quality level of service

- *Where do customers buy?*

Customers buy in our shop or through a delivery service

- *Who decides to buy and who buys products?*

All consumers: from teenagers to old people

2. Market Segmentation and targeting.

A market segment is a large group of buyers with same needs and preferences. Anyway, there is not a concrete market segmentation since we aim to all the possible classes and segment: we want to create a life-style moment in our shop, selling our products at low prices (range between two and ten euro). Because of this and because we should carry on this analysis for Milan, geographic, demographic and psychographic variables make not so much sense.

In fact, we are going to carry two target strategies out at the same time:

- *Mass targeting*: a unique strategy in order to meet the entire market or most of it. It is the cheapest method and it is perfect for products that do not require adapted to local culture.⁹⁴ Basically, our street-food for all consumers;
- *Mass Customization Marketing*: it is a middle ground between the previous one and the real target marketing, where we can meet the market and satisfy all market segments thanks to any necessary adaptations of range of products.⁹⁵ Basically, for instance, Vegan-Street-Food to meet the needs of this type of consumers but always selling the same type of street-food.

Behavioural variable, instead, is fundamental for our company and this is the reason why we need a strong marketing communication, since customers do not have knowledge (or not so much) of Italian street-food

even if they would like to try it. Basically, in this variable we could include most of the consumers.

3. Marketing Mix and the Seven P theory

- **Product:** this voice has been already explained before. Anyway the product is the evolution of truck-food and, the, high quality street-food structured as a global company. Moreover, in our case, Made-in-Italy products certify the quality of what we are going to sell to clients;
- **Place:** according to our survey, place is not important at all. Of course, it is not important if your shop is in a city with efficient public transport anyway this voice could change.
- **Price:** customers are available to pay a little bit more for valuable products. We offer really valuable products to affordable prices
- **Promotion:** through tools such as advertising, PR, sales promotion, newspapers and social media. Each sector of publicity for
- **People:** this is a section of the marketing plan that we have already faced and explained many times. We need reliable employees, from the staff to the managers, in order to be always the best and maintaining our competitive advantage. This is the reason why we choose the best thanks to certified high-school and university and we train them through courses and practice. They will represent our offer to customers along with product itself. Therefore, they represent our value added in all process of selling.
- **Processes:** the way we sell our products. It is going to be “interactive” and “funny”, because our employees are going to prepare food in front of the client, by illustrating them the procedure and the ingredient. Everything is going to be realized through an accurate design. Finally, a customer will decide if leave the place with food or sitting inside or outside to enjoy fully Italian atmosphere, by drinking wine, beer, digestive or coffee and by experiencing Italian service thanks to skilled and qualified waiters who are going to explain and suggest to client what to taste (ex. What kind of wine with this street-sandwich and why).

- **Physical Evidence:** this is made inside and outside of each shop by signs, advertising and more that are going to tell for example the history of Italian street food region-by region, place by place. Gadget, signs, brochure and other entertainment tools to organize with the correspondent marketing team. One more physical evidence that we have planned for example for all the employees, it is the “cool” services which consists in always being ready to joke with client, in order to reproduce one of the typical feature of street-food culture.

The 7 Ps of Services Marketing



- Marketing positioning:** it is the way of establishing the image or identity of a brand so that consumers can perceive it in a certain way.

We are going to create and establish an image and an identity within the minds of the consumers. This positioning may be maintained over the life-time period and we need to continuously promote initiatives intended to reinforce the perceptions of the product or brand.⁹⁶

The type of position that we would like to have in the market has been already illustrated in the previous paragraph: it is the Focus Strategy, thanks to which we want to describe ourselves as the company which created a more elevated category of street-food by also attempting to create a life-style motive.

3.10 PLANNING THE BUDGET FOR THE YEAR 1

It is now the time to explain our role as marketing “spender” in regards to our first business that we are going to run in Milan. This is the reason why with our statistics we are going to refer to the Italian market.

According to researches of the last year and ISTAT data, marketing expenditure is increasing year after year and in Italy the “paid search” is going to increase by 12,5%. Video advertising is still the best channel with 24,5% of growth, as Dentsu explained in its report. But Social Media are also increasing with an exponential growth of 23,5% along with mobile advertisement, +23,8%.⁹⁷

Following the previous statistics, we have estimated a marketing budget for the first year of our company.

Since according to EU recommendations 96/280/CE, April 3, 1996, we are, in the Italian legislative framework, a “PMI”, which means a small-medium firm with less than 49 employees and revenues lower than 7 million, we have chosen the average marketing budgeting of this type of firms.⁹⁸

This average is around 5% or 7% of total revenues and, in our case, 400.000 for the first year (take a look to the financial section). Basically, we have applied 6% by using the “Revenues percentage of production” method to compute our budget and we got the amount of 24.000 euro. In the years following the first one, we should increase this percentage until 10%.⁹⁹

Therefore, we have divided the budget in three main categories (see the Excel sheet):

- Advertising costs: commercial publicity, signs inside and outside the shop and design expenditures;
- Stuff costs: one employee working on the marketing and analytic division
- Media costs: Social Media, Internet, Newspapers, blog and bloggers.

Concerning the first one, we have supposed to spend around 3.000 euro to decorate the shop inside and outside with signs, menu and design and much more explaining for example our company, its story, its mission and the food.

With regards to staff costs instead, we have selected data from ISTAT web site and we have noticed that the average salary is around 16.032 euro per year. We have opted for this option in order to ensure immediately a good level to our company.¹⁰⁰ Our marketing staff is going to make researches about trend, market and customer service by working as also marketing analytic. He/she is going also to deal with the company communication and advertisement.

Finally, for the last one, we have analysed the main online business newspapers and the data that we collected says that in Italy on average small firms spend 400 euros per month for media advertisement.¹⁰¹ This section concerns commercial advertisement on the main national newspapers (online and not), press-interview and a proper use of social media such as:

1. YouTube channel, where to sponsor and promote our activities. It is a tool to be connected directly to social media;
2. Facebook, Instagram and Twitter official pages along with all related ones and social advertisement to reach our customers all around the world;
3. Reviews are also fundamental and very useful for successfully running a new business. Thanks for example to App such as TripAdvisor, where every customer may post a comment about his/her experience with the company, we might be more appreciated by future consumers and influence them to choose our place if they do not know what to eat a night or if they are indecisive between our shop and others.
4. Food-blog and bloggers, which we are going to pay for obtaining visibility among the public.

Thanks to my previous work experience where I used also to work with the marketing team, I may explain briefly all the steps to follow for contacting them:

- First of all, through appropriate software, such as for instance Ahrefs, marketing stuff needs to check the level of audience that each blog or blogger can reach with its page;
- Secondly, our marketing stuff need contact them per email or on phone calling for publishing on their page an article or an insertion;
- Third step: if they do not replay to the first invitation, he/she should contact them again after three or four working days
- If after the second attempt they are going to reply, then it is the time to negotiate and ask for the price for a publication.
- Whatever is the price proposed, our aim is always to try to get advantage: it means trying to get a lower price to save money;
- Our stuff is going to explain them that, since we are a small and young company at the first stage of our business, we cannot go further above a certain threshold.
- The threshold depends of course on the level of audience we have previously checked thanks to the software.
- At the beginning, we should avoid to spend too much resources per month for this kind of advertisement, since our amount of budget is 400 euros every 30 days;
- Finally, we are going to close the negotiation for a range of prices between 30 and 70 euros for each advertisement.

If our business is going to be successful, all of these tools may become for us in the future a source of revenues as well. How?

By making advertisement for third parties who are interested to promote their activities.

3.11 FINANCIAL ANALYSIS FOR FOOD.IT

3.11.1 Funding for Food.it

Sources of funding are the first obstacle for each entrepreneur: many ways to get funds, but you should always convince investors that your idea and your related project are valid.

Moreover, we should show investors that they are going to be paid back and a gain based on interest interests.

There are two macro-ways of funding: Debt and Equity.

In fact, generally speaking, for instance, crowdfunding and donations do not constitute relevant amount of money that a business might obtain, since they are related to small projects or single products.

Since we are not going to be able to generate internally our finance, because we are going to run our business from nothing, our possibilities are coming from Special loans, Venture capitals, Business Angels and Corporate Banking Investments (long term debts).

The preferred way to start our business is to use a Venture capitals or Business angels, since to use a bank loan has a very big risk of a subsequent acquisition or of limiting covenants inserted in the contract of Loan. There are different kinds of venture capital in our country as described by Venture up the principals are:

- **Public funds**, usually coming from regionals and Europeans projects, those ones are limited in number and linked to a benefit for the nation in terms of Image and future tributaries revenues for the country.
- **Venture friends**, association of business angels and big companies that gives a help to new entrepreneurs not only in economic terms, but even organizational terms. Usually they are repaid from the expenses with a part of the equity.
- **Accelerators**, firms specialized in running new businesses starting from an idea. Usually they are repaid from the expenses with a part of the equity.

- **Equity Crowdfunding**, it is a hybrid form of funding between the normal crowdfunding and the venture friends. Money are not donated, but directly invested and transformed in shares of the future start-up.

Therefore, we are going to participate to Invitalia contest “Autoimprenditorialità”, a fund available for young entrepreneurs (not over 35 years old) or to “finanziamenti a tasso zero 2018 giovani under 35 e donne” published on the official Gazette of Italian government.

Our idea is to achieve those public funds and use them with the help of an Accelerator, since we need an organizational help, we do not have all the human resources needed to start and we lack of competencies to surpass all the obstacles we are going to face. The accelerator that best suits with our request is H-Farm, a food accelerator enterprise in partnership with big players of the high-quality food distribution and production such as Granarolo, Naturasì and DeLonghi. They provide an investment of at least 450.00 € and the possibility to have a direct partnership with the enterprises listed above through a team of accelerators experts. Another Accelerator/start-up contest to which we wanted to take part, is the Coopstartup contest, an annual meeting (started in the 2013) in which young students and workers share their entrepreneur idea linked to food and in which Coop can enter by helping them not only as an investor, but as a partner (an important synergy for our idea).

Last opportunity is considering the corporate banking Loan funding. The biggest opportunity for a loan funding is given by the Intesa San Paolo Neo impresa investment fund. It covers the 70% of the initial investment, it last for 10 years and the amortization of the debt is personalized to every enterprise request.

We imagined to make a Loan of about 200,000 Euros as the one offered by Intesa, with a tenor of 7 years linked to the Eurirs 10 years interest rate (1%-1.5%).

3.11.2 Cost estimation: 1-2 year

The costs we have considered for the first year to open in Milan are:

- Local rent prices: for commercial local of 200 m2 of space is about 4,200 € per month¹⁰²;

- Provision: We decided for WalterFoodService, since it is popular in the region of Milan and forecasted a monthly cost of supplies of about 12,000 € per month;¹⁰³
- Human Capital: we considered a group of workers composed in this way:

Employees	Average wage per month
Attendant	€ 1.400,00
Attendant	€ 1.400,00
Attendant	€ 1.400,00
Staff	€ 1.200,00
Cook	€ 1.800,00
Cook	€ 1.800,00
Local Manager	€ 2.000,00
Other expenses	€ 375,00
Total personal expenses	€ 11.375,00

For the estimation of the wages we used the average wage paid in the city of Milan to workers of the same kind. For other expenses we considered all those external expenses that are not part of the wages. N.B. All the Wages are considered net of taxes.¹⁰⁴

- Fixed Assets investment: inventory of all the PPE we should buy before opening the shop¹⁰⁵.

Mobille assets	Cost
Table for cooking	€ 4.400,00
Fridge	€ 1.510,00
Frying machine	€ 1.280,00
Cooker	€ 3.000,00
Grill	€ 775,00
Table s and sits	€ 1.800,00
Wash macchine	€ 750,00
Other macchines	€ 2.261,00
Location	€ 2.000,00
Total	€ 17.776,00

- **Extraordinary expenses Fund**, created a fund of about 6,000 € to use for any kind of expense that is not easy to forecast;

- **Other expenses**, by the sanitary and security point of view adding the legal expenses to face during the opening of a new shop (Firm registration, Iva count and others). The total forecasted expense is about 8,500 €.

It is now the moment to talk about the second project: Street-food Festival in Piazza Leonardo da Vinci, in Milan. Supplies are already inserted in the previous project. The participation of other food dealers will help us in paying part of other expenses to face during the festival (taking a margin on their revenues of about 3 to 5% of every sale, but we considered those costs as our direct cash-outs:

- **The legal expenses**, we forecasted them by using the documents posted on the City of Milan website and divided as in the table below

Legal Expenses	prices
Request expenses	€ 85,00
Public zone occupation	€ 15.210,70
Music	€ 200,00
Marketing expenses	€ 460,00
Other expenses	€ 66,00
total	€ 16.021,70

¹⁰⁶

All the expenses are prices we have to pay to the city of Milan in order to get a public zone, play music we want and use advertisement spaces;

- **Public Service Expenses,**

Public service expenses	Per day cost (6 hours)	For two days
Police	156	312
Traffic management	240	480
Cleaning of spaces	200	400
Coordination	174	348
Totale	€ 770,00	€ 1.540,00

We considered a festival going on from 18:00 until 24:00, in order to cover all the hours of the day in which people would like to participate;¹⁰⁷

- **Machinery for the festival**, but in order to build our space in the festival, we estimated a basic equipment we need. Firstly, we need a truck to cook inside our food we made a list of them

The truck cost	Price
<i>Caravan</i>	€ 18.000,00
<i>Camper</i>	€ 20.000,00
<i>Small truck</i>	€ 14.500,00
<i>Ape car</i>	€ 15.000,00

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and then we mixed them with other assets we are going to need to complete our stand in the festival:

Other assets	Price	Total
<i>Umbrellas tables and sits</i>	€ 480,00	€ 19.015,00
<i>Heater</i>	€ 180,00	€ 21.015,00
<i>Internal cooker and grill</i>	€ 155,00	€ 15.515,00
<i>Beer and alcool machineery</i>	€ 200,00	€ 16.015,00
Total cost	€ 1.015,00	€ 17.890,00

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We considered a number of tables and stands in order to host at least 50 people in our stand.

- **Human resources and public**, we estimated to have two attendants and a cooker for our stand for a total cost of 310 € per day. Other expenses:

Marketing Expenses	
List of costs	Average cash out
Festivals partecipations (comics)	€ 9.912,00
Advertising, signs and design	€ 3.000,00
Marketing staff/employees	€ 12.480,00
Social Media and Newspapers	€ 4.800,00
Total Estimated cost	€ 30.192,00

In regards to the festival participation costs, we estimated them by forecasting the costs of participating to Milano Comics festival.

In the table below we illustrate the total final investment of 432,351 € dividing the singular expenses not for project, but for group of expenses

Year 1 group of costs	Cost
Resources and services	€ 194.058,00
Other expenses	€ 8.500,00
R&D expenses	€ 70.939,70
Human resources	€ 149.286,67
Ammortization and fund	€ 9.566,60
Total costs 1 year	€ 432.350,97

We inserted amortization and funds taking in account 10% as percentage of depreciation for the assets per year and inserting inside even the funds we created for the extraordinary expenses.

In the second year, we wanted to continue running our shop in Milan and so working on it even by making some new investments:

Milan shop continuing running	Cash out	Frequency
Local Rent	€ 4.171,50	per month
Human capital expenses	€ 11.375,00	per month
Furnitures	€ 13.000,00	per month
Current expenses	€ 2.000,00	per year
Other expenses for internal works	€ 5.000,00	single expense
Extraordinary expenses fund	€ 2.500,00	on yearly basis
Total cost per year	€ 352.058,00	

In the table are not consider the amortization and depreciation of machinery. We estimated a higher number of furniture per month and some other investments for internal works going from 5,000 to 7,500 euros considering the extraordinary expenses that are going to incur during the year.

3.11.3 Cost estimations 3rd to 5th year

We divided the third-year expenses in three different projects. The first is the Milan Shop life continuing, there is not a big difference with the expenses reported in the second year expect for the internal works that are not considered even if we added some money for the extraordinary expenses fund for about 5000 €, for a total cost of project in the third year of about 350,000 €.

The main project of Year 3 is the opening of the second shop in Florence. Here, the following expenses related to it:

- **Local rent**, for the estimation we took a sample of 10 commercial locals between the 80 to 150 m² in the old town of Florence (close to Piazza San Marco) and we have compute an average of their prices. We took in account locals that are smaller than the ones we used for Milan, since we consider a smaller number of consumers coming, due to also the difference in population between the cities. As shown in the table below the forecasted price is around 1,900 € and 2,000 €¹¹⁰

Local Rent	Prices of place	Zone in florence
1	€ 1.700,00	Piazza San marco
2	€ 2.500,00	Duomo San marco
3	€ 1.800,00	Piazza A. Bonsanti
4	€ 1.222,00	Giovanni michelucci
5	€ 3.000,00	via del parione
6	€ 3.200,00	piazza de salterelli
7	€ 1.400,00	Duomo San marco
8	€ 1.000,00	Via dei Serragli
9	€ 1.300,00	Via desanctis
10	€ 2.000,00	Corso dei tintori
Forecasted price	€ 1.912,20	

- **Wages and Human capital expenses**, we consider a smaller number of employees for the Florence shop

Human Capital	Average Wage
Attendant	€ 1.300,00
Attendant	€ 1.300,00
Cook	€ 1.700,00
Local manager	€ 1.900,00
Other expenses	€ 280,00
Total	€ 6.480,00

- **Investments for assets**, it is a cost composed by all the material assets we considered as essential for the new shop. We considered the same assets of Milan, but less in the number of stocks (for example only two cooking tables instead of three as in Milan).

Mobille assets	Cost
Table for cooking	€ 2.200,00
Fridge	€ 2.200,00
Frying machine	€ 900,00
Cooker	€ 2.400,00
Grill	€ 775,00
Table and sits	€ 900,00
Wash macchine	€ 750,00
Other macchines	€ 1.661,00
Location	€ 500,00
Total	€ 12.286,00

This is the cost division of a total investment of 12,300 €

- **Provision**, we estimated quite the same number as for Milan (11,000 € per month), because even the supplies are going to be of smaller quantities for sure they will contain more valuable sources as the fish coming from the city next to Florence (a source that is not present at all in Milan)

- **Current expenses and extraordinary fund**, those two voices contain expenses for cleaning, sanitary law adaptation costs and for any other extraordinary expense that will incur during the third year. They are divided in 2,000 € for the current expenses and 10,000 for the extraordinary fund.

After the opening of the second shop and of maintenance of the first one in Milano, we are planning to continue our investments of 60,000 € in Marketing, by including also the marketing team:

Marketing expenses	Cash out	Frequence
Festival organization	€ 17.868,37	per year
Festival partecipations	€ 9.912,00	per year
Other marketing expenses	€ 30.300,00	per year
Total costs	€ 58.080,37	

The total costs for the third year of our business will be of

Year 3 Total costs cost	
Resources and services	€ 361.004,40
Other expenses	€ 4.000,00
R&D expenses	€ 70.366,37
Human resources	€ 214.260,00
Ammortization and fund	€ 18.066,60
Total costs 1 year	€ 667.697,37

The last two years are the ones in which we are going to cope with the results of our investments, but we want to continue our expansion by investing in our places. We divided our expenses in two projects (in the same way for Year 4 and 5), by mixing the expenses coming from the two shops and by continuing investing in marketing:

Year 4-5 Total costs cost	
Resources and services	€ 361.004,40
Other expenses	€ 4.000,00
R&D expenses	€ 68.080,37
Human resources	€ 214.260,00
Ammortization and fund	€ 17.566,60
Total costs 1 year	€ 664.911,37

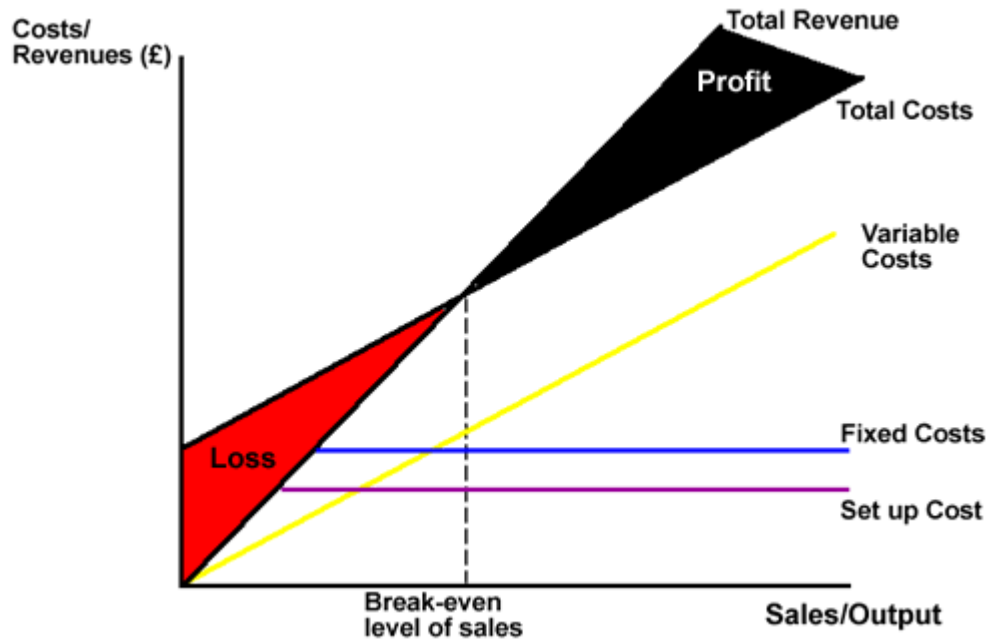
We consider an investment of 10,000 € per year in location restructuring and new machinery and a bigger number of extraordinary expenses for 12,000 € per year. Marketing expenses are constant as the ones imagined for the 3rd year.

3.11.4 Revenues estimation: Break-even point

We do not have many or relevant information about future incomes, so we are going to use one of the most famous model for revenues forecasting: the Break-Even Point. In this way, we can compute revenues generated by an investment, by forecasting a loss/profit once all costs are known.¹¹¹ Break-even point is precisely the point in which sales and costs are equal and the investment is not producing any money. Since it is related to revenues, costs and profits/loss, it gives the possibility to achieve the most likely number of revenues, starting from other variables which we consider as certain or at least probable. Break-even point can be represented as an equation

$$\text{BEP} = \text{FC} / (1 - \text{VC} / \text{TR})^{112}$$

Where: BEP= Break-even point (or Profit/loss we consider to do); FC= Fixed Costs;
VC= Variable Costs; TR= Total Revenues.



Source: <http://technewsrprt.com/2012/11/27/break-even-point-an-in-depth-analysis-in-business-studies/>

By using this equation for the first year in the Milan shop and for Third year for the Florence shop and considering a variable of growth, we can understand how much revenues we are going to incur in every year. We consider the revenues coming from the festivals as other revenues and as fixed costs the ones coming from depreciations. For what it concerns the first year we forecast a total loss of about 10,000 €, such that:

$$-10,000 = (3,566) / (1 - (149,287 + 8,500 + 194,058 + 70,939 + 6,000) / \text{TR})$$

$$-10,000 = 13,566 / (1 - (428,784) / \text{TR})$$

Resolving for TR

$$4,287,840,000 = 13,566 * (\text{TR})$$

$TR = 316,072$ Euros coming directly from the shop in Milan, if we add the 80,000 euros estimated for the other festivals participation we derive a total revenue from the year of 396,072 Euros

Let's do the same for the Florence shop opening, we forecast a loss of 3,000 € such that

$$-3,000 = (1,300) / (1 - (234,706/TR))$$

Resolving for TR

$$704,199,200 = 4300TR$$

$TR = 163,748$ Euros coming only from the shop in Florence.

The growth rate we estimated to apply until the 3rd year is of the 7% and for the last 2 years (4-5) of 4%. The 4% consider the effect of the revenues coming from the new opening of the Florence shop in the third year (already known thanks to marketing expenses) and of the marketing expenses done in the first year for the Milan shop one.

All results of the calculations are represented in the previous Business Plan.

3.11.5 Risk Analysis: Qualitative analysis

This concerns risk identification process and it begins by listing all the possible risks contained in the firm starting by the macro-groups of risks that can influence our business:

- **Operational**, it is linked to the firm abilities to achieve the objectives and *we consider it as present since we are now starting our business, so the risk is present in terms quantity of people coming to eat in our restaurants*

- **Industry**, coming from external developments of the industry, *we consider this risk as present since there a high risk in terms of supplies prices to rise up during the first years.*

-**Financial**, such as an interest rate increase/decrease. *We identify the presence of this risk, but in a marginal presence since we estimate to accessed to 2 Loans*

during our market presence (*Intesa one*) so we are not going to consider it in the quantitative analysis.

-Political, we do not consider the presence of this risk for the firsts 5 years of our business life.

We identified two big risks and for each one of the risks we settled 3 scenarios: Optimistic, Normal and Pessimistic.

- An optimistic scenario (with a probability of the 15%) for the supplies in which the cost of furniture declines of the 2% each year until the fourth. *N.B. The probability of 15% percentage takes in account the already decline trend of prices and so it is not much probable the trend to continue for at least another year and half*

- Average scenario in which prices are unvaried with a probability of the 65%. *This is the scenario already represented in the BP*

- A Pessimistic scenario (probability of 20%) in which we mean the prices of supplies to be higher of the 2% the first two years and to stabilize at this level.

For the Operational risk we considered the data coming from the evidences in which there is a growth in expenditure of the +2% y/y in restaurants in the Italian market and in the same time a concentration in the street food so that we considered 3 scenarios:

- Pessimistic Scenario (15% probability), the market growth starts to diminish having in the 2nd and 3rd year a growth in revenues of the 4% and for 4th -5th year of the 2%.

- Average Scenario (75% probability), historically there is an evidence that the trend is going to continue at the same level of growth since there it didn't stop for the last 6 years. The data remains as represented in the BP.

- Optimistic Scenario (10% probability), the street food market explodes in an incredible growth of consumptions giving the possibility of a growth in the first two years of the 11% and then continuing at 2% for the last two years.

CONCLUSIONS

Food.it aims to bring the Italian high quality street-food everywhere in the whole along with its slogan, “The Italian way of Street-Fooding”, to sell first new type of Italian food and second to sell an experience ingrained of history, culture and tradition.

The purpose of our thesis consisted to analyse how to make the idea real and then, how to realize it in an operational, economic and financial way.

The analysis conducted through the three chapters it was both quantitative and qualitative, even if it often has seen the last one on predominate on the second one has illustrated really interesting data and information, both useful in order to organize the business and make the company ready to enter the market.

Anyway, it is precisely in this connection that it is located the main problem of our research: we talked about the market, but if we consider in general the food market and then all the companies selling products directly to the buyers. In this way, we are talking about restaurants, fast-food, bars, pubs, truck food and so on. Basically, the only problem is that it has been difficult decide if the business we proposed is totally or partially new.

Which results have we achieved through this full analysis?

The most important results indeed that we achieved

In regards to this question, we should review all the chapters, step-by-step.

With respect to the Chapter 1, we did not get any particular result here, since it is only theoretical background on which we rely the implementation of all the work.

It represented the assumption that we first analysed and second described, by reporting it in different sections in order to provide readers with tools and instrument useful and indispensable to get the meaning of the following chapters.

A whole different topic instead is the Chapter 2: here, we have explained the Business Plan and its function in concrete.

Moreover, we reported and used many data and information, collected with researches and, starting from those, we achieved important results.

We initiated by studying all ISTAT data on Italian export abroad and how much people consumed street-food in the recent years, in order to understand if the corresponding market was growing or not. Moreover, we have also reported data concerning the number of new street-food companies per day (+60% in the last 5 years). We have understood that it was a market only referred to truck food, which means itinerant sellers without a business plan behind their activity and their business.

Afterward, we have illustrated our vision and mission: the Italian way of Street-Food to raise the standards of this industry and bring all around the world a structured company chain, by proposing Made-in-Italy products and sell a new Italian experience along with its quality, service and atmosphere.

Therefore, we went through the Stakeholders analysis and we exposed the interaction between Food.it and all the agents involved such as shareholders, customers, suppliers, government, environment, employees and lenders. Possibility of profit for investors, more food-choice and quality for buyers. Everyone is involved and we demonstrated how the company should create or implement workplaces inside or outside the same firm, thanks to the suppliers, especially in micro Italian environment in a regional level. We also showed how public interest and public institutions obtain tax-flux from the business.

Addressing the importance of PESTEL analysis, we studied the environment where Food.it should run its business and we marked all factors to take into account such as the regulatory framework or social barriers. In this way, we explained all advantages and problematics connected to the industry.

“Street-food” is not fast/junk food was the slogan for the PORTER analysis, which closed the market analysis and where we underlined third parties negotiation powers. Rivalry is high if we consider all food-market; moderate if we suppose the market is new. This is why we are not fast food. Moderate again for substitutes and new entrance for the same reason while instead Suppliers, because they have

valuable and rare resources, will have high bargaining power. Low for buyers since prices will be affordable.

In addition, we exploited in the Business Plan the SWOT analysis, measuring our strengths and weaknesses such as the quality and the service and the lack of brand-reputation or the impossibility to be too flexible. In regards to our opportunities and threats, we have noted that there is a growth of the market and new Italian entrants.

Furthermore, we moved to illustrate our resources explaining why they should be valuable, rare, not imitable and well organized. Resource like high quality products give only temporary advantage since in the medium run is imitable such as the atmosphere by competitors. Human capital instead if exploited in the right way, it may create a sustainable advantage. How to train them in order to obtain competitive advantage depends on us and on the corporate training.

Finally, we discussed about portfolio analysis and corporate organigram. We selected across the regions, starting from north for finishing with south, the most famous, appreciated and sold Italian street-food through accurate researches on the Italian market and European one, for both food and beverage and computing the costs of provisions by our possible suppliers.

Food.it organigram, that we build, provided a hierarchical structure between local managers, employees and third parties companies, in order to have a better control of all the process and a better communication between teams.

In the third and last chapter instead, we made an experimental research, by analysing consumers preferences through the online survey, where we got important result as confirmation of our initial idea: most of them never tried Italian street food and all of them would like to try eat. In addition, 65% of the interviewed people affirmed that according to them, with our business, Italian street-food will not lose its Made-in-Italy structure and quality. Moreover, they also confirmed our point of strengths by appreciating Italian quality and service. One more evidence for us: they also stated, at the end, that atmosphere was not an important element because they did not perceive it in a normal Italian restaurant: here we will sell the Italian experience we were describing previously.

Additionally, we defined our positioning, which can be summarize as “we are not simply truck-food” and our market targeting as mass and customized by making changes to products to adapt them to clients but without overburdening or disrupting the core business.

Taking care of social problems, environment, pollution and everything concerning public interest is our ethical and moral feature. This is the reason why we implemented a sustainable general process: for instance, the same high quality and bio products are the right answer to industrial and not healthy products that are tampering with people and globe.

Market budgeting and financial analysis gave us the idea of the amount of monetary resources we need and type of risks we are expose to.

Therefore, where to open the first shop?

Milan, “L’è bon, l’è street”, seemed to be the best solution because of the international dimension stated by number of students, more than 200.000, and immigrants, 20% of the population. If we add more than 6 million of tourists per year and a growing faster economy, in the last four years, with an increasing of GDP by 6%, we are back in control.

Thanks to the data analysed we got the answer if Milan was the right city for the first shop

The plan is opening in two years a shop and organize a big Italian Street-Food Festival to make the people know Food.it and get a good brand-reputation.

So, now, let’s run the business to sell The Italian way of Street-Fooding!

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SUMMARY

The general topic of our dissertation, that we are going to discuss in the following chapters, aims to discover and analyse all ways to bring to every corner of the world what we define “The Italian way of Street-Fooding”

The name of the company we intend to fund is “Food.it” and it aims to bring the Italian high quality street-food everywhere in the whole world along with its slogan in order to sell first new type of Italian food and second to sell an experience ingrained of history, culture and tradition.

This process needs to be implemented by a structured global company and no longer as a simple itinerant seller: the idea is to lead our national street food to the new step by granting to consumers Made-in-Italy and high-quality products along with service and Italian atmosphere.

The goal is to transform the truck or junk food market in a new type of business that we intend to run by exploiting the international power and image of Italian food.

Moreover, since abroad Italian-street-food is still unknown, we can use it and propose it as new type of food.

How should we do this?

By merging two opposite approaches and cultures to street-food and food in general: Italian one with the Anglo-Saxon one. The first one takes care of quality and service, meanwhile the second one is more rapidity-oriented, ignoring the aspect of the quality.

In fact, due to the unification between Made-in-Italy concept and fast food, we are going to create on the market a company that produce high-quality street-food

The purpose of our thesis then, it consists to analyse how to make the idea real and then, how to realize it in an operational, economic and financial way.

Because of obvious reasons related to limited resources, investment and funds at the first stage of our business, we have decided to focus the thesis on illustrating and explaining the short-medium terms Food.it objectives, by analysing the first 5 years which concerns the opening of shops, first in Milan and second in Florence. In Year 5, if everything would have gone as planned, we are going to start to set a new plan to run the business abroad: this time in Munich.

In fact, we are going to run our business at the beginning in Italy, in Milan, in order to test our idea in the most international city of our country. After that we are going to open a second place in Florence, in order to get customers attention and become more famous by increasing our notoriety and brand reputation: Florence is one of the most visited city all around the world (almost 10 million of presence per year¹¹²) and Tuscany in 2017 registered more than 100

million of people and this data it is going to increase by 4.4% in 2018. So, basically here we are going to unify street-food with history and beauty selling in this way our experience because of this combination and we are going to strengthen our brand image among European and international consumers.

Why not Rome? Or another place in the south?

Because our business idea comes, for most of the project, from the culture of the south and especially at the beginning, we all the local small places or trucks it could be risky for us.

The third step is going to be out of our national borders: Munich, Germany.

In view of the fact that EU differs in terms of society, consumers taste, culture, history, economic and regulatory framework, even if there is a common and shared “picture”, the approach that we are going to use out of Italy will always be different and we will need expert for researches we need.

Anyway, why Munich? Because it is really close to Italy and easy to reach also for our suppliers and their ingredients, facilitating in this way for us the sourcing, processing, distributing of street-food, by decreasing also expenses as well.

Moreover, Munich is another international city famous around the world, dynamic, with very high incomes and open to new cultures, especially to the Italian one, to which German people have always demonstrated passion and interest.

Therefore, the analysis that we are going to conduct through the three chapters it is both quantitative and qualitative, even if it often has seen the last one on predominate on the second one has illustrated really interesting data and information, both useful in order to organize the business and make the company ready to enter the market.

Which results have we achieved through this full analysis?

In regards to this question, we should review all the chapters, step-by-step.

In fact, after having carried forwards many researches through textbooks, papers, newspapers, online journals, blogs and statistics web site, we have collected all data that we needed in order to start writing our thesis.

We agreed on a common action to divide the work in three different chapters:

Chapter one theoretical, Chapter two empirical and the last one experimental.

From the outset, we aimed to set and define a real Business Plan for “Food.it”.

With respect to the Chapter 1, we report all the theory behind our project, including especially theoretical aspects since it is only theoretical background on which we may rely the implementation of all the work.

It represented the assumption that we first analysed and second described, by reporting it in different sections in order to provide readers with tools and instrument useful and indispensable to get the meaning of the following chapters.

We use here the following instruments:

- Methods,
- Theorems,
- Laws,
- Economic and financial rules,
- National and European regulatory frameworks.

Therefore, we illustrate the abstract functioning of a Business Plan: what it is, why it is useful for our street-food company and how to develop it in a proper way. We do this by identifying the subjects to be tackled and the activities to be organized in order to make each sub-category clear to the readers.

We chose theory related to new companies which intend to run a business and open a new market, but at the same time we select theory related to food sectors.

Basically, we started explaining what is a business plan: it explains how the business will achieve its objectives in a coherent, consistent and cohesive manner, by focusing on consumers' needs. The plan will identify the market, its growth prospects, the target customers and the main competitors. It must be based upon a credible set of assumptions and should identify the assumptions to which the success of the business is most sensitive. It should also identify the risks facing the business, the potential downsides and the actions that will be taken to mitigate the risks.

The BP process must be flexible as well as continuous with feedback at every stage. This process can be tailored to meet the specific planning needs of the organisation, business or project.

It defines vision and mission of the company by starting from the original idea.

It is composed by different steps. The first one is the "Strategic Plan process" that addresses the issue of what the business should cope with and it defines how to get a competitive advantage on the competitors.

We go through PESTEL analysis, defining all the political, economic, social, technological, environmental and legislative factors and frameworks that can influence the company. After it is the time of the Stakeholders analysis that includes all the people which have an interest in the company such as investors, customers, suppliers, government, lenders, competitors, banks and so on.

The theoretical framework has completed by the following methods and tool analysis:

- Porter's 5 forces: useful to understand the level of competition of the industry by analysing all agents such as competitors, suppliers, new entrants, substitutes and their negotiation power;
- Resources Based View: thanks to it we realize if our resources and capabilities are "VRIO", which means valuable, rare, (not) imitable and (well) organized in order to achieve a sustainable or temporary competitive advantage in the market;
- Firm analysis: we need to understand if our strategy is cost leadership, differentiation or focus;
- Portfolio analysis: range of products we are going to propose and sell in the market and related costs and decision behind them;
- Organigram: In order to understand the operational structure of Food.it
- Marketing Strategy. Five steps for the entire process:
 1. Customer/market analysis
 2. Market Segmentation
 3. Market Targeting
 4. Market Mix
 5. Marketing Positioning
- Operational planning: how we are going to realize what we have explained in a theoretical basis
- Financial analysis: how we are going to get funds from investors or institutions and which risks are directly connected to this topic along with related possible scenario.

Here, the first chapter is finished and the second one takes place: we are going to illustrate the Business Plan and its function in concrete.

We reported and used many data and information, collected through researches and, starting from those, we achieved important results.

According to them, we may immediately notice that agri-food export "made in Italy" has reached abroad more than 41 billion of euro in 2017 with a growth of more than 7% compared

to the previous year. This is what clearly emerges from Coldiretti analysis, on the basis of ISTAT data related to the Italian export in the last year¹¹². This states the potentiality of our Made-in-Italy and underlines how Germany is still the first country for consumption of Italian products, with almost 7 million of imports. Moreover, according to a global research made by Nielsen, more than 27% of the people who dined out in the last two years has chosen the street-food (in Europe more than 16% of them). It is CODA, an important success made by the combination of:

1. consumption and service rapidity;
2. original and quality products;
3. direct contact with the operators;
4. affordable prices.

In 2017, according to Coldiretti, it emerges that 52% of Italian buys regularly street food. Especially those from our tradition is the most widely sold with 69% of the overall sales, followed by the international food (like for example hot-dog) with 17% and the Ethnic Food (kebab, chines and so on) with 14%.

One more important and significant data for our business idea, it is the following one: 39% of the tourists, which come in Italy on vacations, decided to eat our street.¹¹²

In fact, as long as/it is now three years ago since *Borsa Italiana* published an article where it explains the reason why the number of Italians eating street food is increasing day by day and how nowadays it represents “A new lever/stepping stone for the Made in Italy”.

More than 2.5 billion of people all around the world eats every day street food: the so-called “Foodies. In Italy, more than 73% of the population in the last years bought street-food. In USA, we are talking about a big business: more than 1.2 billion in sales with an increase of 12,4% over the past 6 years.¹¹²

Our vision and mission are both clear, since we defined both at the beginning: “Food.it: The Italian way of Street-Fooding”.

The mission declares why our company exists. The vision, what we would like that the company to become.

We should ask (and then answer) the following questions:

- Which needs do we want to satisfy?
the lack of the market itself: we are going to open this market showing all the Italian high-quality street-products
- Why will our company exist?

Because it is the first one and we will have the first mover advantage. Moreover, our company would be the first one all around the world showing up the entire street-food culture of a nation: Italy along with its Made in Italy brand.

- Which contribute do we want to give to our clients and community?

As we have already explained, we are going to sell first an high quality and made in Italy product (in each of its step, from preparation, assembly of components, final product and service), second the Italian atmosphere related to this type of products and last our prices: Italian culture and taste in a new form for an excellent price; in general to the community the possibility to have more and better choice to eat, understanding also that street-food in our (Italian) way is something healthy and not junk food. It is not going to be “eat and run” but “eat, stay and enjoy”.

Once at this point, we should explain one of the most important topic of our business plan: the Stakeholders Analysis.

- **SHAREHOLDERS**

Since the company aims to become an international brand, after the first period of developing, of course it will be listed on the market capital. They are powerful because they are directly involved in the company such as: the decision-making process, the board of directors, the dividends and the capital gain

- **LENDERS**

They are of course interested in the financial part and pretend our business to survive over the years in order to get their interests. They own most of the liquidity that we will use to develop the business.

- **SUPPLIERS**

Their aspiration is to export (especially abroad) their products or ingredients and then opening to a partnership with our company. It is very simple to understand: reaching foreign markets is crucial in order to make their brands famous and sell more, making profits. (with and without us). Example: if we are going to sell abroad the street-food “Arrosticino” from Abruzzo (Italian Region), all of the suppliers will be interested in selling to us their high quality ingredients (in this case made by sheep meat): the more we sell their products, the more we need sheep meat and then the more they sell to us.

- **EMPLOYEES**

They are part of the core-business activity since most of them are going to create the Italian atmosphere and service that we need according to our vision. It is indispensable to make them feel part of our national values and standards: “they are the product inside the product”.

GOVERNMENT

Our country will benefit in terms of taxation, and Made-in-Italy importance. This latter will increase and consolidate its public awareness all around the world, raising the Italian GDP thanks to new flux of products and ingredients outside the national borders, with all the benefits for our country, like for example new investment.

- ENVIRONMENT

This voice is directly connected to the previous one. In fact, all the environment can benefit from the inception of our idea since we are going to create new qualified and skilled workplaces. Moreover, all the suppliers could generate an increase of employment. Then, with new employment is easy to images new local/regional laws and new flux of income taxes.

- CUSTOMERS

They are going to benefit of “The Italian way of Street-Fooding”, giving them the possibility to try the Italian high-quality products and ingredient to affordable prices. They want their satisfaction to growth and experience the Italian service.

In regards to the industry life cycle, because of the data previously reported, we can affirm for sure that the environment which we are going to face is really DYNAMIC: for example according to a report made by “Unioncamere-InfoCamere”, only in Italy, more than 1.000 new street-food companies between 2013 and 2018, increasing from 1.717 firms to 2.729 (+60%).¹¹² Basically, one new street-food company every two days. In this framework, the Under 35 represent the 22%, showing a significant increase of 23,9% in these five years.¹¹²

Therefore, the street food industry is of course at the time-period called “GROWTH”.

It is now the time to examine the entire environment through the PESTEL analysis, which it is used in strategic management: Political, Economic, Social factors; Technological change; Environmental and Legislative context.

Political Factors, The EU market is composed of 28 nations (27 in the nearly future) different between each other in terms of cultures and tastes, but linked by the history, geographical positioning and after the Second World War even in political terms firstly by the ECSC and now by the EU.

It is considered the political area in which Human rights and freedom of individualities are defended, but most of all in which competition market is more active (a Single Currency adopted by 15 states in a market in which industries policies are shared).

For the food market UE has a really big and important regulation giving the possibility to customers to return the products to point of sale, but most of all there is a Strong traceability mechanism used to recall in a really efficient and effective manner

Note: Italy is part of the Single currency making easier the movements of things inside the various national markets, especially of businesses (a good start for our business in terms of future expansions). Italy is now going through a lot of political changes defined as a “political crisis” and, even if it remains a marginal possibility, the possibility of a future “Italiexit” is becoming more probable influencing our choices in a m/l term perspective.

- Economic Factors, it is the largest economy of the world with (i) 32,7 trillion of assets, (ii) the 2° world biggest GDP (it is composed by 5 of the 10th biggest national economy of the world) with 17277.70 \$/bln in the 2017 and (iii) really high-income average.¹¹²

It must be signalled that inside the Euro zone is quite heterogeneous, in fact the East part of it is basically poorer (Slovakia, Romania, Hungary etc) than the west part (Germany, France, Netherlands etc) and there are a lot of differences in terms of real wages (even if the currency is most of the time shared).

*Italy is totally in the middle with a GDP per capita equal to the EU average one, but as “Sole 24ore” underlines in an article, the north part and some regions of the central part of Italy have an income-average and a GDP per capita similar to the one of the most developed countries of the world, making those areas more capable for our business.*¹¹²

- Social Factors, for the largest part of human history Europe has been the centre of the world hosting the biggest wars and the most important innovations. Europe is not the centre of the humanity anymore, but it is considered as the geographic area in which people are free in economical and human rights terms. It is the area hosting the highest number of war refugees and with Asia the highest number of immigrants 79 million¹¹², making Europe one of the most heterogeneous areas in terms of ethnical and cultural differences.

*It must be signalled that even if Italy is similar to EU in terms of human freedom, our country is the European nation with the highest genetic and cultural variety*¹¹²

- **Technological Factors**, the unification of the investments coming from each country gives the possibility to maintain a central role in a world perspective. An example is the European space station possible only thanks to the unification of the investments flows. Trip Advisor has conducted a research on consumers behaviour trying to understand how much people are influenced by online rankings and photo posted, the results were incredibly high: the average of EU citizens influenced by TripAdvisor in restaurants choice are more than the 82% and more than the 90% are influenced by the review posted by other users.¹¹²

And we also have:

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- **Environmental context:** marketers (like us) are facing more and more consumers demanding that the products they buy are sourced ethically, and if possible from a sustainable source. Ecological factors, because of the rise in importance of CSR (Corporate Sustainability Responsibility), include for example climate, recycling procedures and waste disposal¹¹². Our offer of ingredients Made-in-Italy, with high-quality and biological final products, states a decisive answer to the new customers' needs and worries;
 - **Legal context:** our company needs to know what is and what is not legal and what is allowed and what is not allowed. This because our company must operate first in a professional way everywhere and second, because in order to be successful it must trade successfully. We are going to trade globally and each country has its own set of rules and regulations: we must know them¹¹²

Next step is the Porter Analysis. We are going to analyse which elements and which forces we are going to cope with, we also identify what “shapes” the corresponding industry.

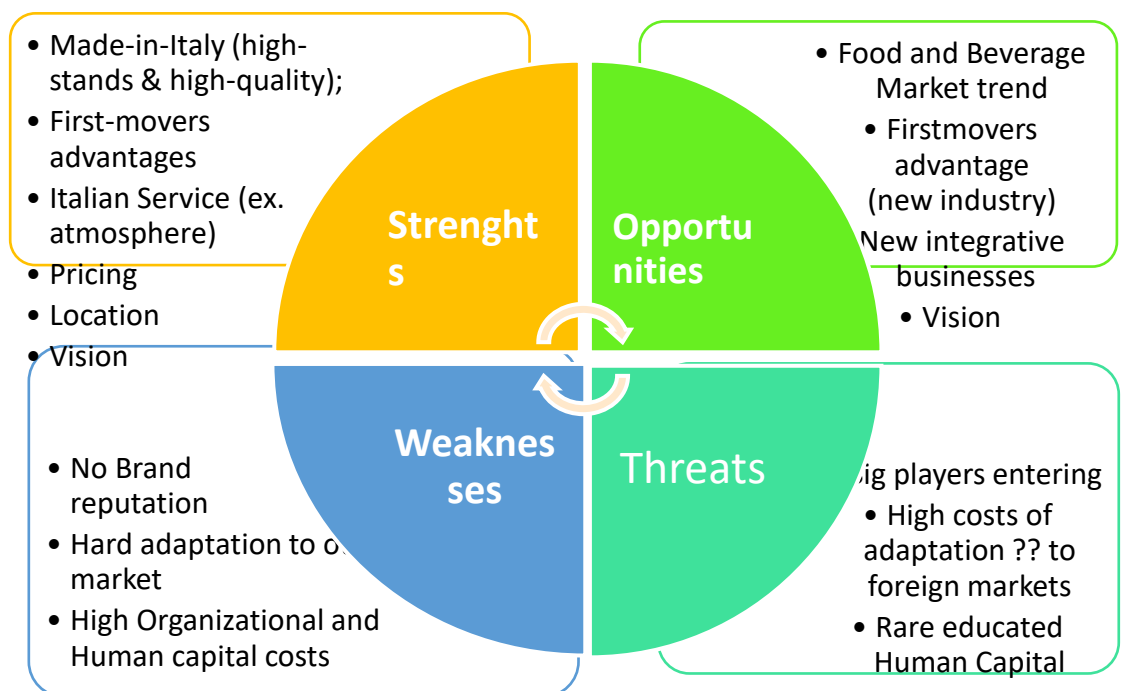
- **COMPETITORS:** the larger is their number along with their product range, the lower is the power of a company¹¹². The competition level may be considerate “HIGH”, because we are referring to all the competition coming from the food sector. But as we have already demonstrated, it is a growing market, especially the street-food one, with opportunities to reach clients and possibilities to make profit. Our company is going to face all kinds of competitors: big-size competitors, such as McDonald, Vapiano, Eataly; medium size-competitors, such as for example Alice Pizza; small-size competitors: from an ordinary restaurant to a Kebap-Station.
- **NEW ENTRANTS:** the less the time and money to enter the market, the more company earnings may be weakened. Strong barriers to entry may reduce this possibility, but of course the slow-food market along, does not have this type of barriers and it is easy to run the business for new operators and agents. Moreover, street-food industry does not have elevated prices even if the cost of final product is not particularly high. But unless they are Italian they will never be able to copy the Mission: the Italian way of Street-Fooding.
- **SUPPLIERS:** this is the category that partially decide and influence the final price of our products and then, the expenses for the company on the food side. The fewer the number of suppliers, and the more a company depends upon a supplier, the more power a supplier holds¹¹². With regards to our case, we may find problems if the resource (ingredients) we need is rare, as for example in the “Mozzarella di Bufala” case; at the

same time, instead, we may not find problems if we should acquire the meet to prepare “Pani câ meusa”, a Sicilian street-sandwich.

- **CUSTOMERS:** they will decide to reward us and they will evaluate our company. They usually are very sensitive to change in prices but they are also available to spend more for high-quality food, atmosphere, location, service and beauty. It depends on the segmentation made by the company and on the process of encouraging customer loyalty
- **SUBSTITUTES:** since its food market they are related to competitors.

At this stage, analysing the general framework plays crucial part to evaluate our company's competitive position, by assessing its strengths, weaknesses, opportunities and threats. Specifically, SWOT analysis is a foundational assessment model that measures what an organization can and cannot do.

The following graph summarize perfectly this analysis:



Directly connected to the SWOT analysis is the Resources Based View, a model useful to understand which are our resources that create a superior performance for Food.it.

The RBV model relies especially on the VRIO analysis, which means that a resource should be:

- **Valuable:** do we increase the value for the customer and do we create differentiation with made in Italy street-food?

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- Rare: may our resources/capabilities be acquired by competitors?
 - Imitable: Could be costly copying or substituting our resources for the rivals?
 - Organized: may these resources/capabilities be organized to capture value?¹¹²

Through these classes we are going to create our competitive advantage and generate our value-added strategy:

- High-quality products and Atmosphere: they are both valuable and rare since thanks to the idea of Italian street-food products and the made in Italy style of production of all the ingredients, we increase the differentiation compared to the other competitors. Moreover, not all the competitors may acquire these resources in the short-run. However, they can be imitated by future Italian competitors so that we get a “temporary competitive advantage”
- Human resource: they create the differentiation we are looking for and they also are rare because it is not easy to find the right employees in order to create for instance the “Italian way” in the service sector since you need to train them in a proper way. In addition, this type of resources are also costly and not easy to imitate because they depend by the our company organization: here then, we can create or “sustainable competitive advantage”
- Location: this is valuable since it can create differentiation. At the same time is not rare since a competitor could decide to open a selling point close to us. Therefore in this section we should talk about “competitive parity”
- Idea of first mover: we consider this voice as an intangible asset. It generates of course a “sustainable competitive advantage” because creates differentiation, it is rare and not imitable since we are the first in the market and as a firm we are organized to capture value in the market we are going to create.

Last two steps, before introducing the next marketing chapter, are Portfolio analysis and the Organigram of our company. We want to sell made-in-Italy street-products, but not only them because we aim to sell the experience, we aim to sell the atmosphere: we aim to sell the italian way of street-fooding.

This means that we need to select the best products and bring them all around the world. In order to procede, through empirical researches we analysed each italian region looking for the appreciated street-dishes coming from our tradition in italy and abroad. They could be for instance: arancina, arrostitini, focaccia, prosecco, red wine, averna and againsuppli,

calzone, Fiarelli, taralli and so on. In regards instead to the organigram, it is going to represent a hierarchical structure in order to be close on one hand to the end customer and, on the other hand, to the suppliers and the locations we will choose. It is also useful to control better the entire process and to establish better relationship between managers, employees, third parties companies and consumers.

In the third and last chapter instead, we illustrate our strategic marketing plan, where we are going to define the operational part of our project and where we establish our budget for the first year.

We have conducted an experimental online survey by structuring it as an interview of ten questions and creating a market investigation: in a time-period of two weeks, we have examined a sample of seventy potential customers aged between 16 and 34 years. Half of them were not Italian because we wanted to check out how different food cultures might react to the same market offer. We got important result as confirmation of our initial idea: most of them never tried Italian street food and all of them would like to try eat. In addition, 65% of the interviewed people affirmed that according to them, with our business, Italian street-food will not lose its Made-in-Italy structure and quality. Moreover, they also confirmed our point of strengths by appreciating Italian quality and service. One more evidence for us: they also stated, at the end, that atmosphere was not an important element because they did not perceive it in a normal Italian restaurant: here we will sell the Italian experience we were describing previously.

Additionally, we defined our positioning, which can be summarize as “we are not simply truck-food” and our market targeting as mass and customized by making changes to products to adapt them to clients but without overburdening or disrupting the core business.

A new company should always ask itself what is the contribution that it wants to make to the external environment such as customers, community and the world.

Food.it acts in this direction and this contribution unfolds through the matching between needs to meet from the market and benefits to offer by the company:

- **Customer**
 - Needs: Trying always something new. Less junk and fast food and more bio, green and healthy products.
 - Benefits: everything has been matched, because we are new and we offer street-food dishes composed of Made-in-Italy ingredients which are certified by the same national brand or others like DOC or DOGC.
- **Community**

- Needs: Employment of growth and creation of jobs, particularly in this period of economic crisis;

-Benefits: especially with regard to micro-entities such as our future suppliers, we help this situation because, in case of success of our company, they could grow and develop themselves with us, by generating in this way new job opportunities and creating a sustainable eco-system in the place of their production.

- **World**

-Needs: no more industrial products and not-green production processes

-Benefits: Corporate Social Responsibility is the key. Taking care of social problems, environment, pollution and everything concerning public interest is our ethical and moral feature. This is the reason why we implemented a sustainable general process: for instance, the same high quality and bio products are the right answer to industrial and not healthy products that are tampering with people and globe.

Financial analysis shows us how to get funding and the type of risks we are exposed to.

There are two macro-ways of funding: Debt and Equity. Since we are not going to be able to generate internally our finance, because we are going to run our business from nothing, our possibilities are coming from Special loans, Venture capitals, Business Angels and Corporate Banking Investments (long term debts).

The preferred way to start our business is to use a Venture capitals or Business angels, since to use a bank loan has a very big risk of a subsequent acquisition or of limiting covenants inserted in the contract of Loan. In the following graph we have summarized the total costs in order to open the first shop in Milan during the Year 1 (Excel file for details):

Year 1 group of costs	Cost
Resources and services	€ 194.058,00
Other expenses	€ 8.500,00
R&D expenses	€ 70.939,70
Human resources	€ 149.286,67
Amortization and fund	€ 9.566,60
Total costs 1 year	€ 432.350,97

Finally, market budgeting and financial analysis give us the idea of the amount of monetary resources we need to run our business. Therefore, where to open the first shop?

Milan, “L’è bon, l’è street”, seemed to be the best solution because of the international dimension stated by number of students, more than 200.000, and immigrants, 20% of the population. If we add more than 6 million of tourists per year and a growing faster economy, in the last four years, with an increasing of GDP by 6%, we are back in control.

Therefore, our objectives, which comes directly from our mission, are:

- Profitability level: getting profit after the first years;
- Finding Commercial Partner: suppliers that can provide us high quality ingredients;
- Opening in Milan: as we are explaining;
- Brand Reputation: The plan is opening in two years a shop and organize a big Italian Street-Food Festival to make the people know Food.it and get a good brand-reputation.
- Life-style vision: let people talk about us and identify us as the best street-food company;
- Global dimension: “famous all around the world”.

Thanks to the data analysed we got the answer if Milan was the right city for the first shop.

Our thesis is going to finish by discussing the marketing budget for Year 1.

Therefore, we have divided the budget in three main categories (see the Excel sheet):

- Advertising costs: commercial publicity, signs inside and outside the shop and design expenditures;
- Stuff costs: one employee working on the marketing and analytic division
- Media costs: Social Media, Internet, Newspapers, blog and bloggers.

Concerning the first one, we have supposed to spend around 3.000 euro to decorate the shop inside and outside with signs, menu and design and much more explaining for example our company, its story, its mission and the food.

With regards to stuff costs instead, we have selected data from ISTAT web site and we have noticed that the average salary is around 16.032 euro per year. We have opted for this option in order to ensure immediately a good level to our company.¹¹² Our marketing stuff is going to make researches about trend, market and customer service by working as also marketing analytic. He/she is going also to deal with the company communication and advertisement.

Finally, for the last one, we have analysed the main online business newspapers and the data that we collected says that in Italy on average small firms spend 400 euros per month for media advertisement.¹¹² This section concerns commercial advertisement on the main national newspapers (online and not), press-interview and a proper use of social media such as:

1. YouTube channel, where to sponsor and promote our activities. It is a tool to be connected directly to social media;

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2. Facebook, Instagram and Twitter official pages along with all related ones and social advertisement to reach our customers all around the world;
 3. Reviews are also fundamental and very useful for successfully running a new business. Thanks for example to App such as TripAdvisor, where every customer may post a comment about his/her experience with the company, we might be more appreciated by future consumers and influence them to choose our place if they do not know what to eat a night or if they are indecisive between our shop and others.
 4. Food-blog and bloggers, which we are going to pay for obtaining visibility among the public.

So, now, it is the time