



Business Management

Prof. Dr. Ulrich Daldrup
Semester 2013/14

Students:

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Tim Hubacher (B.Eng.)

Business Plan “Hangover Aid” 2014-2015

Hangover Aid 

Wasted today? Don't waste tomorrow.

 **Essential Electrolytes,
Vitamins and Minerals**



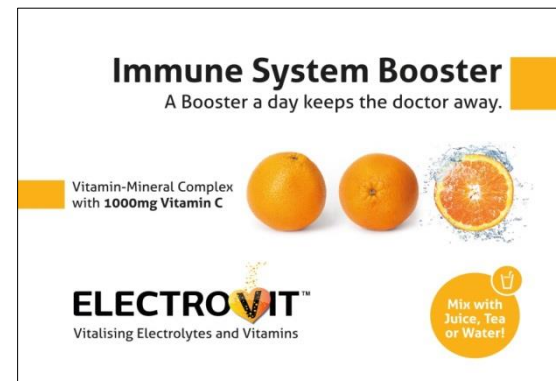
ELECTROVITTM
Vitalising Electrolytes and Vitamins

 **Best
before
sleeping!**



Agenda

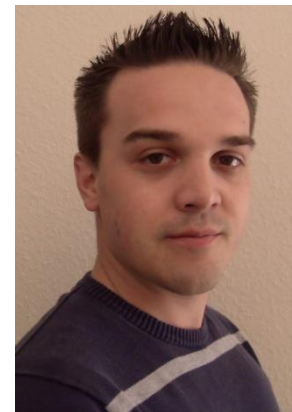
- Founder Profile
- Business Idea
- Market Assessment
- Competitive Situation
- Product development
- Electrovit Products
- Marketing strategy
- Promotion strategy
- Location
- Corporate Organization & Personnel Management
- Financial Planning
- Current status of project
- Future prospect
- Sources





Founder Profile

- GainStorm Media Ltd., St. Julians, Malta
 - Founded in 2009
 - Core business: Online Marketing
 - CEO and founder: Joschka Kupich
- Tim Hubacher, student and freelancer for GainStorm Media Ltd.





Business Idea

- Getting rich without hard work → Trading

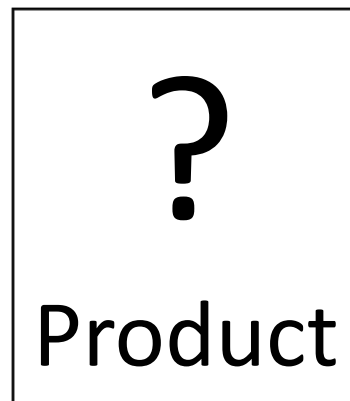
But which product?

- Idea after a party in Malta:

Create a product to relieve hangovers!



[1]

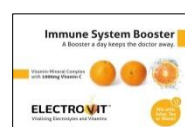


[2]



Business Idea

- Problem: high costs for anti-hangover drink
 - Storage and logistics costs
 - Packaging costs (A can has more value than the coke in it)
- Solution: less costs for anti-hangover beverage powder
 - Smaller volume and weight
 - Other advantages: transportable, durable, appears effective, can be mixed with every drink
- Three products would create three times more attention but production costs are less than three times higher:
 - Also Energy and Immune System Booster!





Market Assessment

- Internet research:
 - Smaller selection of similar products is world wide available
 - High shipping costs to Malta despite the lightweight package
- Test of selected products:
 - Majority of products does not taste good
 - Design often does not indicate a healthy drink
 - Price range from 1€ to 2.99€ per sachet





Competitive Situation

- Competitive products for hangover aid are not available in Maltese shops
- Alternative competitors products for
 - Hangover aid: pharmaceutical products (only available in pharmacy)
 - Energy booster: energy drinks (Red Bull), caffeine tablets
 - Immune System booster: fruits/juices, vitamin tablets/beverage drinks



[3]



[4]





[5]

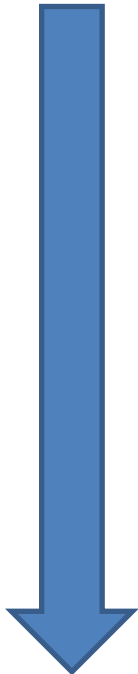


[6]



Product development (Jan-Dec 2013)

1. Developing of the three beverage powders
 - Cooperation with German food laboratory  [7]
2. Design and slogan contest for sachets and boxes
 - Afterwards buying the designs of the winner  [8]
3. Printing of sachets and boxes
 - Cooperation with printing company in Baden-Baden, Germany
4. Contracts with distributors in Malta
5. Developing of the Online-Store by freelancers (e.g. Tim)
 - www.electrovit.com
6. Set up of shipping base in Cologne





Electrovit Products

■ Hangover Aid:

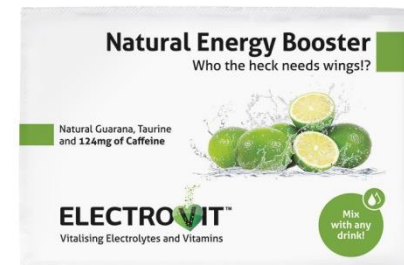
- Active Ingredients: L-ornithine, taurine, L-tryptophane, selenium, molybdenum, chloride in sodium carbonate, vitamin C, vitamin B5, B3, B1, folic acid, vitamin D3 (not complete)

■ Energy Booster:

- Active Ingredients: L-ornithin, taurine, guarana extract (12% caffeine), ginger extract powder 5%, magnesium, zinc, selenium, molybdenum, chromium, vitamin C (not complete)

■ Immune System Booster:

- Active Ingredients: L-glutamine, L-carnitine, taurine, ginger extract powder 5%, zinc, vitamin C, vitamin B2, B6, B12, biotin, vitamin D3, vitamin K1 (not complete)





Marketing strategy

- Tourists (especially language school students) will get attentive to electrovit products in Malta.
- After returning to their resident countries, they will have good memories of holiday and can order electrovit products online.
- Distributor in Malta delivers electrovit products to the retail shops making 25% commission.
- Retail shops will sell the products also with 25% commission.





Marketing strategy

- Offline promotion:
 - Billboards in bus shelters (16 billboards for 10 days every month)
 - Flyer and free samples for arriving language school students
- Online promotion:
 - Banners on websites for party pictures
 - Prize draw on Facebook
 - Affiliate program (visit www.electrovit.com)



[9]



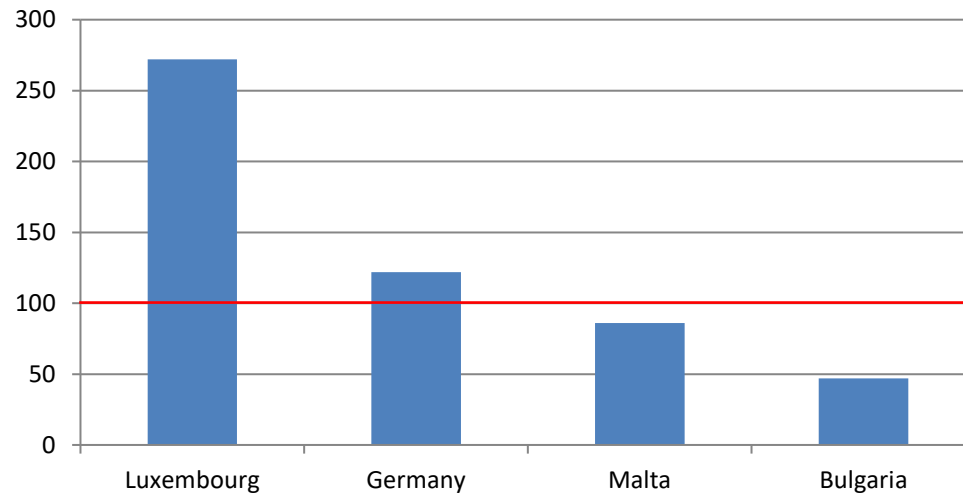
Location

Malta facts:

- Population \approx 418.000
- Tourists per year: 1.000.000+

GDP per head 2012

(measured in purchasing power standard, EU-27 = 100)



Source: Bundeszentrale für politische Bildung





Second location for shipping

- Location for storage and shipping (online shop) will be in Cologne, Germany (start: Dec-2013)
- Central position in the potential sale area (green)
- Lower shipping costs → attractive offers for customers (free shipping for orders above 20€)
- Storage room is free (Tim's cellar)



[10]





Why Malta?

- Small economy → low costs → low financial risk → good test conditions
- GainStorm Media Ltd. has its registered office in Malta → person on site
- Up to 70.000 language students per year → potential buyers
- Many small shops (“bottle shops”) → potential sellers
- A lot of parties in summer season → potential demand for hangover aid



[11]



[12]



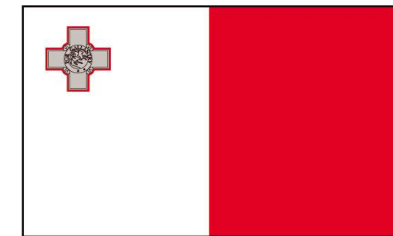
[13]



Corporate Organization & Personnel Management

Electrovit is a brand of GainStorm Media:

- Private Limited Company, Malta
 - Only one person: Joschka Kupich
 - Minimum paid-up capital: 1164.69 €
 - Registration Fee: 245 € (depends on share capital)
 - online trade mark (EU): 900 €
- Everything except trading was outsourced:
 - Mixing and packing of the beverage powder, design, printing, distribution,...
- Less liabilities, no social security contribution for employees





Financial Planning

Business start: January 2014

Tourism period: April - August

Cost per charge (90.000 Sachets)			
Product	Cost per Product	Number of Products	Cost
Boxes	8,32067 €	2250	18.721,50 €
Hangers	3,65200 €	1500	5.478,00 €
Sachets	0,25333 €	4500	1.140,00 €
Total:			25.339,50 €

Running costs	
Offline Marketing	2.700 €
Media buying budget	800 €
Social media marketing manager	300 €
Storage costs	100 €
Tax consultant	200 €
Total	4.100 €

Fixcosts:	
Printing and Packaging:	699,00 €
Punching tool box:	357,00 €
Punching tool hangers:	342,00 €
Website: 2.000,00 €	
development	1.200,00 €
Media (designer and Fotolia)	500,00 €
Texts (Text Broker)	200,00 €
eCommerce System	100,00 €
Product design: 1.780,00 €	
Sachets and boxes (Julia)	1.000,00 €
Design Competition	480,00 €
Contest for slogan (3x)	300,00 €
Formation expenses 2.164,69 €	
Registration / permits	100,00 €
Entry in the commercial register	245,00 €
Notary	155,00 €
Consulting	400,00 €
Business registration	100,00 €
deposits	1.164,69 €
Total	6.643,69 €



Financial Planning



Box:	
Sachets per box:	30
Cost per sachet	0,24933 €
Shippig cost per sachet	0,00400 €
Total cost per sachet:	0,25333 €
Cost per box (empty)	0,72067 €
Total cost per box	8,32067 €
Retail price:	21,00 €
Margin per box:	12,68 €

Hanger:	
Sachets per hanger:	12
Cost per sachet	0,24933 €
Shippig cost per sachet	0,00400 €
Total cost per sachet:	0,25333 €
Cost per hanger (empty)	0,61200 €
Total cost per hanger	3,65200 €
Retail price:	8,40 €
Margin per loop:	4,75 €





Financial Planning

Expected charge in Malta in 2014: **one**

	2014 - 1 Charge (90.000 Sachets)										
Liquidity Plan	January	February	March	April	May	June	July	August	September	December	Total
Cash and cash equivalents (at the beginning of each month)											
Cash	52.000,00 €	52.000,00 €	20.016,81 €	20.016,81 €	15.916,81 €	23.786,81 €	31.656,81 €	39.526,81 €	47.396,81 €	55.266,81 €	
Surplus last month	0,00 €	-31.983,19 €	0,00 €	-4.100,00 €	7.870,00 €	7.870,00 €	7.870,00 €	7.870,00 €	7.870,00 €	0,00 €	
Total cash and cash equivalents	52.000,00 €	20.016,81 €	20.016,81 €	15.916,81 €	23.786,81 €	31.656,81 €	39.526,81 €	47.396,81 €	55.266,81 €	55.266,81 €	55.266,81 €
Proceeds from											
Cash sales	0,00 €	0,00 €	0,00 €	11.970,00 €	11.970,00 €	11.970,00 €	11.970,00 €	11.970,00 €	0,00 €	0,00 €	
Total cash access	0,00 €	0,00 €	0,00 €	11.970,00 €	11.970,00 €	11.970,00 €	11.970,00 €	11.970,00 €	0,00 €	0,00 €	59.850,00 €
Payments for											
Investments	6.643,69 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	
Material / goods	25.339,50 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	
Running costs	0,00 €	0,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	0,00 €	0,00 €	
Tax	0,00 €		0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	
loss for previous month											
Total cash loss	31.983,19 €	0,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	0,00 €	0,00 €	56.583,19 €
Total cash and cash equivalents	52.000,00 €	20.016,81 €	20.016,81 €	15.916,81 €	23.786,81 €	31.656,81 €	39.526,81 €	47.396,81 €	55.266,81 €	55.266,81 €	
Total cash access	0,00 €	0,00 €	0,00 €	11.970,00 €	11.970,00 €	11.970,00 €	11.970,00 €	11.970,00 €	0,00 €	0,00 €	
Total cash loss	31.983,19 €	0,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	0,00 €	0,00 €	
Income / loss in EUR	-31.983,19 €	0,00 €	-4.100,00 €	7.870,00 €	7.870,00 €	7.870,00 €	7.870,00 €	7.870,00 €	0,00 €	0,00 €	3.266,81 €



Financial Planning

Expected charge in Malta in 2015: **two** because “Hangover Aid” is well known.

	2015 - 2 Charges (180.000 Sachets)										
Liquidity Plan	January	February	March	April	May	June	July	August	September	December	Total
Cash and cash equivalents (at the beginning of each month)											
Cash	55.266,81 €	0,00 €	55.266,81 €	4.424,47 €	324,47 €	20.164,47 €	40.004,47 €	59.844,47 €	79.684,47 €	99.524,47 €	
Surplus last month	0,00 €	3.266,81 €	-50.842,34 €	-4.100,00 €	19.840,00 €	19.840,00 €	19.840,00 €	19.840,00 €	19.840,00 €	0,00 €	
Total cash and cash equivalents	55.266,81 €	3.266,81 €	4.424,47 €	324,47 €	20.164,47 €	40.004,47 €	59.844,47 €	79.684,47 €	99.524,47 €	99.524,47 €	99.524,47 €
Proceeds from											
Cash sales	0,00 €	0,00 €	0,00 €	23.940,00 €	23.940,00 €	23.940,00 €	23.940,00 €	23.940,00 €	0,00 €	0,00 €	
Total cash access	0,00 €	0,00 €	0,00 €	23.940,00 €	23.940,00 €	23.940,00 €	23.940,00 €	23.940,00 €	0,00 €	0,00 €	179.550,00 €
Payments for											
Investments	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	
Material / goods	50.679,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	
Running costs	0,00 €	0,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	0,00 €	0,00 €	
Tax	163,34 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	
loss for previous month											
Total cash loss	50.842,34 €	0,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	0,00 €	0,00 €	132.025,53 €
Total cash and cash equivalents	55.266,81 €	3.266,81 €	4.424,47 €	324,47 €	20.164,47 €	40.004,47 €	59.844,47 €	79.684,47 €	99.524,47 €	99.524,47 €	
Total cash access	0,00 €	0,00 €	0,00 €	23.940,00 €	23.940,00 €	23.940,00 €	23.940,00 €	23.940,00 €	0,00 €	0,00 €	
Total cash loss	50.842,34 €	0,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	4.100,00 €	0,00 €	0,00 €	
Income / loss in EUR	-50.842,34 €	0,00 €	-4.100,00 €	19.840,00 €	19.840,00 €	19.840,00 €	19.840,00 €	19.840,00 €	0,00 €	0,00 €	47.524,47 €



Current status of project in December 2013

- 60.000 sachets at the distributor in Malta, rollout in Malta will be in Jan 2014
- 30.000 sachets will be delivered to Cologne (December 2013)
- Web shop is online, start of selling is also Jan 2014

www.electrovit.com

The screenshot shows the ELECTROVIT website. The header includes the logo and tagline 'Vitalising Electrolytes and Vitamins', a search bar, and navigation links for 'Immune System Booster', 'Hangover Aid', and 'Natural Energy Booster'. A prominent banner advertises 'Free Shipping above 20€' with a sub-message 'Pay no shipping costs for any order above 20€!' and 'All across Europe!'. Below the banner are three product category tiles: 'Immune System Booster' (Sick of getting sick?), 'Hangover Aid' (Drink and Revive.), and 'Natural Energy Booster' (Boost and Shout!). The main content area displays a grid of products with their prices and 'Add to Cart' buttons.

Product	Price
Immune System Booster 30-PACK	38.70€ 30.96€
Natural Energy Booster 30-PACK	38.70€ 30.96€
Hangover Aid 30-PACK	38.70€ 30.96€
Immune System Booster 10-PACK	12.90€ 11.61€
Natural Energy Booster 10-PACK	12.90€ 11.61€



Future prospect

- Expanding to markets in English speaking countries (GB):
 - Translation of products and web shop is not necessary
- Expanding to German market, if the profit is big enough to invest:
 - Tim is on site



[14]



Sources

- [1] <http://xaxor.com/wp-content/uploads/2012/06/hangover-cat-pics-part2-8.jpg>
- [2] <http://1.bp.blogspot.com/-LlOrJTRfSgU/Tb2vZ1mKizI/AAAAAAAAAO8/rraWZjtIjrY/s1600/hooray.jpg>
- [3] <http://www.dooyoo.de/schmerzen/aspirin-coffein-tabletten-20-st/>
- [4] <http://www.stockngo.com/health-care/top-brands/excedrin/excederin-migraine-caplets-50-caplets.html>
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- [12] <http://www.timesofmalta.com/articles/view/20070330/local/crackdown-on-bottle-shops.21901>
- [13] <http://mt.tilllate.com/en/event/10744817>
- [14] http://1.bp.blogspot.com/_nxZz07-2E3k/TT1Cfwix_YI/AAAAAAAAAC98/hEzDmgkaWWU/s320/fragezeichen.jpg



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Business Plan

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Thank you for your attention and don't forget
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