

A STRATEGY PREPARED FOR THE UBC ALMA MATER SOCIETY

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University of British Columbia

COMM 486M

August 11, 2017

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PALATE 2.0

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INTRODUCTION

We set out to develop a strategic assessment for how to enhance the AMS Palate business venture. This necessarily required primary research. Our approach to this research was focused on unpacking exactly what had inhibited the incumbent Palate's success. Our motivation for approaching initial research this way was to uncover any critical steps we could avoid making moving forward. This was to the aim of not inadvertently duplicating any of Palate's core weaknesses then consequently its lackluster performance. We endeavored to get to the root of the problem.

Our strategy is to build upon the AMS's value proposition of being for the students, by the students. We contend that our proposal for a new business venture incorporates all aspects of a successful AMS establishment. Specifically, we highlight our emphasis on offering value for money in addition to a fun and interactive guest experience, two items identified as important to students. We hope to address poor traffic through the generation of new branding that will appeal to and attract the student body. To prevent low throughput, we propose a streamlined menu that is reflective of a majority of the student body's dietary preferences. We believe that by being mindful of the student body through every phase of actualizing this project, we will accomplish launching a successful business, and enhancing the AMS's overall portfolio.

CURRENT SITUATION

Our initial research consisted of primary research into the Palate eatery's current situation. We composed and conducted a survey that we then distributed to our most essential stakeholders in this project: the student body. From this survey, we collected data revealing students varying grievances surrounding food establishments on campus in general. The survey also yielded insight into students' dietary needs and preferences, as well as substantiated that a majority of students were open to trying more vegetarian-aligned options. Building on the whole of the data, we performed a SWOT analysis of the Palate to identify key opportunities and relevant threats. Necessarily, we had to engage the fact that Palate's positioning as an AMS venture, resulting in its being situated in the NEST, exposes it to relentless competition. In consideration of this and also incoming competitors from businesses opening in the New Old Sub and on UBC Boulevard, we sought to develop a strategy that sets our new business apart from immediate competitors, meets students' need for value for money, and augments the accessibility of vegetarian-friendly food on campus. The data from our survey can be found in Appendix I.

INTRODUCE NEW BRANDING

We used a Petal Analysis to establish our new business's competitors. This can be found in Appendix II. This analysis was helpful for prompting our thinking of how to set a new business apart. Notably, the brands who have endured for years at UBC appear to be the ones that resonate with students the most, such as Honour Roll and The Pit. Recognizing the power of a student-friendly brand, we came up with Wrap City. This playful brand identity carries throughout the business, influencing the names of menu items ("O.G Wraps," "Freestyle Wraps") and even the interactive component aimed at student engagement ("Wrap Battles.") Just as Honour Roll and The Pit have materialized as cornerstones of the UBC community, we hope for Wrap City to grow into one as well. By appealing to students with a light-hearted brand identity, we hope to capture attention that will translate into market share and ultimately the longevity of the business.

STUDENT ENGAGEMENT FOCUS

Fundamental to our new business proposal is the qualification that it has to be student-driven. To address the Palate's poor brand recognition, we are proposing this new brand identity. More than replacing the old Palate brand, though, we want our new brand identity to elevate the new business. The way we wish to achieve this is through looking to the creativity and participation of students. Already in developing this project, we retained the assistance of a peer in architecture in order to brainstorm different approaches to reimagining the space. When drafting menu samples, we consulted our survey research on students' dietary preferences and applied this knowledge diligently. An important next step is to engage students upon Wrap City opening. To do this, we created "Wrap Battles," an initiative to engage students in the visual arts program or who are otherwise artistically inclined to participate in bi-monthly art competitions. Submissions are voluntary, though we will reach out to student groups to inform them of the competition, and the winner is decided by customer feedback collected in store and gets to have their art displayed at Wrap City, up to and until they are "defeated" in a subsequent "Wrap Battle." Collectively, we hope this strategy of engaging students at every phase in our project will translate into a unique and well-received guest experience.

RISKS AND TIMELINE

We acknowledge the success of our project is contingent on buy-in by the student body. For example, a large portion of our business proposal is focused on tapping into an unmet need for quality affordable food on campus to generate business. However, due to UBC's vast diversity, it is highly likely we may fail to capture the entire student body's preferences in our planning. We believe that ample mitigation of this and other risks is anchored in extensive research and analysis. Subsequent to our business's launch, we also recognize the potential threat that neighboring competitors may pose. The way we intend to mitigate this is to differentiate ourselves beyond just our menu offering. We want to emphasize student engagement and believe this is a key area to leverage in order to stay competitive. We aim to be profitable within one year of operations.

GOALS AND CONCLUSION

As stated in our initial Statement of Work, our goal is to offer a financially viable business strategy. The way we have determined we are going to do this is to maximize efficiency, therefore reducing unnecessary costs and redirecting capital into appropriate avenues to grow the business. For example, we are going to invest in moderate restructuring of the space. We have decided not to exclusively target a vegan/vegetarian market. However, we are still committed to providing a menu offering that is extremely vegetarian-friendly and still in alignment with students' desire for affordable, quick, quality food and the AMS's commitment to environmental sustainability, community engagement, and enhancing students' quality of life.



Palate 2.0

Cloud Nine Consulting

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Situation Analysis | Current Palate | Weaknesses + Threats

Key Strengths

- Owned & operated by the AMS
- Access to AMS suppliers
- Physical Location

Key Weaknesses

- Store-front
- Long lineups / waiting times
- Ordering system
- Established direct competitors

Issues: Inefficient ordering system, lack of awareness, layout

The key problem to the current Palate is that it is financially unsustainable. With their current low sales and lack of profit, this is a reflection that Palate is not best serving student needs, and thus not fulfilling AMS' overarching goal of enhancing students' quality of life. We identified several key strengths and weaknesses of this location and the current business that we'd like to highlight:

Key Strengths

Owned and operated by AMS - As an AMS business, Palate has access and support to thousands of its members and has the advantage of enjoying a space in the Nest. The AMS also has the resources and capabilities to introduce creative niche businesses in the mind of enhancing student experience and educational pursuit

Access to AMS suppliers - As a part of the AMS food services ecosystem, Palate has the opportunity to share resources with other AMS businesses, which leads to risk pooling and a stronger position in negotiating supplier power.

Location - Palate is located in a premium space, on the main floor of the Nest, a school wide hub for student gathering and commerce.

Key Weaknesses Internal and External (Underlying Issue)

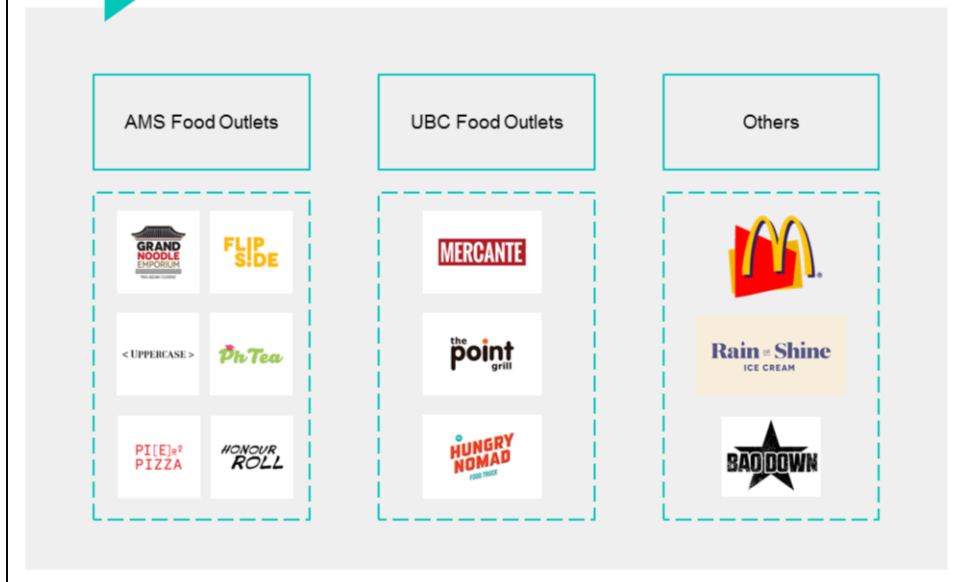
Location - Location and outside appearance of Palate are unattractive and unappealing for passing students. Limited space in the storefront layout, and limited kitchen space make operations challenging.

Long lineups and waiting time: Layout make lineups difficult and tight space cause congestion, which makes the store appear unappealing to customers.

Ordering system: Ordering and queuing system is slow and confusing, further making it unappealing for them to go to Palate

Established direct competition: AMS Nest is home to 8 other AMS run food outlet, and over three other direct competitors including Delly, its biggest competitor. They are also in close proximity to dozens of other food outlets at UBC, with more planning to open up in the coming years.

Key Secondary Researching Findings | Competitive Overview



To find an effective and relevant solution to the issues highlighted above, we need to understand the Palate's surrounding environment. We've boiled this down to the competitive environment, surrounding market trends, and customer overview.

Competitive overview:

One of the biggest competitors besides other AMS businesses is UBC food services, which operates cafés and food outlets spread all over campus, making them the most prevalent and wide-reaching competitor to the Palate and to the Nest in general. While UBC food services does not compete directly on price as they are priced at a similar price point compared to AMS food services, they compete very strongly on convenience. Not only are the cafés located all over campus, UBC cards are also linked directly to the UBC food services POS, making transactions quick and convenient for many students. Potential new direct competitors are also always a threat, as new developments are built on campus and new innovative food outlets are introduced on campus- for example, seven new food outlets will be opening on the nearby University Boulevard, all of which will directly compete with Palate's offerings as a food outlet.

The most significant indirect competitor to Palate include students who prepare their own food and thus do not purchase on campus. Reasons behind this were found to be high price, perceived low quality of food, and the limited hours of operations of many food outlets on campus.



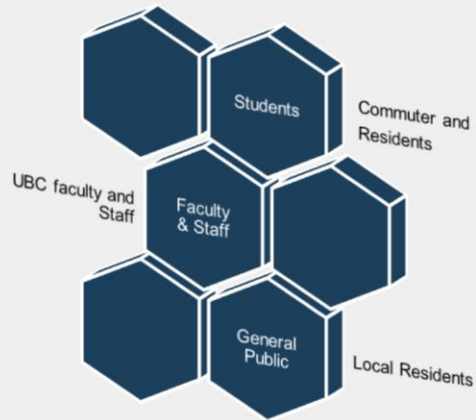
Market Trends
Taking one dish and
making it into a whole
restaurant

Market Trends

We identified that a key trend in foodie scenes is taking a single dish, and modeling an entire restaurant around it (as opposed to restaurants that “do it all”. Examples of this include Poké restaurants, Taquerias, Bubble waffle cafés, and soft serve ice cream. With Palate’s limited space, this could be an effective trend to capitalize on as it allows us to focus on a specific item without too many complicated ingredients.

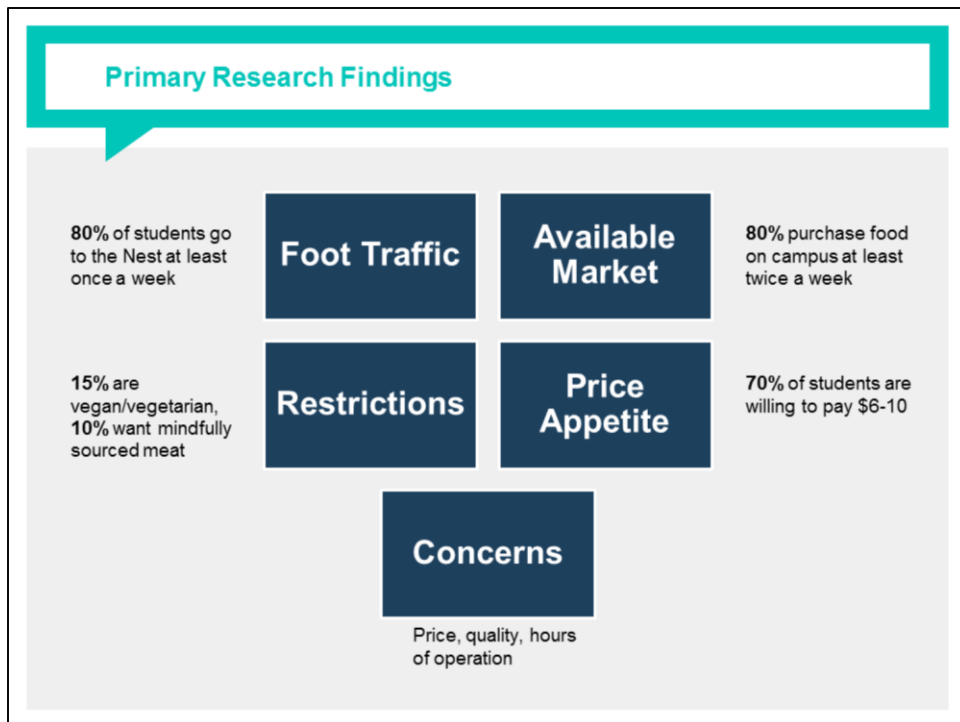
Key Secondary Research Findings Cont'd

Customer Overview



Customer overview:

Made up of commuter students, resident students, public and members of faculty/staff. Because of AMS' goal of enhancing *student* lives, we've decided to focus on the commuter students and resident students in particular. The largest group is commuter students, who make up 80% of UBC students and buy food mainly for convenience. For the 20% of students who live on [campus](#), it is highly competitive with UBC food services due to proximity, prominence, and UBC card. Finally, we've identified that students with dietary restrictions/preferences could be significant as well, as in our research we found that 50% of our surveyed respondents indicated that they had some sort of dietary restriction, be it vegan, vegetarian, mindfully sourced meats, gluten-free, dairy-free, and more. Those who identify environmental/ethical issues as a key factor to their food preferences tend to do so more strongly than on other issues. Also presents an opportunity to find loyalists- people that purchase more than 2 times/week.



From our 243 survey respondents, we were able to discover the following findings on students' attitudes and habits towards food purchases on campus, and with the AMS Nest in general.

78.75% of respondents go to the AMS Nest once or more times per week, and their primary reasons for going are to socialize with friends (91.25%), for club activities (89.04%), to study (88.32%), and to purchase food (87.50%). Of the 21.25% of respondents that go to the Nest less than once per week, the primary reasons were the lack of seating (56.86%) and poor selection of food (52.94%)

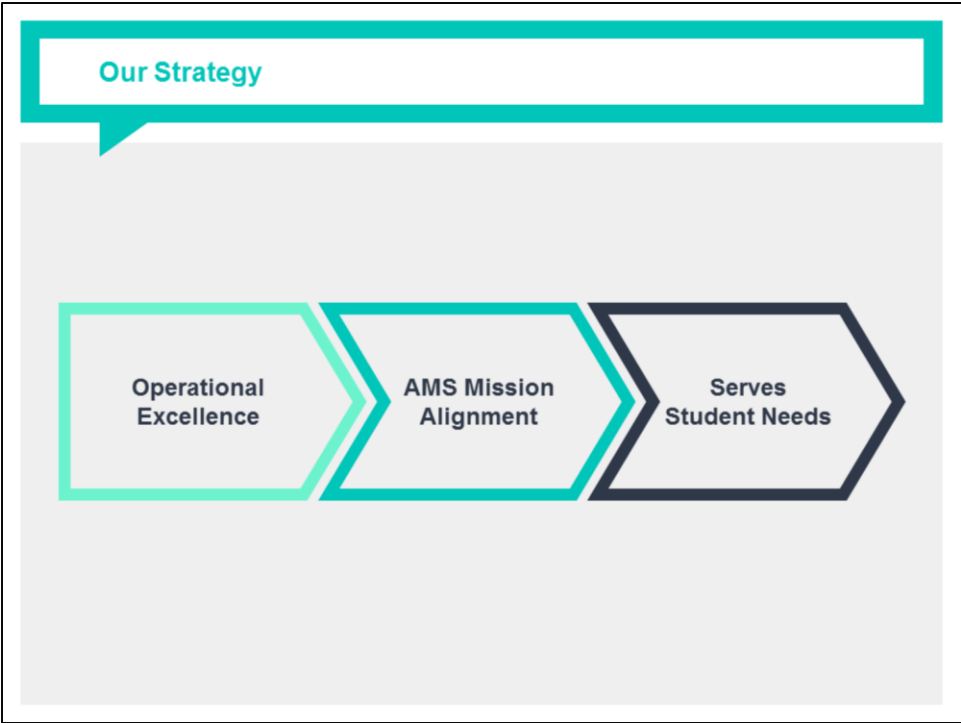
81.25% of respondents purchased food on campus 2 or more times/week. UBC Food services is AMS Nest's largest competitor, with 44.17% of respondents stating that they usually purchase food there.

Value for quantity of food was ranked most important, with a mean of 4.43 and std of 0.81. Quality of food was a close second, at 4.30 and std of 0.87. Serving dietary restrictions were ranked lowest at 2.66, however std was highest at 1.55 and high variance of 2.41. Sustainability/ethic was a close second at 2.71, std of 1.32 and variance of 1.74

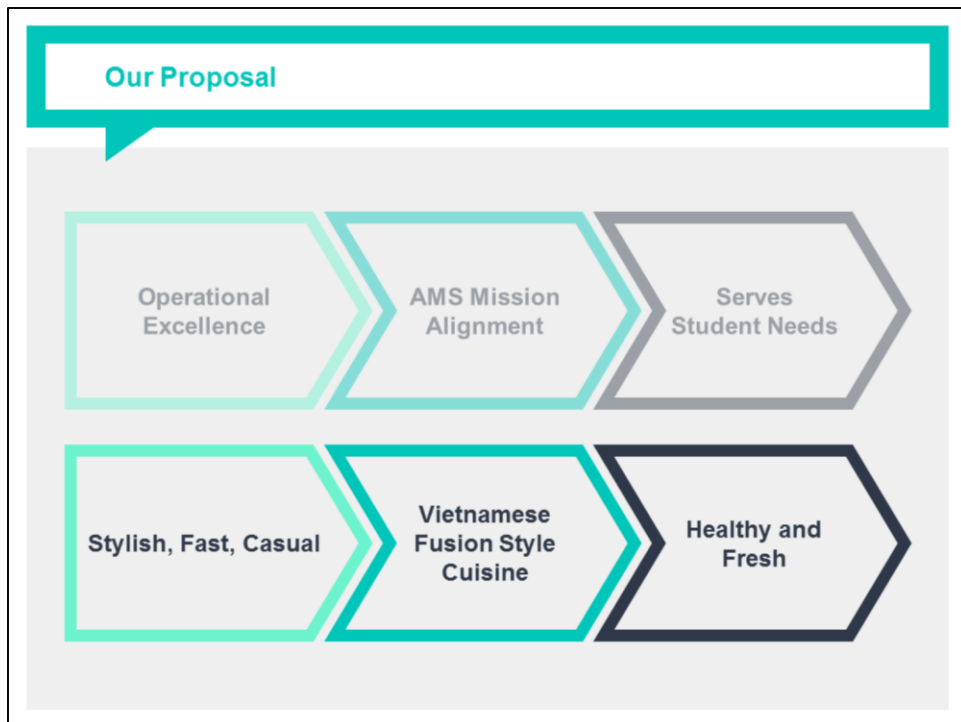
Top reasons for not purchasing food on campus - Price (74.9%), Quality of food (45.19%), hours of operation (28.03%)

14.62% of respondents were vegan or vegetarian, and 9.3% preferred mindfully sourced meats (ocean-wise, pasture raised, etc). Organic, gluten-free, and dairy-free were also important

72.5% of respondents stated that they would be willing to pay \$6.00-10.00 for a satisfying meal on campus.

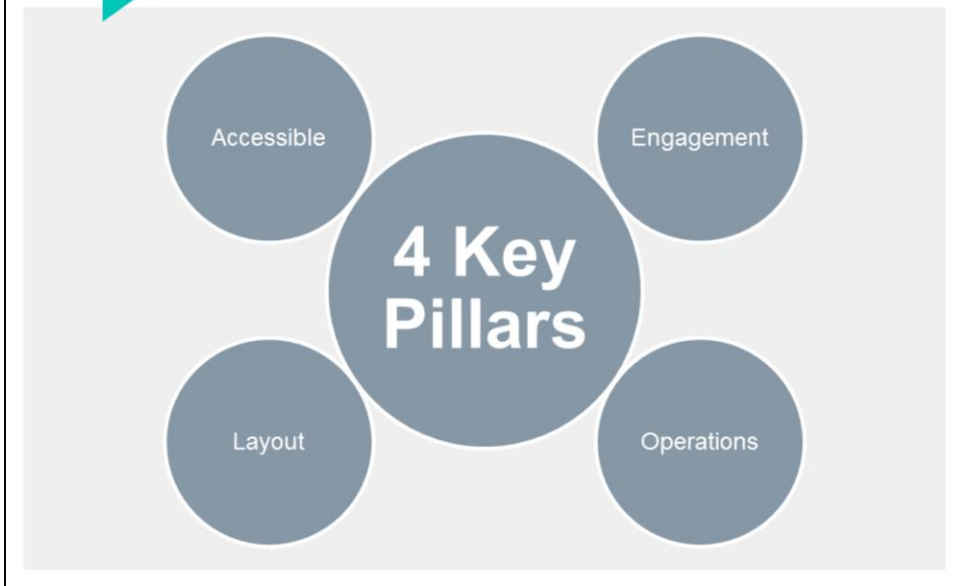


Based on our research, our findings, and the key issues that need to be addressed, we've decided to focus our strategy on achieving operational excellence, making sure that our proposal aligns with the AMS's mission, and focusing on appealing to and serving student needs.



We envision a hip, stylish quick-casual Vietnamese-fusion food outlet selling primarily Gỏi Cuốn, or summer rolls. Summer rolls are a cheap, healthy and fresh on-the-go food that requires little use of the commissary kitchen, yet can be prepared quickly and fresh at Palate's location. Filled with vegetables, rice noodles, and with the option of adding animal protein, the rolls are also naturally gluten-free, dairy-free, and can easily be made vegetarian/vegan without sacrificing taste or satiety. This proposal fulfills student demands for affordable, satiating, healthy, and delicious food items at the AMS Nest, while accommodating a variety of student needs.

Our Proposal



We will achieve this through our key four pillars - Accessibility, student engagement, layout, and efficiency.

Tactics | Accessibility & Student Engagement

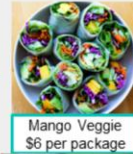
Accessibility

- Affordable, and quick
- Accommodates a range of dietary restrictions

Student Engagement

- Art displays
- Interior design
- Research engagement

OG
Premade



Mango Veggie
\$6 per package



Smoked Salmon
\$7 per package



Classic Shrimp
\$6 per package



Classic Shrimp
\$6 per package

Accessibility

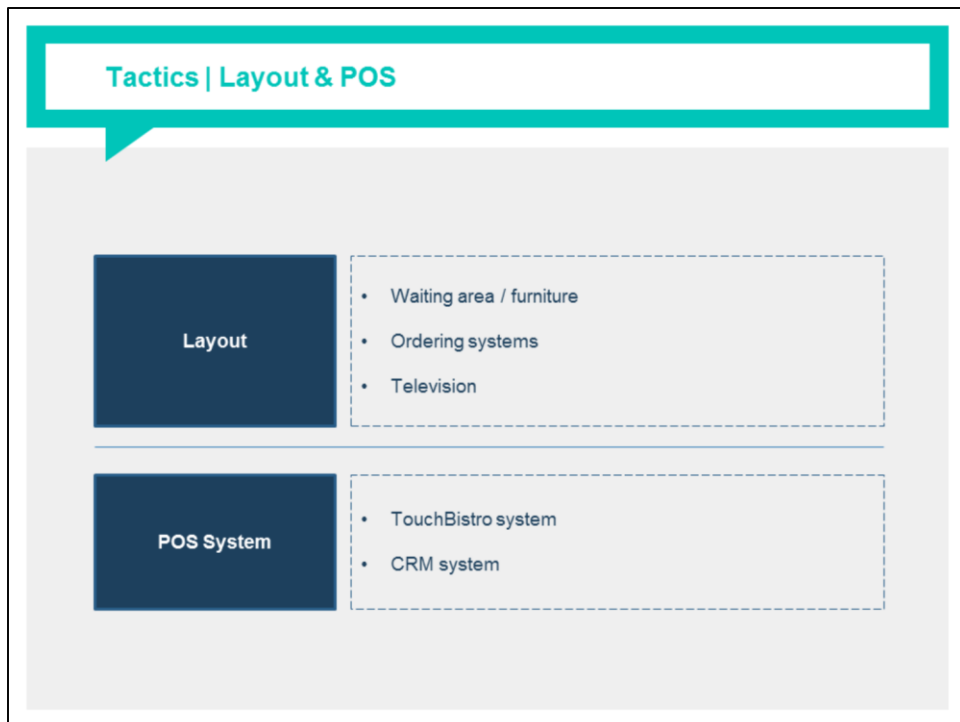
We hope to make Wrap City accessible to as many UBC students as possible, in all senses of the word. By using the same supply chain as the rest of AMS food services, we will work to keep prices low through risk pooling. As the rice wraps we serve are inherently gluten free, and easily made vegan and vegetarian friendly, we will be also accessible to students with dietary restrictions or preferences, without making any sacrifices to taste or quality of food. The wraps are also quick to prepare, and by having options for both freestyle wraps and premade OG wraps, we hope that this will reduce waiting time and increase throughput rate for the operation in general.

Student engagement

Another key tactic to making Wrap City successful is utilizing student engagement.

We propose "Wrap Battles", a student art showcase inside the store's waiting area to promote student art, and to create incentives for students to visit Wrap City with higher frequency. Pieces (paintings, photography, poetry etc) can be submitted to the AMS for display, and chosen pieces will participate in a mostly lighthearted competition in which customers can vote for the winning piece. This can increase student engagement, showcase student talent, and creates a unique value proposition for Wrap City. Winning artists can choose to continue to display their art, or accept a small gift (free Wrap City meal, or gift card.) Longest winning artists can also enter the "Hall of Fame," a rotating slideshow of the highest voted/longest streak art pieces on a TV display in store, which again encourages participation from students and creates the competitive nature.

Another way of engaging students with Wrap City is the mural art itself - We propose presenting students in the VISA program at UBC the opportunity to design and paint a large mural over the Palate location's walls that will give life to the space. Currently, the storefront is plain and unappealing, especially in contract to the Grocery Checkout and Qoola's wooden awnings. Working with students is a great way to not only keep costs low, but also showcase student talent and engage them with the AMS' business.



To combat the layout problems in the existing palate, we plan to open up the physical space by removing part of the counter space that is currently unused, and removing tables that currently line the windows and replacing them with a bench for waiting. Further emphasis on sustainability can be made through sourcing the bench made with repurposed wood.

To reduce customer confusion in our location's offerings, we will have several TV displays - one that goes along the counter and displays current menu of offerings at Wrap City along with prices, one above the iPad station and clarifies how Freestyle Wraps are made, and one alongside the Wrap battle art pieces, highlighting previous winners and celebrating student art.

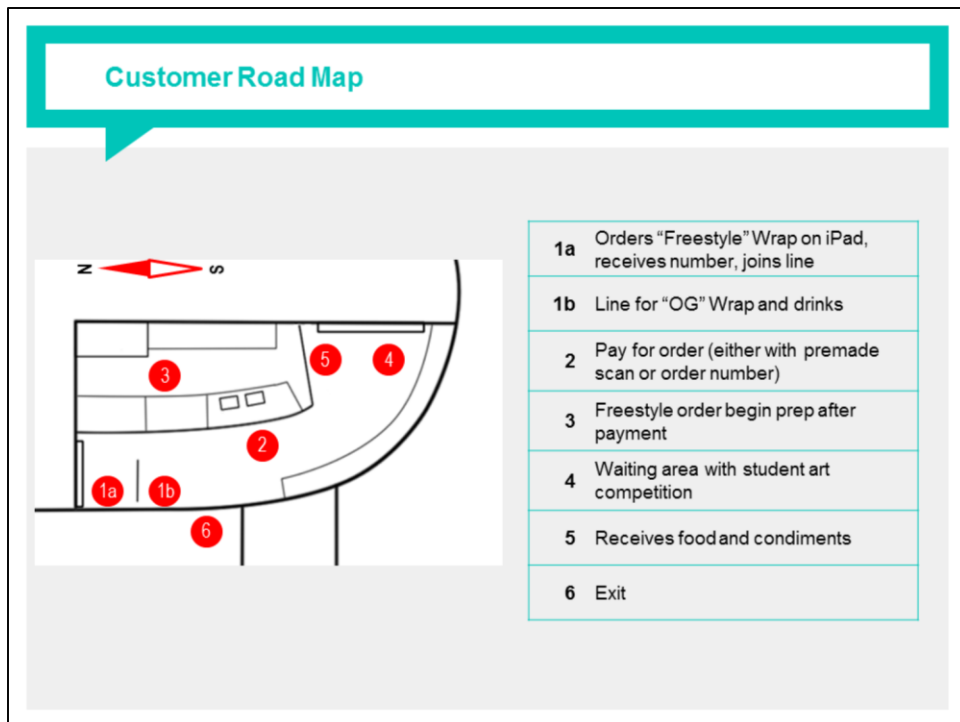
To reduce lines, we propose a "self checkout" style iPad station that allows students to fully customize their orders, which reduces queue time

Efficiency- POS

The key to success of Wrap City or any new business which will replace Palate will be increasing efficiency through increasing the overall throughput rate. Our key tactic is to increase the throughput rate through introducing a new Point-of-sale (POS) system which will redirect employee input from processing orders to filling orders. Our proposal is to use TouchBistro, a modern POS system utilizing iPads to allow customers request their own wraps and customizations without any employee input. The orders will then be paid and queued at the counter reducing the overall interaction between employees and customers. This will free up employees to fulfill orders as opposed to spending a majority of their time taking orders themselves. iPads will be located at the entrance with a clear label signalling customers to make their orders. They will then receive an order number which can be paid at the counter through their choice of payment. Afterwhich, they will be able to move to the waiting area.

Here are some key highlights of TouchBistro:

- Full POS system tailor to small restaurant/eateries
- Includes 2 fully customizable iPad ordering systems
- Data collection and database for monitoring customer preferences and popular choices
- Inventory management and pre-orders available if required (no extra charge)
- Approximately CAD\$ 200/month for software (Hardware separate)



To aid in visualizing this process, we've provided a customer roadmap that follows the path of a single customer.

1. As the customer approaches the store, they will notice 2 separate lines clearly identified as "Freestyle Customize" (1a) and "OG Premade" (1b). The customer will then make one of two choices based on what their preferences are. Should the customer choose "Freestyle" (1a), two iPads will await them where they can choose their selected ingredients and print out an order number. A TV will be located above the iPads to demonstrate the ordering process if needed. The iPad will then direct them to join the line and pay at the cashier. If the customer chooses "OG" (1b) then they select their desired wrap and pay at the cashier. Another TV will display the menu and prices of "OG" wraps.

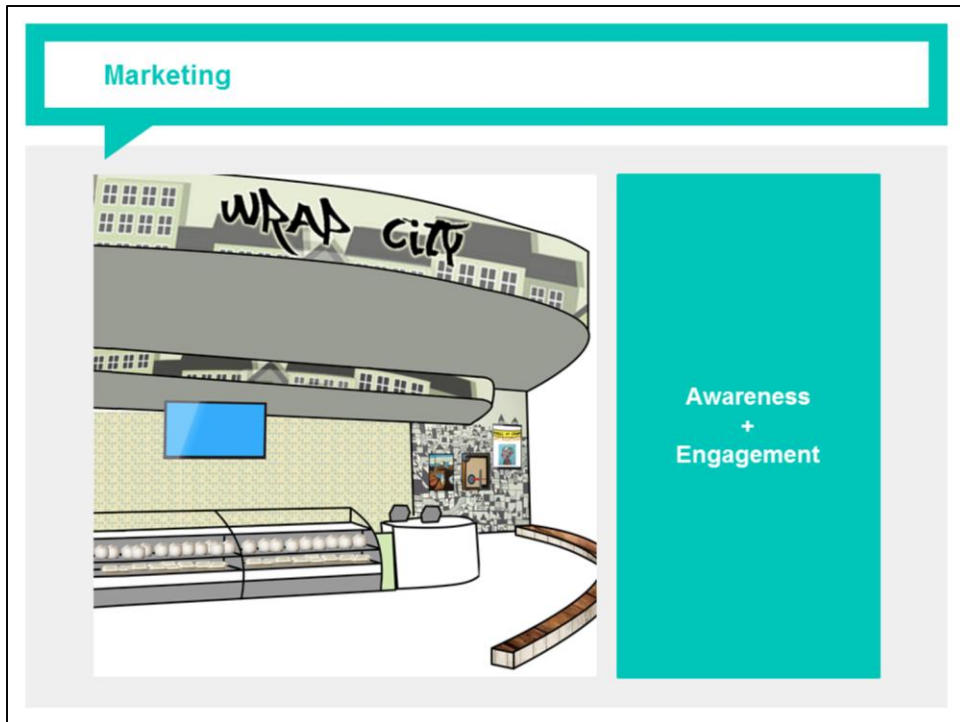
2. Only 1 employee will be required here to operate the cash register since they will not be taking order and will only be processing payments.

3. Orders will then be made by 2 employees (Wrappers) after payment is completed. Estimated time to finish 1 wrap will be 30 seconds.

4. Once their orders are made, customers will then wait at the designated area where they can vote on their favorite art piece. They may choose to leave their email to enter into a monthly draw for 2 free single wraps. A TV will be above with a slideshow of past wrap battle winners.

5. Orders will be picked up at the end counter here.

6. Exit will be located besides the entrance with a clear sign. Students may also choose to sit on the benches to enjoy their meal.



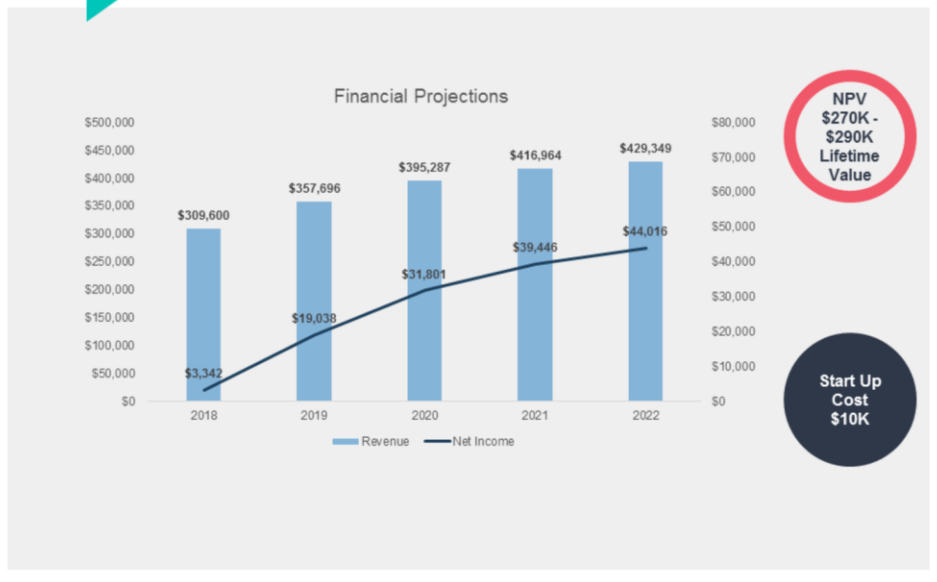
In order to keep costs low, the majority of marketing for Wrap city will be anchored on creating awareness, and fostering engagement.

In staying true to the AMS' tradition of lighthearted, fun names with puns, we decided that the name was to be 1) Timely, 2) Memorable, and 3) Accessible to all, which were the criteria we used to decide on Wrap City. For the logo, we again looked at AMS' existing food outlets in order to identify a font and "feel" that would be fit in with the Nest's existing ecosystem of food outlets. Wrap City's artistic direction is reflect throughout the outlets' identity and conveys its intent and authenticity. In addition to the logo that reflects this fun fusion direction, wall art, decor, and music should also collectively reflect this brand image.

With a tentative opening date on September 2017, Wrap City will open in conjunction with the start of the new school year, welcoming thousands of incoming first year students and many more returning students. These first few weeks are critical for introducing new students to the AMS' food offerings, in particular with our new shop, therefore we propose floor decals ("Roll our way!") that go from various entrances of the Nest and lead to Wrap City, putting up banners to let students know about Wrap City and its offerings, and commissioning an Ubessey article that highlights AMS food offerings, with a special feature on Wrap City.

Following the September grand opening, one feature of Wrap city will be a monthly rotating art contest ("Wrap battle"), with art pieces by students, and voted on by students. This is a way of engaging with visual art students, and those with a passion and inclination towards the arts.

Financial Projections

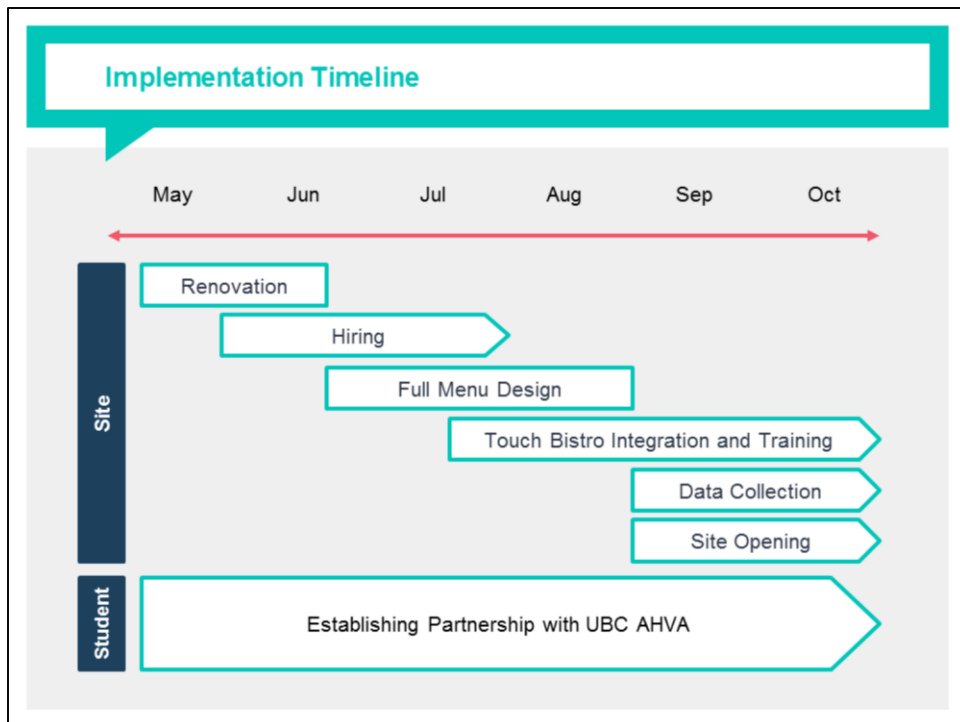


- We wanted to test the financial attractiveness of our proposed restaurant, and applied an NPV analysis which gave \$270-290K in lifetime value depending on various assumptions based on market conditions
- We anticipated that the new venture would commence May 2017, which isn't realistic in terms of implementation, however, the first year's revenue figures have been adjusted slightly to reflect that
- There will be a roughly \$10K setup cost for the new business, mainly to upgrade signage, remove old furniture
- We estimate that the average number of customers per day will increase 15% per year (which steps down to 2.5% by year 5) → this will translate to proportional gains in revenue
- Profitability ramps up in year 2 as operating costs will be spread out over more transactions (assumes operating expenses are fairly fixed, and doesn't change too much year to year)
- Conducted NPV analysis, which resulted in \$270K-\$290K lifetime value in revamping the Palate, this is in contrast to the ~\$10K we expect it would cost to revitalize the current business into Wrap City
- Estimate our new concept will be profitable and cash flow positive in its first year of operations
- Expect revenues to reach close to \$400K from current \$250K (with Palate)
- Expect to be profitable by Year 1 (~\$3300) and to increase to \$44K by Year 5



Success Metrics

- Increase average foot traffic from ~4000 patrons/month to ~5500 patrons/month by 2022 (translates to additional 2 patrons/hour, currently at ~7, needs to increase to ~9)
 - Two causes for low foot traffic at the moment (low engagement for non-lunch hours, and bottlenecks during high traffic lunch hours that lead to customers leaving)
 - Our proposed strategy would increase potential throughput, and give a food alternative that is more friendly outside of lunchtime
- Decrease operating costs as percentage of revenue from historic ~65% to 55%
 - Achieved as quantities sold increase and the restaurant gains scale to spread out operating costs
- Achieve profitability by end of year 1
- Increase spend on non-wrap related products (drinks and other goods) by up selling more to patrons (aim to reach 20% by 2022)
 - Focus on training staff on up selling and having good signage on other products throughout the restaurant



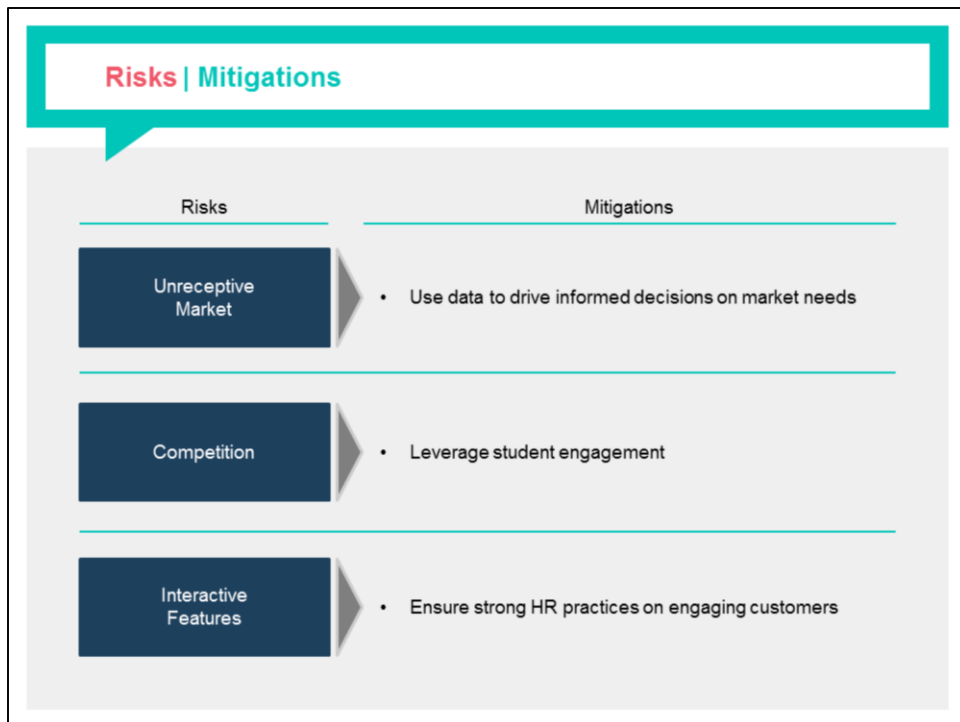
Our goal is for Wrap City to be fully operational by September 2017. We've created a quick overarching timeline of approximate dates for completion of each step. The project will be separated into 2 sections: Site and Engagement.

Site:

- Work on site will begin with renovation. This encompasses everything from removal of current tables and chairs to slicing a section of current counter. TV installation, bench setup, and other cosmetic installations will also occur towards the end of this timeframe.
- Hiring should begin as soon as possible once renovations has begun and may continue indefinitely due to the high turnover rate AMS has. Ads will be posted on traditional channels AMS currently operates in.
- Although we have provided a sample menu, a full menu design is also recommended.
- TouchBistro is critical to the success of the new restaurant. Integration will begin mid-July with onboarding and training beginning immediately afterwards.
- Data collection will occur congruently with site opening allowing for management to easily identify trends.

Engagement

- Throughout this whole process, AMS Nest should work with UBC AHVA (UBC Department of Art History, Visual Art & Theory) to establish a partnership where students are able to submit art pieces to be featured at the restaurant.

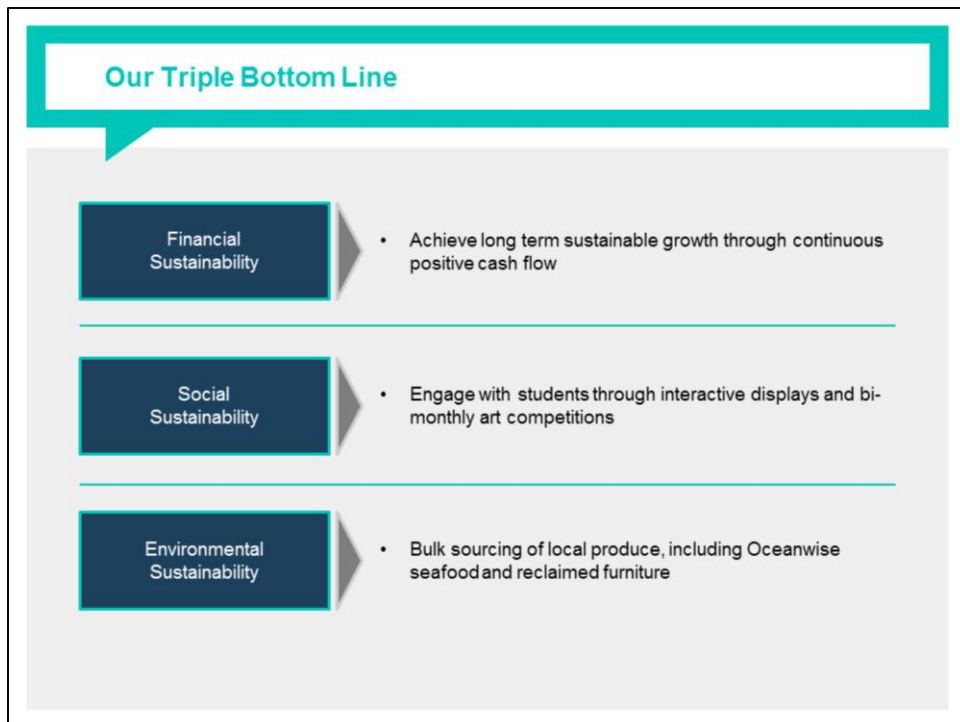


Risks

1. Vegetarian segment of the market is not satisfied with our vegetarian offering due to competitors existing, superior offerings
2. The fusion style is not received well due to insufficient demand for the selected cuisine
3. Incoming businesses at UBC Boulevard and the New Old Sub are offering similar items
4. Lack of awareness leads to insufficient traffic into the store
5. Not enough participation in the art contest (not enough submissions/not enough votes) rendering the interactive component pointless
6. Costs are unable to be kept low enough due to supply restrictions
7. Market is not receptive to our business idea

Mitigations

1. Refrain from positioning ourselves as a vegetarian business, emphasize that we are vegetarian-friendly. Monitor popular selections through Touchbistro POS' data collection capabilities.
2. Certain items will be heavily inspired by the fusion style while others can be generic combinations of ingredients ("Freestyle Wraps")
3. Build upon student engagement initiative in order to distinguish ourselves beyond just our menu offerings
4. Create buzz and student engagement through effective marketing strategies which we outlined earlier - engagement and awareness.
5. During onboarding of staff, ensure that sufficient time is dedicated to training them how to inform clientele of the procedures for participating. Commission Ubysey article highlighting opportunities, and print fliers/brochure explaining the process.
6. Shared supply chain with the rest of AMS mitigates much of the risk through risk pooling. Flexible menu (Freestyle wraps for example) make finding substitutes for specific items easy to switch out. Can even advertise seasonal items as a selling point.
7. Look at Touchbistro data and focus menu items on places where market is more receptive to. Also conduct focus groups and taste tests.



Our proposal encompasses all three aspects of the triple bottom line. The key objective of this proposal is not just financial sustainability but also social and environmental. Through this approach, we believe Wrap City will be able to sustain itself in the long term through adding value to student lives.

- **Financial Sustainability**

Achieve long term sustainable growth through a continuous positive cash flow

- **Social Sustainability**

Engage with student through interactive displays and competition of student art

- **Environmental Sustainability**

Bulk sourcing of local produce, including Ocean Wise and reclaimed wood benches



Q&A

Cloud Nine Consulting

Appendix I | Survey Data

We conducted an online questionnaire for two weeks, asking members of the community through Facebook groups, and 243 responses were recorded in total.

Key Findings:

78.75% of respondents go to the AMS Nest once or more times per week, and their primary reasons for going are to socialize with friends (91.25%), for club activities (89.04%), to study (88.32%), and to purchase food (87.50%). Of the 21.25% of respondents that go to the Nest less than once per week, the primary reasons were the lack of seating (56.86%) and poor selection of food (52.94%)

81.25% of respondents purchased food on campus 2 or more times/week

UBC Food services is AMS Nest's largest competitor, with 44.17% of respondents stating that they usually purchase food there.

Value for quantity of food was ranked most important, with a mean of 4.43 and std of 0.81. Quality of food was a close second, at 4.30 and std of 0.87.

Serving dietary restrictions were ranked lowest at 2.66, however std was highest at 1.55 and high variance of 2.41. Sustainability/ethic was a close second at 2.71, std of 1.32 and variance of 1.74

Top reasons for not purchasing food on campus - Price (74.9%), Quality of food (45.19%), hours of operation (28.03%)

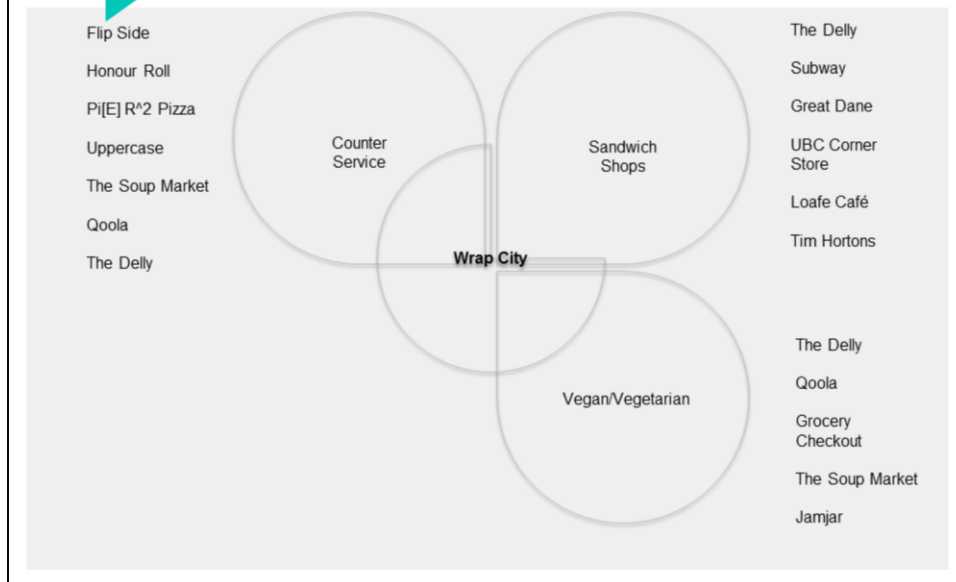
14.62% of respondents were vegan or vegetarian, and 9.3% preferred mindfully sourced meats (ocean-wise, pasture raised, etc). Organic, gluten-free, and dairy-free were also important

72.5% of respondents stated that they would be willing to pay \$6.00-10.00 for a satisfying meal on campus.

Limitations:

While our survey was designed to include all members of the UBC community, our survey distribution results could have been skewed as younger student populations tend to be more active on Facebook groups.

Appendix II | Petal Analysis



Competitive overview

Palate is located in the heart of UBC, and competes in the vast market segment of hungry UBC students, which makes competition strong and extremely varied. While Palate's direct competitors at the Nest include other AMS food outlets such as Pi R Squared and Honour Roll sushi, it also competes with tenants of the Nest, such as Qoola and Grocery Checkout, which are located directly adjacent to the outlet location.

Another hugely significant direct competitor to Palate is UBC food services, which operates cafés and food outlets spread all over campus, making them the most prevalent and wide-reaching competitor to the Palate and to the Nest in general. While UBC food services does not compete directly on price as they are priced at a similar price point compared to AMS food services, they compete very strongly on convenience. Not only are the cafés located all over campus, UBC cards are also linked directly to the UBC food services POS, making transactions quick and convenient for many students. Potential new direct competitors are also always a threat, as new developments are built on campus and new innovative food outlets are introduced on campus- for example, seven new food outlets will be opening on the nearby University Boulevard, all of which will directly compete with Palate's offerings as a food outlet.

The most significant indirect competitor to Palate include students who prepare their own food and thus do not purchase on campus. Reasons behind this were found to

be high price, perceived low quality of food, and the limited hours of operations of many food outlets on campus.

Competitors all employ different product features, ranging from variety, such as the Grocery Checkout, which offers a diverse portfolio of product offerings, to highly specialized, such as with The Soup Market.

Appendix III | Palate SWOT Analysis

<p>Strengths</p> <p>Premium location will attract students from the bus loop and from within campus</p>	<p>Weaknesses</p> <p>Condensed space</p> <p>By an entryway</p>
<p>Opportunities</p> <p>Emphasize SEEDs partnership</p> <p>Champion student-centric offering (engage Visual Arts students, UBC Farm)</p> <p>Revitalize the space's aesthetic</p>	<p>Threats</p> <p>UBC Boulevard competitors</p> <p>Grocery Checkout capturing all of market share given close proximity and similar offering</p>

Appendix IV | Wrap City Logo Mock Up

FLIP
SIDE

GRAND
NOODLE
EMPORIUM
PAN ASIAN CUISINE

HONOUR
ROLL

PI[E]R²
PIZZA

GALLERY 2.0

THE PIT

PhTea

< UPPERCASE >

WRAP CITY

Appendix V | Competitors' Strategies

Cost Focus	Cost Leadership	Differentiation Strategy	Focus Strategy
Sprouts	Basement at the Village	The Delly	Jamjar
		Gallery 2.0	Tacomio
		JJ Bean	BaoDown
		Grand Noodle Emporium	Nori
		Grocery Checkout	

We have identified that the majority of competitors employ differentiation strategy or focus strategy. Some competitors are also differentiating themselves in terms of their service delivery and/or their product selection, and they do not limit themselves to providing one type of cuisine. Other competitors are focusing on providing a very specific type of cuisine. In this way, they eliminate any chances of direct competition. Not many competitors compete directly on price, however many of the food outlets located at the Village is able to capture much of the market for price sensitive students, especially those who are willing to travel for cheaper food.

Appendix VI | Competition Matrix

Attribute	Palate	The Delly	Village Basement	UBC Food Services	Pi R Squared	Grand Noodle Emporium	Uppercase
Low price	M	M	H	M	H	M	H
High quality	M	H	L	M	M	M	M
Convenience of location	M	M	L	H	H	L	H
Long hours of operation	L	M	H	H	H	L	H
High quantity for price	M	M	H	M	M	M	M
Meets dietary restrictions	M	M	L	M	M	M	M
Sustainability/Ethics	H	M	L	M	H	H	M
Customer service	L	M	M	M	M	M	M

By leveraging existing campus partnerships, we can emphasize an offering that prioritizes value for money and quality of food. However, presently, we are not likely to be competitive on the basis of location or speed of service.

Appendix VII | Sales Forecasting

Sales Forecast Model

	Unit	Projected Fiscal Year Ending April 31				
		2018	2019	2020	2021	2022
Segmented Revenue						
Wraps						
Product Revenue	[\$]	\$288,000	\$331,200	\$364,320	\$382,536	\$392,099
Quantity Sold	[#]	48,000	55,200	60,720	63,756	65,350
Average Price	[\$]	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Growth Rate	[%]		15%	10%	5%	2.5%
Others						
Product Revenue	[\$]	\$21,600	\$26,496	\$30,967	\$34,428	\$37,249
% of Wrap Orders	[%]	15%	16%	17%	18%	19%
Average Price	[\$]	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Growth Rate	[%]		7%	6%	6%	6%
Total Revenues						
Product Revenue	[\$]	\$309,600	\$357,696	\$395,287	\$416,964	\$429,349
Quantity Sold	[Pcs]	48000	55200	60720	63756	65350
Average Price	[\$]	\$6.45	\$6.48	\$6.51	\$6.54	\$6.57
Growth Rate	[%]		14%	10%	5%	3%

Appendix VIII | Cost Forecasting

Cost Forecast Model		Projected Fiscal Year Ending April 31				
EBITDA	Unit	2018	2019	2020	2021	2022
Revenue	[\$]	\$309,600	\$357,696	\$395,267	\$416,964	\$429,349
COGS as % of Revenue						
Food COGS	[%]	30.0%	29.7%	29.4%	29.1%	28.8%
Operating Costs						
Operating Expenses	[%]	68.0%	61.8%	58.0%	56.1%	55.2%
EBITDA as % of Revenue						
Palate EBITDA	[%]	2.0%	8.5%	12.6%	14.8%	16.0%
Total EBITDA	[\$]	\$6,192	\$30,339	\$49,974	\$61,736	\$68,767
PP&E						
Bench	[\$]	\$4,000				
Removal of Green Block/Tables	[\$]	\$3,000				
Pads	[\$]	\$1,500				
TVs	[\$]	\$1,000				
Decal/Signage	[\$]	\$1,000				
Total One-time Costs	[\$]	\$10,500				
Depreciation as % of PP&E	[%]	10%	10%	10%	10%	10%
On-going Capex as % of PP&E	[%]	10%	10%	10%	10%	10%
TAXES						
Tax Rate	[%]	35%	35%	35%	35%	35%

Appendix IX | Income Snapshot

Projected Income Statement

	Projected Fiscal Year Ending April 31				
	2018	2019	2020	2021	2022
Wraps	\$288,000	\$331,200	\$364,320	\$382,536	\$392,099
Others	\$21,000	\$26,496	\$30,957	\$34,428	\$37,249
Total Revenue	\$309,000	\$357,696	\$395,287	\$416,964	\$429,349
Total Cost of Goods	\$92,880	\$106,236	\$116,226	\$121,374	\$123,729
Total Operating Costs	\$210,528	\$221,121	\$229,087	\$233,855	\$236,853
EBIT DA	\$6,192	\$30,339	\$49,974	\$61,736	\$68,767
EBITDA Margin	2.0%	8.5%	12.6%	14.8%	16.0%
Depreciation	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050
EBIT	\$5,142	\$29,289	\$48,924	\$60,686	\$67,717
EBIT Margin	83.0%	95.5%	97.9%	98.3%	98.5%
Tax	\$1,800	\$10,251	\$17,123	\$21,240	\$23,701
Net Income	\$ 3,342	\$ 19,038	\$ 31,801	\$ 39,446	\$ 44,016

Appendix X | NPV & Assumptions

Assumptions

10 Year US Treasury	2.0%
Expected Market Return	10.0%
Market Risk Premium	8.0%
Size Premium	5.0%
Beta	1
WACC Cost of Equity	15.0%
Cost of Debt	8.0%
Tax Rate	35.0%
After Tax Cost of Debt	5.2%
Target Gearing	0.0%
WACC	15.0%
Perpetual Growth of PCFF (post 5 years)	2.5%
Valuation Date	27-Mar-17
Company Year End Date	30-Apr-17

NPV Analysis

	Projected Fiscal Year Ending April 31				
	2018	2019	2020	2021	2022
Free Cash Flow \$					
EBIT(1-tax rate)	\$3,342	\$18,053	\$31,901	\$38,446	\$44,076
Depreciation & Amortization	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050
Capital Expenditures	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050
Change in Net Working Capital	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Free Cash Flow to Firm	\$5,442	\$21,133	\$33,901	\$41,546	\$46,116
Years to Discount	1.09	2.09	3.09	4.09	5.09
Cost of Capital	15.0%	15.0%	15.0%	15.0%	15.0%
Discount Factor	0.86	0.75	0.65	0.56	0.48
PV Free Cash Flow to Firm	\$4,671	\$15,777	\$22,002	\$23,447	\$22,631

FCFF Valuation Perpetuity Method

Terminal Year PCFF	\$	46,116.53
Terminal Value	\$	365,926.65
PV of Terminal Value	\$	181,049.29
PV of Forecasted PCFF	\$	85,527.45
Enterprise Value	\$	266,576.74

FCFF Valuation Multiple Method

EBITDA Multiple	6.0x	
Last Forecasted EBITDA	\$	68,766.67
Terminal Value	\$	412,800.01
PV of Terminal Value	\$	202,481.80
PV of Forecasted PCFF	\$	85,527.45
Enterprise Value	\$	287,999.25

Appendix XI | Open Response Counts

Cheap	24		
Mexican	20		
Healthy	19	Soup	3
Italian	11	Ethnic	3
Japanese	9	Noodles	3
Vietnamese	9	Thai	3
Korean	9	Halal	3
Vegan	8	Indian	2
Asian	7	Donair	2
Gluten free	4	Buffet	2
Chinese	4	Ethical	1
Greek	4	Organic	1
Salad	4	Smoothies	1
Desserts	4	French	1
Sandwiches	4	Chinese	1
Meat	4	Baked goods	1
Vegetarian	4	Local	1
Fresh	4	Arab	1
Quality	4	Persian	1
Western	4	Lebanese	1