

UNPAID INTERNS – FINAL PROJECT REPORT

I. SUMMARY

- Value proposition - what is the value you are delivering to your customers?

We provide lucrative means of advertising and attract new customers to restaurants because they are upset that they can't reach new customers to achieve profitable business. This is done with our product, an app that incentivizes users to stay off their phones in exchange for deals and discounts. The desired social good of staying off phones allows our app to maintain popularity, unlike "Pocket Points."

- Detailed description of your service including how it operates and how the consumer interacts with it.

For our product, it is essential that we differentiate between our *customers*, which are restaurants and businesses, and our *users*, which is the average smartphone-using consumer.

Our *customers*, restaurants, can partner with Unplugged at no initial cost. We add them to our list of participating restaurants.

The *user* downloads the app and registers an account, all of which is free. On launching the app, she can access a list of all participating restaurants in the area. After choosing one and arriving for a meal, she and her party use the "Add a Table" function of the app to create a virtual table with two or more people. Then, once all are ready, a countdown timer begins. If the users can remain off their phone for the duration of the timer, they unlock a special deal or discount from the restaurant. The phone app can tell when users close out of the app to do something on their phones, so the game is largely self-monitoring.

Should the users successfully complete their game, they tap the lock to "unlock" their phone and claim their reward. They'll be prompted to enter their bill total and this information is forwarded to us.

With this information, we can bill restaurants and take our cut: 12% of revenue driven to restaurants from Unplugged.

II. DESIRABILITY:

- Customers - how big is your market? How do you know your customers have the problem you are solving? How do you know your product is desired or valuable to your customers?

Our target customer is a single location, independently owned restaurant. The technical definition of this industry is, "single-location, independent or family-operated restaurants that provide food services to patrons who order and are served while seated (i.e. waiter and waitress service), and pay after eating. These establishments may sell alcoholic and other beverages, in addition to providing food services to guests" (1).

According to the 2015 IBISWorld Industry Report of Single-Location Full Service Restaurants in the US, there are 253,365 businesses fitting our definition in the US, and the

industry is growing at an annual rate of 2.3% (1). IBISWorld estimates industry revenue will grow at an average annual rate of 3.2% to \$175.4 billion (1).

Although this industry is growing widely and experiencing success as a whole, individual members of the industry are having to compete not only with each other but in the broader food-service sector. The majority of these businesses are small, family-run businesses, “causing the industry to be highly fragmented and competitive” (1). Single location restaurants, like the ones we are attempting to partner with, also face very stiff competition from franchise restaurants, fast food establishments, chain restaurants, coffee shops and other snack stores that have large infrastructure and are resilient to market fluctuation (1). Because of this, profit margins are lower in the single-location industry and operators rely on very high turnover (1).

Many of the restaurant owners we spoke to in the triangle area echoed the sentiments we found in our research. In the last five years, 45 fast-casual restaurants have closed their doors in the Chapel Hill zip code alone. Independently owned restaurants struggle to become known among the Chipotle’s and Panera’s that customers are already comfortable with. After talking to 14 restaurant management and staff members working in establishments on Franklin Street and in Durham area, we confirmed that gaining momentum is difficult for single-location businesses who have yet to become established in the area. And of those 14 restaurants, 11 said that if our advertising were as pervasive as described, they would definitely want to utilize it to increase their customer base.

- Primary (and any secondary) audiences including pertinent characteristics of each, how big that potential market is and how you plan to sell your product or service to that market.

Our secondary market would be Americans with smartphones. According to a 2015 Pew Research Study on American smartphone use, nearly two-thirds (64%) of U.S. adults own a smartphone, up from 35% in 2011 (2). Younger adults as well as those who are more affluent and have higher levels of education are among the most likely groups to own a smartphone (2). Because of that, we plan to promote this app mostly to that demographic. Like other apps on the market, we would use mostly free online marketing tools to get people talking about our product. We would create a microsite with necessary information about downloading and using Unplugged and would create teaser videos to create buzz about our “social experiment”. We would use social media sites (Facebook, Twitter, Instagram, Snapchat) to share our content and promote several times a week. We would blog and pitch ourselves to app review websites and contact admins of related Facebook pages (with 100k+ likes) in hopes of reaching a broader audience. Additionally, just the social nature of the app intrinsically increases participation because friends need their friends to download the app in order to participate.

III. FEASIBILITY:

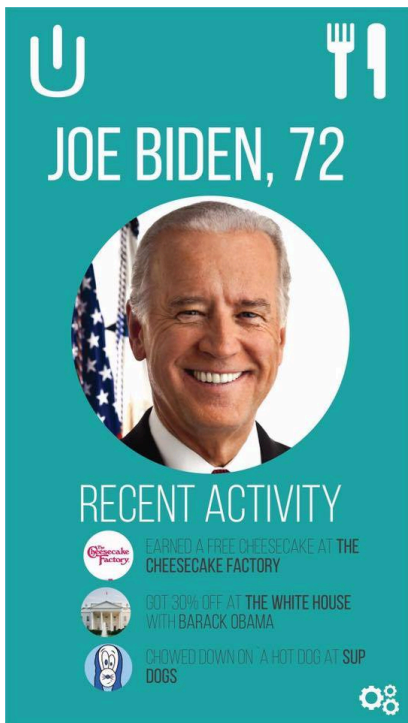
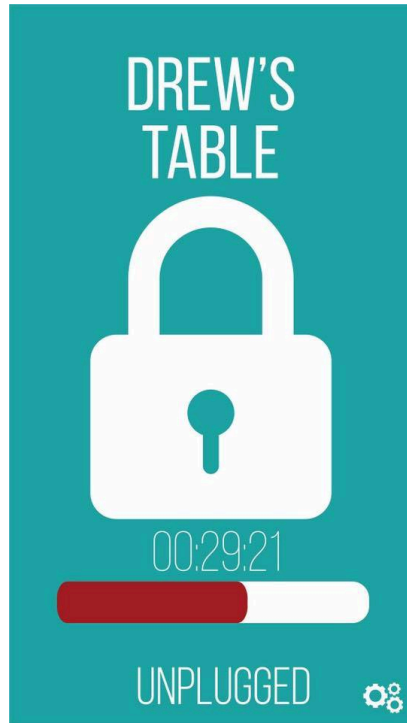
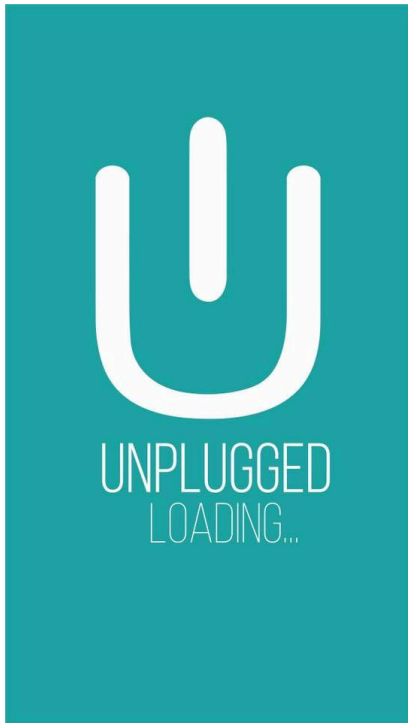
- What is your solution? How does it work? How have you tested the solution with your customers?

Our solution was a mobile app called Unplugged. It works by gamifying socialization. Users create a table or join friends’ tables and stay off their phones for a

certain amount of time in order to gain a reward from the restaurant at the end of their meal.

We tested the solution out at a local restaurant on Franklin Street. Unplugged brought eight new diners to the restaurant and collectively the diners spent \$112. Both parties were able to make it to the required 30 minutes without looking at their phones. Because the tables won the game they were both awarded a free appetizer. The restaurant manager was so ecstatic about the enthusiasm of his new customers that Unplugged brought in that he cut us a check for 50 percent of the revenue and said that in the future he would pay at least 10 percent of the bill.

- Show us your prototype(s) -- (upload files here)



IV. VIABILITY:

- What is the cost structure of your business in the first 3 years? What are the main operating costs and the initial startup costs? How did you calculate to get to these costs?
- What are the revenue streams for your business? How many customers will you realistically have? How will you attract/find/sell to those customers? How do you?
- Provide the spreadsheets

Our startup costs come largely from the typical expenses found in launching an app. Programming costs were estimated to be in the ballpark of \$50,000, and continual app maintenance was allotted another \$5,000 a month. Expenses like advertising, billing, and required software development kits put our monthly operating costs to approximately \$7,900. All of these rough estimates were based on figures and examples found online.

Revenue comes from our 12% cut of business that we drive to cooperating restaurants. Using revenue data from the Triangle we estimated that the average restaurant generates \$1,964 nightly. If we imagine reaching a maximum of 10% of diners, we take 12% of their business, and assume that our users only use our app about 50% of the time, we're looking at a cumulative profit of \$827,663 by the end of year 3.

However, these estimates require us to grow our business steadily during those 3 years. Our estimates imagined that we might start in Q1 with no more than 5 restaurant partners, to better focus on the initial start-up process. However, this number is to be built up to an estimated 56 by Q6, and, once we're well-established, approximately 250 by Q12. We've allotted a few thousand dollars every quarter to advertising, and once we have figures and statistics of the money that Unplugged has generated for our customers, we believe it will only get easier and easier to recruit additional partners as time goes on. Our "trial run" with Linda's proved that restaurants are eager to join once they have tangible proof that the model works. Customer acquisition simply becomes a matter of physically reaching restaurants and speaking with them.

V. WHO ARE YOU?

Sarah Whitmore is a junior strategic communications student from Charlotte, North Carolina. She intends to pursue a career in political communications and PR and possibly land in DC after graduating from UNC, Chapel Hill. Sarah, though working at the Daily Tar Heel as a copyeditor, is grammatically challenged and not especially spelling inclined. Sarah enjoys Thai food, viral cat videos, and UNC basketball.

A junior broadcast major from Miami, Drew Kurzman hopes to someday work for a news team in a major city. His hobbies include photography, videography, biking, piano, writing, and long walks on the beach. Works at Morehead Planetarium as a marketing/PR intern.

Jun Chou was born in Taiwan, raised in Canada and has been in North Carolina since high school, making her the most confusing cultural clusterfuck ever. She studies graphic design and media production at the University of North Carolina in Chapel Hill. When she's not busy binge-watching Netflix originals the day they come out, Jun enjoys biking and thrifting. She was also listed as the Time Person of the Year in 2006.

Cameron Armstrong is a senior, business journalism major from Atlanta, Georgia. A few of her favorite things are traveling, hip-hop dancing, and Chipotle. She spent her summers in college working as a waitress in Charleston, oil painting in Florence, and completing an internship in Manhattan. She has accepted a marketing position with L’Oreal in New York City for August 2016 after she graduates from the University of North Carolina.

VI. FREQUENTLY ASKED QUESTIONS

1. How does it work?

It is free for restaurants to be featured on the app. Customers see that a restaurant is featured and what game they are offering (ex. 30 min. for free appetizer). The customer then goes with a group of 2 or more to the restaurant and if they can all stay off their phone for the time limit they will receive a reward! The restaurant doesn’t have to pay any money until Unplugged brings them business.

2. Who determines how much time you have to stay off your phone?

Each restaurant can decide on a different time limit. The waiter will not allow the group of diners to receive the promotional offering until they have been off of their phones for the required amount and the waiter can see the timer has run out on the phone screen.

3. How much money do you get from the restaurants?

Unplugged takes 12 percent of the revenue that the restaurant receives on behalf of the app.

4. How do you keep people from cheating?

All members of a dining party must participate in the challenge. One of the participants “creates the table” and scans s QR code on each of the other participates phone screens. The app then simultaneously locks each of the phones and puts it into “Do Not Disturb” mode. If anyone unlocks their phone, the game ends and the table loses.

5. Is there a limit to how many times you can play?

You can only play once every 24 hours.

6. What do restaurants get out of this?

Unplugged helps restaurants in several ways. First, they get free advertising on our app. Their restaurant page allows them to include photos, a biography of the restaurant, and the menu. Restaurants receive additional business on behalf of Unplugged, people we have proven that users will go into a restaurant just because it was featured on the app. By getting people off of their phones, they are more in tune with their dining experience and will spend their time enjoying their meal instead of wasting time surfing the web or sending Snapchats. Therefore, Unplugged helps restaurants by increasing table turnover.

7. When did Unplugged start?

Unplugged was created by 4 University of North Carolina journalism students in November of 2015.

8. Do restaurants have to pay to be featured on the app?

Nope! That's the beauty of it. Restaurants are at no risk because they do not pay Unplugged any money until they receive business on behalf of the app.

9. How often do the deals get changed?

The deals are different for each participating restaurant and changed each month to keep things interesting.

10. Who decides what deals get offered?

Restaurants get to choose what they want to reward their customers with. Most likely, the deals will be on appetizers or desserts, food that is always delicious and available.

11. What happens if you lose by accident?

Your fault, you shouldn't be touching your phone anyways!

12. What happens if not everyone at your table wants to play?

There just must be 2 or more people participating in the game, so if one person wants to stay absorbed in their phone, their loss!

13. Will you expand to fast food restaurants?

Our target restaurant is a fast-casual restaurant because the waiter is an essential factor to ensure the game works correctly. Unfortunately, fast food restaurants do not work with our business model.

14. What happens if one member of your party's phone dies?

Nothin. That sucks for them, BUT they are then officially off their phone and technically still participating in the social game. You only need the diner who "created the "table" to have their phone still alive to receive the reward.

15. Will I get annoying emails from Unplugged?

Ew, annoying emails! We wouldn't want to annoy you, so you can agree or disagree to receive emails when you sign up for the app. These emails

16. Does the wait staff need to be trained for Unplugged to be used?

Simple training will be needed for waiter's to understand how Unplugged works and how to give a group of Unplugged users their reward.

VII. TIMELINE

including major points of change and events.

- Brainstorm #1:
 - Ended our first brainstorm with three potential angles: Technology overuse, health issues and healthy eating, and clothes repurposing and thrifting.
 - three potential solutions: Social Media Report app, Compost-In-a-Box, Frock Swap
- Initial Idea Testing:
 - Narrowed it down to social media overuse as our issue

- Brainstorm #2:
 - Problem: people using their phones too much.
 - Solution: social media report at the end of the day that shows you how much time you spend on your social media apps
- Brainstorm #3:
 - Problem: people using their phones too much *at restaurants*
 - Solution: a tabletop device that prevents you from getting a reward if you touch/use your phone
- Customer feedback #1:
 - Users: great idea!! definitely have noticed people using their phones a lot at restaurants
 - Customers: Had reservations (no pun intended). How would restaurant-goers be held accountable?
- Prototype #1:
 - Table-top device + app
- Customer feedback #2:
 - Customers: table-top device not a great idea because it will break easily and be expensive to replace
- Brainstorm #3:
 - Scrap tabletop device, replace with just app
 - Scan in devices using QR code
 - Called “Unplugged”
- Trial run:
 - Manager at Linda’s agreed to give free appetizer if users stayed off their phones for 30 minutes
 - Manager thrilled with results, cuts us 50 percent of the check
- Pitch day!!!

VIII. APPENDIX:

- Notes
 - Sources
1. Alvares, Andrew. "IBISWorld Industry Report 72211b Single Location Full-Service Restaurants in the US." *IBIS World*. Industry Market Research, 17 Nov. 2015. Web. 7 Dec. 2015.
 2. Anderson, Monica. "6 Facts about Americans and Their Smartphones." *Pew Research Center RSS*. N.p., 01 Apr. 2015. Web. 07 Dec. 2015. <<http://www.pewresearch.org/fact-tank/2015/04/01/6-facts-about-americans-and-their-smartphones/>>.