



## Start-up Business Plan

Prepared for

**Start-up company**

**ARCO E-Commerce and Cloud  
Kitchens**

Abu Dhabi, UAE

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## 1.0 Executive Summary

This business plan will show how a total investment of only \$400,000.00 four hundred thousand and average monthly sales of \$153144.00, while maintaining adequate levels of liquidity.

The purpose of this plan is to secure funding from an investor to cover the start-up costs for proof on concept (POC) on expansion and implementation of Dh15bn worth consumer products and retail (CPR) industry in the UAE.

arco.ae start-up business is to provide excellent quality of groceries and consumer finished goods by cloud kitchen concept to the customers of middle east, in a manner that generates fair and equitable returns for present and future owners. We specialize in creating and offering a variety of foods, delivering high quality groceries and consumer goods at best prices.

The UAE has experienced explosive growth over the past years. Over ten million of residents now live in the UAE. Local businesses are slowly catching up with this new opportunity.

Currently, the arco.ae is unique business model will offer a better product, at a reasonable price, and will deliver it on time to the customer's door.

## 1.1 Company Information

arco.ae is focused to sell groceries, consumer goods and foods i.e., finished goods by cloud kitchen concept. It plans to connect millions of household consumers and business to business through online portal available 24 x 7 to the internet friendly customers. It is a virtual online marketplace facilitating easy buying and selling of consumer goods. arco.ae aims to tap in growing UAE consumer products and retail industry, and it plan to start with its presence in capital of UAE as Abu Dhabi and it scale up in other emirates in UAE namely, Dubai, Ajman and Sharjah and then it expands globally.

arco.ae generates positive cash flow from operations with at least 30 percent net profits to sales and more than 120 percent gross profits in cloud kitchen concept.

## 1.2 Mission and Vision

arco.ae mission is to offer high quality of groceries, and consumer finished goods to customers and businesses along with doorstep delivery. We are committed to provide the service quality and value that our customers expect. Our foremost mission is to provide convenience on shopping of groceries and consumer finished goods to the customers followed by best value for money backed by quality and satisfaction.



Our vision is to become the first choice on online shopping for foods, groceries, and consumer goods-- as measured by our customers, our employees, our shareholders, and the community we live in.

Our values are critical to our success. They are the strong foundation of arco.ae define who we are and set us apart from our competitors. They underlie our vision of the future. These values include:

- *Performance excellence.* We act like responsible owners, always seeking to meet or exceed expectations.
- *Teamwork.* We act as a team, committed to each other, and bound by trust and loyalty.
- *Integrity.* We treat one another, and all our stakeholders with dignity and respect. Honesty, ethical behavior, and integrity are fundamental characteristics of our business conduct.

### 1.3 Keys to Success

Our keys to success are:

- Excellent product and service that will build and maintain customer loyalty.
- A good quality, service and best value for money can assure the business at a high flow of customers.
- Proven management ability to successfully run a similar business.
- Our commitment to continuous improvement and total quality services.

### 1.4 Products and Services

ARCO Ecommerce LLC will offer a wide variety of groceries, foods, and consumer goods to the needs of the consumers, and it enables a greater market reach and convenience to the customers.

It provides an online platform for household customers to choose from a wide variety of products listed in portal by sourcing goods from suppliers, distributors, wholesalers, and manufacturers. This portal also acts intermediately between the distributor and wholesalers or retailer to supply goods that are unavailable locally.



## **1.5 Categories of Business**

The main model of business can be categorized into two major divisions according to the customer segment and the type of their interaction with the suppliers.

### **1.5.1 Business to Customers (B2C)**

This is meant for household customers to provide convenience, quality, and best value for money to the end users. The customers can browse through the catalogs and see the different items listed in the portal and can order the selected items, which can be delivered on their doorsteps. This is our main focus, and we concentrate all of our initial resources to run the business.

### **1.5.2 Business to Business (B2B)**

This model is meant for the wholesalers and retailers who need some items which are unavailable in the local market. This is for bulk shipments, and we charge them for the shipment. This is not our primary goal. So as a startup we don't start with this, but we plan to implement this in the future.

## **1.6 Market Analysis Demand**

Consumer products and retail (CPR) industry in the middle east is on cusp of a new era of growth in e-commerce domain. The CPR companies can make an incremental growth, however the region's consumer markets are poised to grow faster. Our market size estimates predict that the combined consumer market of middle east, which totaled US\$141b in 2018, will grow by 21% to 171.6b by 2022.

## **1.7 Management**

ARCO Ecommerce LLC is led by Mr. Thabras who has been in the technical sales, marketing, and business operations such as dealing software's, advanced technological products from mechanical, electronics & communication field, and have hands of experience in R&D, production, and quality control in a ceramic manufacturing industry and ITES for an about overall 9 years. As such Mr. Thabras has an in-depth knowledge, clarity, and confidence to run this e-commerce business successfully.

Mr. Thabras graduated Bachelor of Engineering in electronics and communication, and he received Master of Technology in ceramic technology from Anna University, Chennai, India and presently now lives in Abu Dhabi, UAE.



## 1.8 Financial Plan

ARCO Ecommerce LLC is expected to maintain a healthy financial position over the next five years. ARCO Ecommerce LLC revenues will come from the sale of groceries, consumer goods and cloud kitchen concept. The major costs for the company will be the cost of goods, administrative and operational cost, marketing, and salaries of the staffs. ARCO Ecommerce LLC is seeking total funding of **\$400,000** to launch its business. The capital will be used to establish the company legal documentation, manpower costs, sourcing goods and their shipment expenses, operational cost, marketing cost and other expenses related to the company.

## 2.0 Business Operations

Our operations are carried out according to two approaches:

### 2.1 Business to Business (B2B)

In this category, we are developing one to one customer relationship. Here customers are the wholesalers & retailers. When it comes to a business it does not account for a single decision-making unit, because there is a great difference between selling to an individual and selling to a business. Our business is composed of a number of distinct individuals and many different people will likely have an influence on the decision-making process.

We are maintaining our relationship with the wholesaler, as a customer to go deeper to maintain relationships with individual decision makers. We are not viewing our success just in terms of how many new customers we can acquire but in terms of how deeply we can penetrate our current customer accounts. Through this approach we are supplying goods from the manufactures to wholesalers and retailers and being as an intermediary service provider we are gaining our share. We are reducing our inventory by establishing a closer communication process with the suppliers in terms of input needs and procurement time frames.

### 2.2 Business to Customers (B2C)

As in this category our consumers do not care how the order is fulfilled so we have designed our own supply chain. In this category we are selling hundreds of thousands, so we are keeping our eye on statistical analysis of our customer base to figure out what's going on at any point in time with any customer.



## **2.3 Customers Buying Process**

The business process for the arco.ae is very simple and allows users to search and buy different products listed in web/mobile application.

### **2.3.1 Registration**

To buy on arco.ae one must be a registered user. It's fast, easy and free. As a registered user, they can shop and place orders on arco.ae

The registration involves the following steps:

- **Contact Information**
- **User ID & Password Creation**
- **Email Confirmation**

### **2.3.2 Browse**

Browsing is clicking through lists of titles called categories until one finds something they are interested in.

### **2.3.3 Select**

Before anyone buys or place an order, they can know about the item and to make an informed decision, pay attention to the:

- Listing information
- Product details
- Shipping and payment details

### **2.3.4 Payment**

After the buyers have selected their products, they are given a choice of selecting their payment mode/method. There are many payment methods, and most sellers offer more than one. Some methods offer more protection than others.



Listed below are the most common payment methods:

- Cash on Delivery (COD)
- Buyer Pays and Picks Up
- online payment gateways

### **2.3.5 Feedback**

Feedback is made up of comments and ratings left by members who have bought from us. Once you have received your item, it is time to leave feedback for the seller and the item, letting future buyers know about your experience with the seller.

Type of information typically included in seller feedback:

- Satisfaction with the item
- Quality of communication
- Quality of packaging
- Promptness of shipping
- Courteousness

## **2.4 Operational Model**

### **2.4.1 Stock it yourself model**

In this we are maintaining our integrated warehouses that can handle shipments to web customers, so by keeping the warehouses we are fulfilling the orders. Through this we have full control over the fulfillment process. As we are starting a new business, so we have kept limited space of warehouse.

### **2.4.2 Packaging**

E-commerce packaging, combined with good shipping, can be the two defining aspects that make or break your relationship with a customer. The packaging is under the lens not just in terms of projecting the brand, but also indicative of the 'final result'

Successful, well thought out ecommerce packaging can have a huge impact on the business success. It can help to minimize the volume (and cost) of returns. It can help to foster customer loyalty and branding in front of more people.





### 2.4.3 QA/QC

QA (Quality Assurance) prevents issues and QC (Quality Control) identifies and corrects the issues that could not be prevented. QA and QC are equally as important as one another. Both practices to ensure a quality consistent product

### 2.4.4 Dispatch for delivery

Once the order is placed by the customer, the system alerts the concerned team to pack the item and ship. There will be a central hub from which it will be shipped to local hubs. From there the goods will be dispatched to the concerned customers. However, delivery problems may arise due to third party delivery system that means of new courier every time. Arco has its own warehouses, wherein they stock and dispatch through their own transport systems.

## 3.0 Marketing Strategy

arco.ae targets a niche category of customers with specific needs. The needs of the market which was unattended by traditional practices are needed to be catered. First there must be an awareness spread across the population for converting the needs to demands. The marketing strategy is made to sustain the business. arco.ae is a disruptive technology destined to topple the traditional practices. The marketing strategy will be aligned with the vision and mission to reach our objectives.

### 3.1 Situational Analysis

The traditional practice of buying grocery is characterized by:

- Manual Process
- Time Consuming
- It takes more time to find out and shop the needs for best value of money
- Time constrained
- Inconvenient
- No Quality Assurance

arco.ae home delivery services can be as much as cheaper than compared to current costs of customers visiting the stores using their car and spare time. Most of the e-groceries are making home deliveries using a third-party service provider, but we are giving through our personal delivery van and executives.



### 3.1.1 Unmet Customer Needs

We have identified the following main points in the industry as follows.

□ **Convenience**

In this fast-paced life of customers does not have time to drive down to the shop and get the groceries and other consumables. The drive takes petrol and time along with traffic frustrations. The customer needs convenience of doorstep delivery.

□ **Quality**

The traditional system does not assure quality. We plan to operate at 6 sigma and we would replace any defects and our top priority is customer satisfaction. Degradable quality leads to hassle, inconvenience. Customers do not need of those, so we aim to take care of these requirements.

□ **Value for Money**

arco.ae promises a great value for money for all its offerings. It promises the cheapest deals in the market than any other methods as we provide discounts for all deals.

### 3.2. Our Offerings to Customers

- Convenience
- Timely delivery
- Cheapest Deals
- Quality Assurance
- Value for money

We can get the sweet spot of the market. Market opportunity analysis is complicated. There are many competitors and even some technology which are not right technology currently running in the market. We have clearly differentiated our business in the eyes of our current and potential customers or clients. We focused our team on delivering the promise of the previously unmet promises by our competitors, helping to improve our internal performance.

### 3.3 Market Segmentation

We have identified the customers for our business:

- Customers are aged between 18 years and above.
- If any customers are having dual income households.



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- Customers / households with children.
  - Consumer who are looking for convenience; that means they do not want to invest time in traveling and shopping.
  - Average commute time to work of customers.
  - Customers number of households with internet access and its awareness.
  - Customers & adults with credit cards access.
  - Last but important customers “Female shoppers”. So, we can justify our market segmentation by

By having such data about the market & customers, we are at

- Ease to identify the segment.
- It can be readily reached

We have defined our market segmentation to get a meaningful approach to the market. We have encountered that the customers who are within our segment will behave in different as compared to the others. The segments we have designed provide motivation to the customers in the sense of price, quality product and timeliness. Apart from the traditional purchase, through our segmentation, customers get the ease to shop in price as well as time.

### **3.4 Advantage relative to competition**

According to the traditional market and its approach, we are not having any direct competitors, even if they are provider of same products. Since we are providing, approaching & attracting with something new strategy.

In the meantime, we are providing the facility in new but easily available & handled technology & platform to do business with us. Even if there are huge competitors, we are providing the best and secure services to the customers at their ease.

Ever since customers seeks specific benefits, so by assessing the current players performance in meeting the customer standard will provide an indication of the potential for our company to move on and win.

### **3.5 Market readiness of technology**

In this sector we took into consideration of:

- Technology vulnerability: We are enabling penetrating technologies but with respect to the well-known in the market that is well defined and used by the customers and the end users.
- Technology adoption: The ease and flexibility for adoption of new technology. So that our customers can take advantage of the same.



### 3.5.1 Technology behind arco.ae

In an online business technology is the most important thing. The whole system is dependent on the technology that we will be using, therefore we should ensure that we take proper decisions on the architecture on which our system will be developed and maintain proper security measures to ensure that our clients can have secure transactions.

### 3.5.2 Features in arco.ae

The following are the technology features of arco.ae

- user friendly web portal
- Secured money transaction
- Fast
- Robust
- Fault Tolerant
- Scalable

## 3.6 Advertisement Strategy

This section is very important as per our business and the race of competition. We have planned the different ways to promote and advertise our site.

- Advertising it in the known as digital marketing.
- Indexing of our sites in different and popular Search Engines and product & offers available in our website.
- Using media planning i.e., pamphlets, newspaper, television advertisements & magazines.
- Offering gifts in different occasions & Celebrations.

The following are the proposed advertisement strategies for the arco.ae

### 3.6.1 Natural Search

This is achieved by registering ourselves in various search engines across like Google, MSN Search, etc. They also optimize their page for improved page ranking.

### 3.6.2 Rich Media

Rich Media / Multimedia advertisements featured in various sites.

All these leads to effective buyer marketing leading to continued growth.



## 4.0 Strategy and Implementation Summary

### 4.1 SWOT Analysis

The SWOT analysis provides us with an excellent opportunity to examine and evaluate the internal strengths and weaknesses of arco. It also allows us to focus on the external opportunities presented by the business environment as well as potential threats.

Next sections explain major strengths, weaknesses, opportunities, and threats that arco.ae should be aware of it.

#### 4.1.1 Strengths

- arco.ae. has a valuable inventory of strengths that would help it to be successful. These strengths include:
- Previous similar experience scaling up the e-commerce business.
- Excellent quality of stuff that is currently not available in the Local Bay area.
- Management's proven experience
- State-of-the-art, energy-efficient technology
- Clear vision of the market needs: we know the customers' needs, we are familiar with the latest technology, and we can offer the services that would bring together.



#### 4.1.2 Weaknesses

- Strengths are valuable, but it is useful to realize the weaknesses. We have identified some of our weaknesses:
- Cost factor associated.
- We are new in the market.
- Start-up challenges.
- Limited operating capacity during peak sales periods.

#### 4.1.3 Opportunities

arco.ae strengths and the awareness of its weaknesses will help it capitalize on emerging opportunities. These opportunities include, but are not limited to:

- Strong growth in this business.
- No “market leader” in this category, no other specialized competitor in the market
- Fast growing population in UAE.
- A large segment of low-to-middle class population.
- No competitors offer this type of service in the surrounding area.
- Consumer behavior changes due to the economic downturn, respectively an increased preference to buy over online instead of traditional shopping.



#### 4.1.4 Threats

Threats the arco.ae should be aware of as below:

- Slow recovery process of the economy from the current crisis.
- The commercial property is leased, not owned by our company.
- Tight credit times, and higher inflation rate than predicted.

#### 4.2 Sales forecast monthly and daily

No of orders per day (approx..)	Average sale value per order daily	Average sale value per day	No of days working per month	Average Total transaction value per month
450	50	22,500.00	25	562,500.00



### 4.3 Milestones

Fund raising	Yellow	Yellow		
Legal documents		Yellow		
Find location, agreement for rent		Yellow		
Trade license/ E- Commerce license		Yellow		
Finalize mobile app/web development contract -to develop application-ready to use.		Yellow	Yellow	Yellow
Infrastructure setup (admin office and operations)		Yellow		
Hire and train initial staffs			Yellow	
Other start up activities				Yellow
	1 <sup>st</sup> Month	2 <sup>nd</sup> Month	3 <sup>rd</sup> Month	4 <sup>th</sup> Month

### 5.0 Financial Plan

According to our conservative estimates, arco.ae is expected to maintain a healthy financial position over the next five years. The company`s revenue will come from the sale of groceries, consumer goods and foods by cloud kitchen concept. The major costs for the company will be the cost of goods, administrative and operational cost, marketing, and salaries of the staffs.

#### 5.1 Capital Requirements and Use of Funds.

The company is seeking a total funding of Dh 1,450,000 to launch its business. The capital will be used to establish the company legal documentation, manpower costs, sourcing goods and their shipment expenses, operational cost, marketing cost and other related to the company.





Specifically, these funds will be used as follows:

Legal (Trade license & E-commerce license)	2994.83
Tijari agreement per year contract (office & warehouse)	54451.40
Infrastructure setup (admin office, stores, operations, packaging, QC & dispatch)	13612.85
Employee visa, Medical & insurance expenses	18513.48
company insurance	1361.28
Others	5445.14
web application / mobile app development	27225.70
Operations running capital for sourcing supply of goods	54451.40
used refrigerated truck-1 Nos	13612.85
used 14-seater van- 1 Nos	13612.85
delivery bikes-3 Nos	6806.42
used forklift- 1 Nos	13612.85
Packaging & other misc.	5445.14
cloud kitchen inventory	40838.55
marketing expenses	6806.42
salary for 1st 6 months	110536.34
Others	5445.14
<b>Total</b>	<b>\$400,000.00</b>

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## 5.2 Key assumptions and forecasts:

Please find below key assumptions for financial forecast and a summary of the financial projections over the next five years

5 years projections	Monthly sale value	our cost (includes all purchase of goods, shipment, operational cost, salaries & etc.,)	Total gross profit
Year 1	153144.56	136128.50	17016.06
year 2	459433.69	381159.80	78273.89
Year 3	2756602.12	1905799.00	850803.12
Year 4	24809419.12	13612850.00	11196569.12
Year 5	272903610.38	111625370.00	161278240.37

Note: values are converted from AED to USD

## 5.3 Disclaimer

The current unfavorable economic conditions and prospects are carefully considered, and the estimates included in the plan are conservative. However, investors are advised to exercise caution when considering investment alternatives because actual data almost always differ from projections.

This business plan is designed to help investors better understand the potential risks, costs and benefits of this business project, but it is not intended, and is not to be considered in itself or any part of it, as an investment offer or solicitation, it was developed for sample purposes, and any resemblance to real situations, people, or data would be purely coincidental.

The information provided in this business plan is confidential; therefore, not to disclose it.