



MBA Entrepreneurship
Vilnius University Business School

MBA ENTREPRENEURSHIP PROGRAMME

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THE REPORT ON EXPERIENTIAL ENTREPRENEURSHIP PROJECT

‘Business Model Development of “HelloPages” Platform: Connecting Individual Businesses with Final Customers via New Mobile Application Service’

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Lithuania has become a centre for global technology, offering quality services and talents to local and international investors. Lithuania has one of the fastest-growing start-up sectors which has doubled over the last decade. Small-and-Medium sized enterprises (SMEs) play an important role in Lithuania's economy generating 69.4% of the economy's value in 2018 and adding up to 75.9% of the country's employment. On average, SMEs in Lithuania occupy around 3.8 people, compared to the EU average of 3.9.

In 2020, there were 185,000 self-employed individuals registered in Lithuania. Due to its history, economical status and traditions, Lithuania (together with many other CIS countries) has always demonstrated a high level of entrepreneurial spirit. Street markets are filled with vendors selling hand-picked mushrooms and berries, honey and dairy products, foods locally grown in personal gardens and home-made bakery.

Since 2020 political events in Belarus, 1,5 million Belarusians have migrated the country and 150,000 people have settled in Lithuania. While since the Russian invasion in Ukraine, 4 million Ukrainians have fled their homes and 4 million Russians have escaped from Russia to CIS regions and Europe. Around 300,000 of such immigrants have come to Lithuania for political reasons, better quality of life, new job opportunities and stability. Thus, the overall population of people in Lithuania is growing, many people are facing employment struggles due to language barriers, bureaucratic settlement and high competition on the job market.

From this follows that the number of self-employed individuals in Lithuania is rapidly growing together with the demand for small quantities of life's necessities at affordable prices. Street vendors, market traders have been also facing obstacles since COVID-19 pandemic due to local restrictions depriving them from the opportunity to sell food (fresh and prepared) to local communities – which is an essential part of urban supply chains. They provide food security for a wide range of people who cannot afford local supermarkets.

From the start of COVID-19 pandemic in 2020, the small businesses and self-employers have experienced high rates of low sales. Traditional businesses that sell their products in traditional street markets were banned from operating during the lock-down. With a careful analysis of ,what if?' scenarios, we are aiming at eliminating risks, improving liquidity and identifying efficient key

performance indicators in order to obtain evidence regarding the possible success of our business model.

Based on the research conducted, we have learned that the informal economy is critical to food security, especially in lower-income communities. Fresh and high-quality produce are the three the most appreciated qualities named by survey participants when it comes to vegetables, fruits, berries, and grains grown in Lithuania. According to citizens, Lithuanian-grown produce exceeds not only Russian and Polish products in quality but also those from Spain and Finland – provided by LRT survey.

From the above follows that in Lithuania, we have a need for fresh and quality foods at competitive prices in comparison to modern supermarkets to support the demand among different layers of communities, as well as street market vendors who require appropriate tools to market and promote their products during stable and unstable economical periods.

Therefore, we have designed a Sales Management Application to bring the local grown produce to a new digital level. Having favourable conditions to generate a business in Lithuania, our founding team would like to offer a mobile application platform using B2B model - '*HelloPages*'. The goal of our product is to bring vendors in Lithuania into one platform and connect them to their final customers using geolocation technologies. Any consumer can sign up and connect to nearby vendor based on zip code. Consumers pick up directly from the vendor or agree on delivery (the app includes a detailed map of location along with a contact details of a vendor). The vendors will be able to set up an account in order to list their products.

Using Business Model Canvas and effectual causal reasoning theory, we were able to validate our target customers and identify their '*Wants*', '*Needs*' and '*Fears*'. Our value proposition is tackling the problem of helping small local businesses and self-employers to attract more end-customers and increase their sales, by providing stability to local economy and communities. Our business model is based on encouraging sufficiency, communication, and brand awareness through marketing – to help our paying customers (vendors) prosper and grow, using result-oriented value and localisation.

'*HelloPages*' – which is your digital Yellow Pages analogue – is a go-to marketplace for buying local grown produce online. All vendors need to do is upload their inventory and start selling. Our target customers are currently lacking digital and user-friendly tools to maximise their brand-awareness and profits. However, in order to identify our target paying customers and their end-users, we have

analysed the psychographic, geographic, sociographic, demographic and behavioural variables – to allow us to design a successful go-to-market strategy. According to surveys, the three most important criteria while buying vegetables, fruits, and grains for one’s family are the price (important to 72% of respondents); a good, healthy look (58%), and that the produce is grown in Lithuania (52%). When choosing between equally priced grown products, 67% of respondents would choose one grown in Lithuania. The Lithuanian origin of produce is equally important to older and younger respondents, as well healthy and ripe look. We have also learned from the youths that they are concerned not only about the origin of the produce but also how the grown produce has been cultivated, the sustainability and eco-friendliness of the products. 74% of youths have also expressed the importance of supporting local businesses, the need of easy-to-use digital tools for shopping online local grown produce.

Our target customers come from local communities, immigrant circles, youths and older generations who are tech savvy or willing to experiment with new technologies in order to maximise their profits, expand their customer portfolio and increase brand-awareness. The beauty of ‘HelloPages’ is that it does take care of the marketing and lead generation for its paying customers in order to create new revenue streams for them. The App does allow our customers to communicate efficiently with their end-users, save valuable time by automating sales processes, close more deals, and use marketing tools (i.e. photo editing, profile templates) to showcase products via smart marketing. The App does allow to quickly accept payments via PayPal, ApplePay, GooglePay, as well as bank transfers and cash payment options are available. ‘HelloPages’ does process payments on a secure, SSL-encrypted platform and does offer fraud detection systems to protect sellers and buyers.

Our App does offer a free one-month trial to the vendors to test the product followed by an opportunity to choose between basic or premium plans to continue with the ‘HelloPages’ services – please see Figure 1 below.

Figure 1.

	Free 1 Month Trial	Basic Plan	Advance Plan
One-Year Pan	n/a	120 EUR	175 EUR
Monthly Plan	n/a	10,99 EUR / month (131,88 EUR per year)	15,99 EUR / month (191,88 EUR per year)

The paying customers (vendors) will have an option to choose between either purchasing a 12-month subscription as one-time payment or by signing up to direct debit and paying on the month by month

basis with ability to terminate the subscription at any stage. However, in order encourage our customers to sign up for 12-months commitment and thus extend the customer life cycle, we have applied discounted rates on one-year plans. $(125,94 \text{ (basic)} + 183,44 \text{ (advance)}) / 2 = 154,69 \text{ EUR}$ average price for clients per year between basic and premium plans.

The App does provide the ability for end-users (buyers) to submit ratings and reviews for the vendors they have already purchased from, bringing the highest rated vendors at the top of the search. However, the premium subscriptions, will also give vendors the opportunity to 'boost' their profiles in the search list by appearing in the search as 'golden' members.

According to SWEDBANK AS questionnaire, 1,5 million citizens in Lithuania shop online. Our goal is to tract and retain 10% of online shoppers in the first five years. We already know that 93% of online shoppers expect a digital experience equal to or better than the in-store experience, while 52% would be willing to pay more to find what they're looking for in just a few clicks. Thus, we are going to offer a technologically competitive product on the market to outstand not only the existing competing platforms but also to provide a unique user-experience to our customers and their end-users.

Our target market is not entirely digitalised, and even though it does seem challenging and expensive to enter the market, we envision a lot of potential in attracting customers to a high-tech solution to their pains and problems. Lithuania does demonstrate a shortage of platforms where customers could connect directly with vendors and shop local products online.

Based on the research conducted on competitor analysis and current solutions available in Lithuania, it has been learned that the market is not entirely explored by the competitors, therefore technological gaps are present to address the problem and assist the local vendors in digitalising their businesses. With the market size of 1,5 million online shoppers, 185,000 self-employed individuals, hundreds of thousands immigrants looking for job opportunities and 2,4 billion EUR generated in agricultural production - we believe that the market is not only sustainable but also highly scalable. For competitor feature and service comparison, please see Figure 2 below.

Figure 2.

	<i>HelloPages</i>	<i>Instagram</i>	<i>Facebook</i>	<i>Kaimas i Namus</i>	<i>Ekomarket</i>	<i>Rupus Miltai</i>
Track Inventory	Yes	No	No	Yes	Yes	Yes
Online Payments	Yes	No	No	No	Yes	Yes
Smart Marketing	Yes	Yes	Yes	No	No	No
Customer Support for Business Accounts	Yes	No	No	Yes	Yes	Yes
Geolocation Tools	Yes	No	No	No	No	No
User- Friendly	Yes	Not for business	Not for business	Yes	No	No
Subscription Plans	Yes	N/a	N/a	No	No	No
Product Ratings	Yes	No	No	No	No	No
Seller Ratings	Yes	No	No	No	No	No

'*Kaimas į namus*', '*Ekomarket*' and '*Ropus Miltai*' – do provide the opportunity to vendors (farmers) to advertise their products and connect with local customers using the web-portals. '*Kaimas į namus*' up until today does have 600+ paying accounts. There are hundreds of Facebook and Instagram accounts promoting products such as: homemade candles, soaps, manicure and pedicure services.... Recent epidemic events have caused interruptions in transportation and logistic sectors and forced many people to work remotely or look for alternate income sources. Recent political events have forced major players such as Facebook and Instagram to stop providing their services in Russian federation, causing many small businesses and vendors to lose their revenue streams and product marketing channels. With Elon Musk, whether for a joke or not, commenting on deleting Facebook ¹(which is a revenue stream for many individuals) – can also result in many vendors considering alternate platforms as their distribution channels. Thus, we see a potential to scale our business to adding more product categories in the future such as: hand-made crafts, hand-made accessories, hand-made furniture, hand-made toys and many other products that can be made in home conditions and sold online to local communities across the country. What makes us different? We understand the market, as we come from the same economical backgrounds as most self-employed citizens who are seeking for additional revenue streams. We understand the importance of supporting local businesses and local economy by helping local communities. We are offering a product which will support brand loyalty, customer retention via cost savings, positive word-of-mouth marketing and lead referrals.

The total goal, including the untapped potential of vendors who do not use online platforms to promote their products and services, is to attract 1,000 vendor accounts and generate end-user traffic of 500+ visits per week in the 1st year of operating, and scale fast to 5,000 of paying users by the 3rd year and generate 773,450 EUR in revenue – please see Figure 3.

Figure 3.

500 Users	1K Users	5K Users	10K Users	50K Users	100K Users
77,345 EUR	154,690 EUR	773,450 EUR	1,546,900 EUR	7,734,500 EUR	15,469,000 EUR

We have adapted the best-selling features from global competitors (i.e. and added our unique business approach, which is user-experience oriented and proactively tackles the untapped potential

¹ <https://www.cnn.com/2020/02/10/elon-musk-delete-facebook-its-lame.html>

among local businesses and individuals with entrepreneurial ambitions. Our goal is to create a sustainable product, which will function continuously, accurately and efficiently.

Our company value is based on asset protection, local economy prioritisation and excellent customer experience proposition. The COVID-19 pandemic, sanctions and political events have demonstrated how changeable and unpredictable the world can be, therefore our business model will require constant reviewing of our marketing and business development strategy based on current trends and events in order to be within the global and local dynamics.

We will create a sales strategy to attract more paying subscribers who would use premium services and introduce middle-man fee for end-customers. Our revenue streams strategy does include the following: MMR (monthly recurring revenue), use of Search Engine Optimization (SEO) tools, Pay Per Click Advertising (PPC) and Affiliate Marketing.

We aim to raise the investment of 500,000 EUR in the pre-seed stage for the first two years with equity offer of 10% bringing our valuation to 5 million EUR. With three founders in total contributing 100,000 EUR each, we aim to invest 200,000 EUR in legal and marketing costs; and have a contingency fund of 100,000 EUR in case of unforeseen events leading to unplanned costs. We also aim to use investor smart money to invest into product development and salaries. Please see Figures 4 and 5.

Figure 4.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Investor Input	200,000	200,000	100,000	Series A Investment	Series A Investment	Series B Investment
Founders Contribution	100,000	100,000	Investment from revenue	Investment from revenue	Investment from revenue	Investment from revenue

Figure 5.

	Year 1	Year 2	Year 3
Marketing	80,000	80,000	80,000
Product Development	100,000	70,000	70,000
Legal & Other Costs	20,000	20,000	20,000
Salaries	100,000	130,000	160,000

With the client portfolio of 5,000 users, we have worked our Customer Life Time Value (LTV) of 132,69 EUR - when the Life-time Customer Revenue is 154,69 EUR and Life-time Customer Cost is 22 EUR. With marketing and sales cost of 80,000 EUR and 5,000 users acquired, the Customer Acquisition Cost is 16 EUR. Finally, this has provided us with the LTV/CAC ratio of 1,4 : 1 – with LTV being higher than CAC, we support that our business model is successful and that we are spending the right amount to drive new customers without jeopardizing the LTV and revenue from that customer.

Using the terminal value section, which assumes company's EBITDA multiple, we can calculate how much the company is going to be worth in the case of exit strategy including strategic merging or selling to a competitor. Using the reverse engineering method to understand which investors to approach we believe, we will partner up with the most suitable for our business partners in order to end up where we want to be in 3 and 7 year time.

In year 5 we aim to expand to neighbouring countries Latvia, Estonia, Belarus, Ukraine, Russia, Poland and Moldova; and in years 6 and 7 we plan to expand to Western Europe and USA. We are striking to expanding our product offering by adding more product categories. Not only the local grown produce business is booming in Lithuania and worldwide, but also the handmade business is growing on a global scale, as consumers more and more seek for authentic, one-of-a-kind and thoughtfully made products.

We know that great product alone is not good enough to succeed. It is important to have a unique and strong business model, know your audience and market your product in appropriate and most efficient way to reach the target customer and gain strong position in the market among the targeted segment. As per Figure 5, we aim to invest 80,000 EUR annually on marketing strategy. In our understanding,

branding is crucial to tell the world about who we are and what our business is all about to make it clear to the target audience that our product is dedicated to their needs and can solve their problems. It is about delivering the right message to the right customer and correct self-identification.

One cannot and should not be all things to all people – therefore, our business strategy based on *Backcasting* (John B. Robinson, 1990) theory (thinking possibilities, not restrictions), did allow us to come up with strong marketing strategy approach. According to statistics, over 2.4 billion people use social media, therefore, social media channel is heavily incorporated channel into our marketing strategy to grow our brand exposure and awareness on social media and increase brand recognition among the target audience. We plan to invest into traffic and exposure on social media channels such as Facebook, Twitter and Instagram. For example, with Facebook Ads we will appear in users' news feeds and in the right column of the Facebook website. By creating engaging and relevant content on our Facebook and Instagram pages, we will attract followers, engage them and interact with them. We also strike to increase laser-targeted traffic in our social media accounts and mobile App downloads by using Google AdWords and featuring keyword targeting with a cost-per-click (CPC) pricing model. This will allow '*HelloPages*' to appear in top of the search results when someone searches for a related keyword.

Using conversion rate optimisation (CRO) approach by generating ideas through A/B and multivariate testing, we aim to increase the percentage of conversions from our mobile app. Using testing tools, we will split our audience to test several variations of marketing and client-acquisition campaigns and determine which performs better and generates more clicks, traffic and converts leads into won opportunities. In addition, using *Scenario Planning* (Schell) and System Thinking (Forrester, 1959), we created a chain of events and systematic patterns which can adapt to changes in market trends, economical and environmental factors without disrupting our business activity and business model.

Given that software and programming start-ups face with multiple technical and business challenges, which could make the start-up journey longer, or even become a failure (Anh Nguven Duc et al. 2017) – we are aware of the challenges we will face as an emerging business, and we aim to mitigate risks and adapt quickly to required changes in strategy and product roadmap. In order to be transparent and eliminate risks, we will provide our audits to investors on regular basis, stay apprised on our legal and regulatory obligations, implement risk management strategy and secure ourselves from cyber fraud and attacks. Intellectual property (IP) such as copyrights and trademarks of our business are

safeguarded and registered with Lithuanian and European agencies to avoid conflicts and loss of IP rights in the future when the product becomes successful.

With a careful analysis of ‚what if?‘ scenarios, we are planning at eliminating risks, improving liquidity and identifying KPIs (Key Performance Indicators) in order to obtain evidence regarding the possible success of our business model. By helping the vendors to take their businesses online, we will help them generate higher revenues by being ourselves responsible for the marketing and sales strategy - so that our customers can focus on quality products and reputation development. Everyone wants to be an entrepreneur, but unfortunately, not everyone can. We will give our customers better chances at succeeding in customer traction and increasing sales.

Our team consists of three co-founders: Julija Kvedorelyte (CEO and Chief Legal Officer), Kristina Kvedorelyte (COO and Head of Business Development), Almantas Sinkevicius (Head of Architecture and IT).

Julija Kvedorelyte is a Bachelor from Mykolo Romerio University in Law and Economics. Julija has over 15 years of experience in legal sector, she is a member of parliament and union committees, as well as previous business owner of a real estate company.

Kristina Kvedorelyte is a Bachelor from University of Southampton in Modern Languages and Contemporary Studies. A graduate of Henley Business School Hedge Fund Programme and postgraduate in Masters of Business Administration in Entrepreneurship. Kristina has over 7 years of experience in project management, sales, business development and marketing, as well as two 2 years working in a start-up.

Almantas Sinkevicius is a Master from Copenhagen University in Mathematics and Programming. With over 10 years of Web and IOS Development experience and with over 7 years team leading experience.

The shares are split in the following proportion: Kristina (34%), Julija (33%), Almantas (33%), leaving Kristina with the main decision-making vote. However, all three co-founders have invested equally 100,000 EUR each into the business, but since Kristina is the one who conceived the idea, she has the dominant number of votes. With a shareholder agreement in place, prepared investor agreements, GDPR awareness and legal expertise, we have registered our legal entity and are fully

prepared to release our MVP product to the mass market. Our team has a wide network of legal institutions, local municipalities, and agricultural authorities, as well as experts in programming, sales and marketing. Our network does come from our previous work experiences and partaking in local community affairs.

It is our goal to be a strong management team during the first three years, and starting in year 4 to recruit management team and delegate duties and responsibilities as the business will be growing and teams expanding. We strongly support the idea that managers and leaders are very distinct, and being one precludes being the other (Zaleznik, 1997). Strong leadership with weak management can lead to overmanaged and under-led organisation (Kotter, 1998). By identifying and distinguishing excellent managers and leaders, we want to encourage our teams and ourselves to cultivate our strongest suits while improving and working on our weaknesses. We plan to hire best experts and professionals in their fields, while we will be focusing on what is most important for the business growth and development. Leaders will focus on creating a vision for the future, providing ideas and goals, empowering and motivating. While managers will focus on improving present, providing structure, directing, coordinating, and organising teams.

Our business model introduced entrepreneurial leadership - a new model of thought and action, applying a unique decision-making logic and cognitive ambidexterity. "For any good idea, you need personal passion". Expert entrepreneurs believe that the future is shaped by people - if they can make the future happen, they don't need to worry about predicting it, which is part of effectuation theory which we support. Our motto: "Never solve the problem alone, or you will become the problem you're trying to solve". We strongly believe that one does not need to influence people on their own, they can get help from others to help them influence people around. And in order build a strong team and encourage one another to prosper together, we believe that employees should come first and customer second (Vineet Nayar, 2010). Strong team is a key driving force in our business which we cultivate and cherish.

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