BUSINESS PLAN: INCREDIMEAL.COM – THE CHEF'S HOME ONLINE

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Abstract

This project is a business plan for a social networking food recipe website called IncrediMeal.com. The purpose of the document is to outline recipe website industry, trends and competitors. Then the concept of IndrediMeal.com is described and the features that differentiate it from its rivals. The economics, potential problems of the business, management team, operations plan, marketing plan and projected financials are also included.

The web site is designed to be initially be operated by one person, Andrew Dear, an SFU MBA Candidate, in his spare time. With the research in this project coupled with his business skills, he will grow the site until either it can be sold to a competitor or more staff can be hired to compete with the dominant players in the industry. Initial growth will be based a preliminary database of 10,000 recipes and the network effects of users attracted through the site's various marketing efforts.

Keywords: recipes; web site; social networking; food; internet;

Executive Summary

IncediMeal.com is a food recipe social networking site. Mostly user-submitted recipes, pictures and videos will populate it. Its mission is to provide a platform for motivated cooking enthusiasts to share their culinary creations online. Each member gets a detailed customizable home page with a unique URL, the ability to rate and review recipes, create an online recipe box, follow other contributors, submit articles for publication, journal cooking experiences in blogs and request recipes and ask questions of other. Members can even choose to monetize their own recipes by receiving some of the advertising revenue from pages that contain their creations.

For recipe seekers the site has an initial database of 10,000 recipes, including photos, available for reference. Without registration, users view recipes and share them with friends and family through e-mail, social networking sites and SMS messages.

The target consumer is a 25 – 54 year old married female with a median household income of $73,000, a mean income of $102,000 with the majority owning a home. IncrediMeal.com will primarily generate revenue through advertising on its website. This demographic is very attractive to advertisers due to the higher than average mean and median household income and home ownership. This group has a lot of decision-making power over large and small purchases in the home.

Andrew, a Segal Graduate School MBA candidate, is the owner and administrator of IncrediMeal.com. The site has been designed to operated and maintained by one

person for its first three years of operations. Andrew has work experience in IT and a general passion for technology.

IncrediMeal.com will initially be promoted through free marketing channels such as social media, including FaceBook, YouTube and Twitter until such time that its revenues can support paid advertising. Then it will advertise on related websites and traditional print media. The site incorporates the latest search engine optimization and link building techniques to ensure it is found and used by the greatest number of users.

The recipe website industry has a lot of competition and is currently led by AllRecipes.com. The demand for online recipes is continually rising and sites with social networking features are growing the fastest. Women are joining social networking sites at a much higher rate than men are. IncrediMeal.com is specifically designed to take advantages of these trends. Currently the competition does not place an adequate amount of attention on the users of recipe websites and IncrediMeal.com intends to occupy this gap in the market.

In its first year, IncrediMeal.com will earn $4,590 in revenue. It will break-even five months in to operations in December 2009. With $4000 in initial capital invested IncrediMeal.com will always have a positive cash balance but will experience a negative cash flow in months two through four, September to November. Positive cash flow will return in December 2009.

Figure 1: Projected First Year Revenue

First Year Revenue (2010)

AdSense Revenue
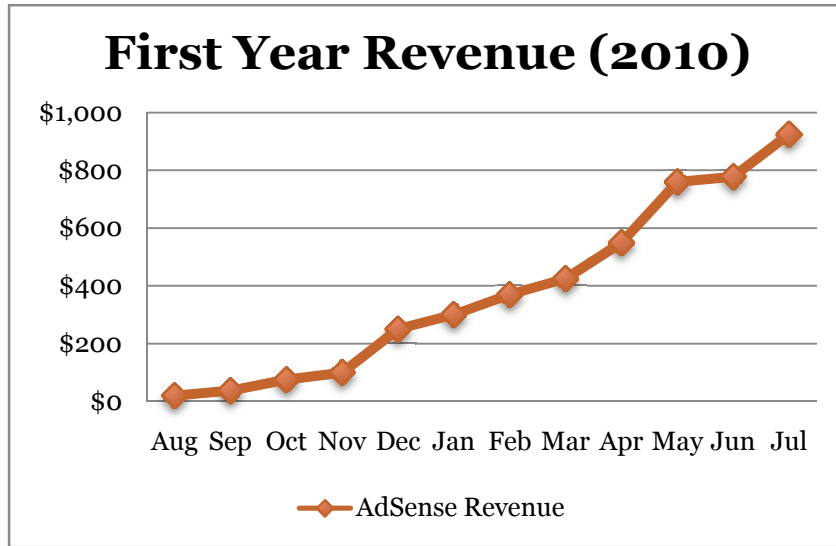
Dedication

This project is dedicated to my mother, April Dear, for all her love and support throughout my life and especially through my post-secondary education. Thank you.

Acknowledgements

I would like to acknowledge Dr. Michael Parent, Associate Professor at the Segal Graduate School of Business, for his help in supervising this essay and providing valuable career advice.

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1.1   The Online Recipe Industry: An Analysis

Food recipe web sites have experienced steady growth in recent years, as more users look online to find and share delicious meals ideas. Internet usage tends to spike around holidays and since each holiday typically involves people gathering for meals, recipe web sites benefit significantly from this traffic surge (ComScore, 2004). Furthermore, with the global economic downturn that began in 2008 internet users have increasingly been looking online for cost-effective recipe ideas that they can enjoy at home. This includes finding recipes not only by name but also by primary ingredients as users look make the best meals they can out of foods already in the fridge, all in an attempt to cut grocery bills (eMarketer, 2009).

There are two types of recipe web sites. First are the sites with recipes from professional chefs. These sites have a limited number of recipes but they are of higher quality than user-submitted ones. For example, FoodNetwork.com does not allow users to submit recipes and instead publishes only those from its celebrity television chefs, such as Jamie Oliver. Users are instructed on the TV show that they can access all the recipes they have seen online, including videos. These sites are for reference cooks, also known as passer-by users, meaning that they only visit once per month. They are the type of users that only wish to find recipes online but do not want to submit their own works to be judged by others. The second type of recipe is web site is based on user-generated recipes where individuals submit recipes to be rated by other users. Aspiring chefs and

amateur cooks get to see how their recipes fair in the minds of the public. Is your chilli really the world's best? This is how you find out.

These sites tend to have the greatest number of recipes and those with the highest rating are viewed most often. For example, AllRecipes.com allows users to submit recipes and judge those posted online. This type of site is interactive and while reference users primarily view it, it is designed for aspiring chefs who want to share advice and improve their culinary skills. These users are "regulars" meaning that they visit the site up to 30 times per month. "Addicts" are a third classification of user. They visit a site over 30 times per month but do not make up a significant portion of the users of recipe websites (Quantcast, 2009).

The industry is growing and attractive to many due to strong characteristics of its main demographic, which primarily consists of married, college educated, female homeowners (AllRecipes.com, 2009). AllRecipes.com is owned by Reader's Digest Association (RDA) and currently dominates the industry with 7.3 million unique users in March 2009 (Holmes, 2009). In August 2008 recipe websites as a whole received 42.9 million visitors (Ovide & Steel, 2008). Large publishing companies that also have traditional print food magazines own each the top recipe web sites and enjoy great cross-promotion opportunities between mediums.

Figure 2: Industry Analysis: Porter's Five Forces
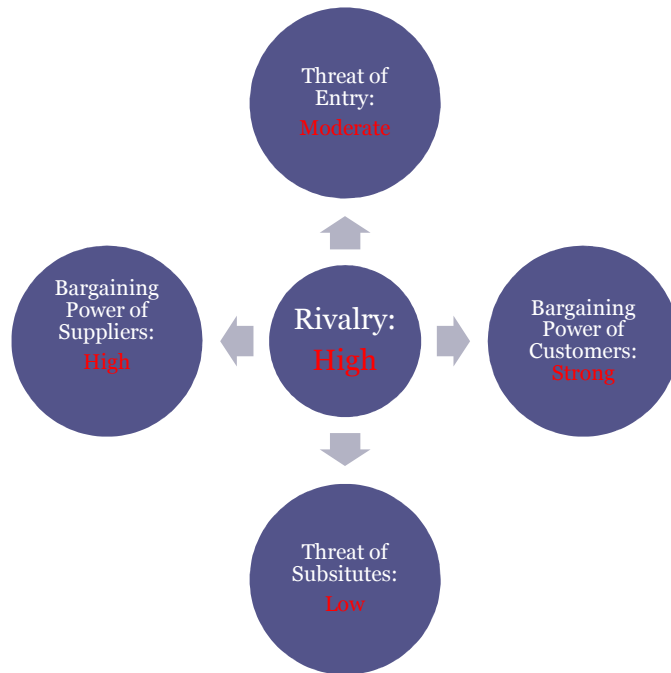
(Porter, 1979)

1.1.1   Rivalry

Rivalry in the food web site industry is high since the industry concentration is so great. In April 2009 of the 102.2 million unique visitors to food websites 43.3 million or 42% of visitors went to the top eight sites (Quantcast, 2009). The total audience is 43.2 million unique users meaning that on average each user's visits 2.2 recipes site per month. This further evidences that rivalry is high as users are not switching between several sites that have their needs met.

Competition is strong. There are over 300 different top recipe websites with monthly traffic ranging from over 7 million unique visitors to 10,000. As market growth is now slowing to nearly 6% from August 2007 to 2008 rivalry is increasing and sites, such as AllRecipes.com, are working hard to grow their market share (Ovide & Steel,

2008). Allrecipes.com claims 26% year over year growth in traffic from December 2007 to December 2008. This is possible since switching costs for users are very low. None of the sites charges any fee to browse recipes and only some premium features cost money. Most recipe web sites generate revenue primarily from online advertising.

Because of the high level of rivalry, competitors are trying to differentiate themselves by offering new services. These include the ability to search multiple recipe websites, offering blogs, instant messaging, shopping lists, SMS messaging of recipes, and wine pairing suggestions for recipes, among others. Depending on each site's business model, some are trying to charge a yearly subscription fee for differentiating features. The sites that are most successful at charging for recipe features are those that offer a feature that no one else has or one that depends on a critical mass of users, such as blog posting, where bloggers are paying for exposure to a large audience.

1.1.2 Bargaining Power of Suppliers

For recipe websites with celebrity chefs as the content suppliers, their bargaining power is high. These sites act as a continuation of a chef's television show or cookbooks and give people the opportunity to have instant access to recipes and preparation video clips on line. The rise of the celebrity chef is aided by an online presence and with so many tips, tricks and products to promote the web is the ideal platform (Goldie, 2009).

For recipe websites that depend on user-generated content supplier bargaining power is only high for users collectively, individually they have very little power. Together users are the main source of traffic and recipes. The two factors directly affect advertising revenues and thus the livelihood of an ad-based revenue model site.

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1.1.3 Bargaining Power of Customers

Buyer power is strong in the online recipe industry. Sites that generate their own recipes from employed chefs mostly survive based on advertising revenue. They require traffic in order to sustain themselves and with so many choices for recipe sites online, the power is in the hands of the web site user. Most of these sites, such as the Food Network, generate their recipes for TV shows and print magazines. This helps distribute the costs of producing the recipes across several different platforms and means the web site alone is not required to cover the recipe production costs. The popularity of a chef's TV show or print articles serves as a good indication of whether his work will be successful online.

The bargaining power of customers is even greater in recipe websites that depend on user-generated recipes. These sites require network effects to grow and thus rely on a steady stream of content being submitted in order to attract users. For this reason user power is at its highest here. If there are not many users submitting recipes then reference users, which are the bulk of traffic for even the largest sites, will not find what they are looking for and will move on.

For sites that do attain a critical mass of registered users and thus content, such as AllRecipes.com, the customer power is diminished. Due to the presence of network effects users prefer to be on the same website as other users. This leads to the ability to charge customers membership features, such as blogs and chef profiles, as AllRecipes.com does.

1.1.4 Threat of Entry

The threat of entry in the online recipe website industry is moderate. While these sites are easy to create with templates available online, starting under $100 USD,

complete with recipe databases, legitimate user feedback and website popularity is difficult to achieve. Most professional chefs that have achieved some level of success, such as Jamie Oliver or Rachel Ray, already belong to an online property. Sites that require user-generated content must compete with each for users and there are many well-established recipe sites with large-user bases, which, due to network effects, attract other new users.

Most recipe websites, such as AllRecipes.com, take ownership of any recipes submitted to them by users. This means that new sites cannot copy the recipes and emphasizes the difficulty in attracting content. Furthermore, many search engines that index the internet, such as Google, have features to try to uncover duplicate content. If content stolen content is discovered the offending site is blacklisted from the search engine, meaning that it will not appear in any search listings. This is a fatal blow for any new web site attempting to attract users and content.

In sum, entry in to this industry in terms of having an online presence is not difficult. However, attracting users and providing quality recipe content and competing with so many well-established competitors is the difficult part. There are many recipe websites online but only those with sufficient high quality content will attract users and gain significant traction in the industry.

1.1.5   Threat of Substitutes

The threat of substitutes in this industry is quite low. Recipe web sites are an evolution of cookbooks. In 2009, sales of cookbooks are still slowly climbing but recipe web sites are here to stay for the near future (Miller, 2009). As the ease of browsing the web from mobile devices, such as cell phones, becomes easier recipe web site are

increasingly available to users. Web browsing is now incorporated in TV's and some household appliances, such as fridges, are equipped with browsers. Furthermore, mobile phone applications, such as those for the iPhone, are making use of online databases. The point is that once a recipe database is digital and online it can accessed from web browsers, which are increasingly prevalent, and from many other devices therefore it is unlikely recipe sites will be displaced by any other product soon.

1.2   The Company and the Concept

IncrediMeal.com is a social networking recipe website that places the emphasis on its member chefs. These users submit their own recipes to the site in order to get feedback from other members. IncrediMeal.com serves as a reference site for recipe seekers and as a platform for aspiring chefs to have an online home where they can highlight their creations. Online there are currently hundreds of thousands of recipes but because individual creativity never stops, the supply of these user-generated recipes does not either.

Although entry in to this industry is difficult, IncrediMeal.com will be successful in attracting users, recipes and reviews because it offers the unique proposition to its community of a host of social networking features, the ability to monetize one's own recipes and personalized profile URLs, all free of charge. The industry is growing and IncrediMeal.com is well positioned to take advantage of the current trends.

IncrediMeal.com is a privately held company founded and operated by Andrew Dear, an MBA student from the Segal Graduate School of Business at Simon Fraser University. Currently most online recipes are free and serve as references for casual

recipe seekers. Some sites that have a large user-base have decided to charge for what they deem to be premium services such as the ability to have a blog or a personal profile page while basic memberships, allowing users to create personal digital recipe boxes, are still free. IncrediMeal.com is returning the power to the users. All users have free access to use premium features, such as blogs and profiles, and they can even choose to monetize their own recipes. This is done by allowing users to input code linking to their personal accounts on ad networks, such as Google's AdSense, on the pages that feature their content. Specifically, each page will have at least three forms of advertising on it and if a user is responsible for a page's content, he or she is entitled to display and receive the revenues from one of the advertisements.

Once the site reaches the size where ad networks can be bypassed IncrediMeal.com will conduct business directly with advertisers. This will generate substantially more revenue and mean that IncrediMeal.com will be in charge of administering payments to its members that monetize their content. In effect, IncrediMeal.com will function as the ad network for its contributors.

The users are the key to success in a website that is dependent on user-generated content and IncrediMeal.com wants to reward them. Cooks who make the site their online home will have an online presence that they can be proud of, as it will feature their unique creations. The users will feel a sense of satisfaction and ownership over their online profile and promote them accordingly. This result is web site traffic and a win-win situation for the cook and IncrediMeal.com. With the objectives of the site and its users aligned IncrediMeal.com will be successful.

While most other recipe websites contain lengthy corporate written articles about food preparation, IncrediMeal.com will not author such works. However, users can submit their blog posting or other articles for publishing consideration. This site is intended to be based on user-generated content and not require the large levels of administrative oversight others do. The benefit of this approach is that while other sites are now looking to charge users for accounts because they cannot cover their variable costs IncrediMeal.com should always have the lowest cost structure, allowing it to survive off of advertising revenues and other means of monetization that are not sufficient to support the larger sites.

Figure 3: IncrediMeal.com, Site Design One, June 2009

1.3   The Services

The website is design to serve users in two ways. First, it will operate as a reference site for individuals who only seek to find recipes to cook for themselves. Users will find IncrediMeal.com's recipe database either through a search engine, such as Google, or by coming to the site directly and using its powerful search feature.

- The site's search engine allows users to search for recipes by:

    o   Ingredients they want to include

    o   Ingredients they do not like or cannot have and want to avoid

    o   Main ingredient in the dish

- Holiday

- Ethnicity / Cuisine

- Dish type

- Cooking method

- Special dietary considerations

  - Dairy-Free

  - Diabetic-Friendly

  - High-Fiber

  - Low-Calorie

  - Low-Carbohydrate

  - Low-Fat

  - Low-Sodium

  - Vegan

  - Vegetarian

  - Wheat/Gluten-Free

- Cook who submitted the recipe

Search results are returned based on the criteria entered by the user but also on the ratings submitting by others. Entries with higher user feedback appear earlier in the results. This allows the best recipes to be viewed most frequently while not forcing IncrediMeal.com to review all submissions.

- Casual users can also e-mail recipes they find to friends and share them on popular social media, such as FaceBook and Twitter, through a sharing button.

Figure 4: IncrediMeal.com's E-mail to a Friend Feature
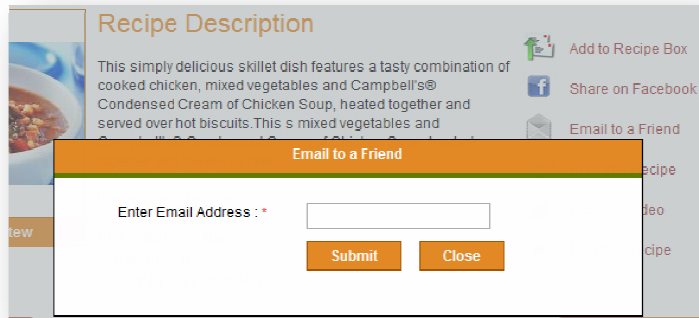
The second way guests can make use of the site is to sign up for a free membership. Registered users will have access to a significant number of features. These include:

- A unique URL to their profile (http:///www.IncrediMeal.com/UserName)

- Ability to post, rate and review recipes

- Ability to create, rate and review menus composed of any recipes on IncrediMeal.com

- Convert recipes between imperial and metric units

- Adjust required ingredient amounts based on number of servings necessary

- Ability to suggest a wine or beverage pairing for all recipes and menus

- A personal online recipe box that stores the user's favourites in their control panel

- A "Cooks I Like" feature to keep track of other contributor's newly published material

- Ability to upload and share cooking videos or link to cooking videos on other sites, such as YouTube.

- Recipes contests with prizes of reputation points and cash[1]

- Ability to submit blog posting or articles for consideration to be published on the site[2]

- Ability to monetize the user's own profile and recipes by allowing some of the advertising on these pages to be posted by the user.

1.4 Entry and Growth Strategy

IncrediMeal.com's entry strategy is that upon launch it will have an initial database of 10,000 copyright-free recipes from various categories to serve as a reference. These recipes will become available online over the site's initial few months in order to make the impression to search engines that the site is growing and has new content. Users seeking recipes will find IncrediMeal.com through search engines, social media and various other marketing efforts. When exposed to its vast array of free features, including the ability to make advertising revenues from one's own recipes, users will begin to post recipes, menus and journal their cooking experiences in their blogs. IncrediMeal.com will

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[1] Cash prizes will only become available after the site has recouped its initial development costs.
[2] Users whose articles are published will also receive reputation points as a reward

serve as their recipe home online due to its powerful features and users will feel compelled to promote their profiles and, in turn, the site as a whole.

IncrediMeal.com will initially use Google's AdSense advertising network to display advertisements. As traffic and content grows, IncrediMeal.com will seek better advertising rates from other networks. Such networks exist but most have minimum qualifications that upon launching IncrediMeal.com will not yet meet. These premium networks are outlined later in the business plan and the primary roadblock to using them currently is minimum traffic requirements. These high-end networks will generate more revenue and allow the site to continue to grow. Eventually the networks will be bypassed entirely and IncrediMeal.com will interact with advertisers directly.

2: Market Research and Analysis

2.1   Customers

AllRecipes.com and Epicurious.com are two leading recipe sites that publish their demographics for potential advertisers. These two sites serve as good demographic comparables for IncrediMeal.com as they each have many social networking features. They also allow the greatest access to their content though a website, a mobile web site and an iPhone application meaning that their demographics should be the most representative of those looking for recipe related content. The demographics of their traffic are as follows:

Table 1: Competitors' Traffic

AllRecipes.com	Epicurious.com
22% Male / 78% Female	22% Male / 78% Female
74% Married	Median Age: 46
64% 25-54 years old >> **42 Median Age**	Ages 25-54: 65%
$73K Median house-hold income (HHI)	Mean HHI: $102,301
81% Attended college	
84% Own a Home	
(AllRecipes.com, 2009)	(Epicurious, 2009)

In 2004, the median household income in the US was $44,389 while the mean household income was $60,528 (US Census Bureau, 2005) and (US Census Bureau, 2005). In comparison to AllRecipes.com's $73,000 median HHI and Epicurious.com's $102,301 mean HHI it is evident that this is a relatively affluent demographic. A financially advantaged audience has more disposable income to spend than the average person has and is therefore attractive to advertisers who have products to sell these users. The high numbers of educated and working females that AllRecipes.com states visit its site further supports this.

Women specifically are an attractive internet audience because they use the internet more than men do and 66.1% claim that their lives would be adversely affected if they did not have internet access for a week. Forty-three percent say the disruption would be significant (Burst Media, 2007).

Eighty percent of women are online during most parts of the day, with the early morning time (midnight to seven am) being the slowest. However, 53% of women 65 and older report being online before seven am. These women are most likely retired and have enough time research recipes online. In the morning (seven am to noon) and afternoon (noon to four pm), 40% women are typically online for work purposes but 33% are online for personal use. In late afternoon (four pm to seven pm) 52% of women are online for personal use and in the late evening (seven pm to midnight) 71% of women are online for personal use (Burst Media, 2007). As searching online for recipes and social networking is considered personal use these number demonstrate that it is favourable to address women's needs with website content. Additionally, 66.3% of women so they are home first each day to use the computer and 54.5% say they use the internet to research

products they plan to purchase (Burst Media, 2007). With such great use of the internet for personal reasons and the female tendency to use it to inform product choices it is logical to target these users. Advertisers know that this market segment has disposable income and relies heavily on the internet and they therefore will spend the advertising dollars necessary to influence its purchasing habits. With adequate traffic, recipe web sites can bypass online ad networks and work directly with advertisers in order to earn greater revenues. Other monetization options are also available due to a high level of disposable income.

All of the top ".com" recipe sites are overwhelming visited by US users[3], with 80 to 90% of users coming from the US. California, New York, Texas and Florida are the states that most users come from. These states are not the wealthiest ones but they do have the largest populations (US Census Bureau, 2008).

2.2   Market Share and Trends

In August 2008, US based food web sites received 42.9 million unique visits. This is an increase of 6% from the previous year (Ovide & Steel, 2008). The sites with the most community interaction are growing at the fastest pace, instead of those that specialize in high-end gourmet creations (Holmes, 2009). For example, AllRecipes.com, a general-purpose recipe social network site is experiencing 26% year over year growth while the gourmet recipe site Epicurious.com is losing traffic (AllRecipes.com, 2009). Users appreciate the ability to hear feedback from others about individual recipes, including

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[3] Based on geographic information available from Quantcast.com for MyRecipes.com and FoodandWine.com

ingredient substitutions and mishaps and reading blogs of general cooking successes and failures.

With the current economic downturn recipe web site users are increasingly turning to sites that feature budget friendly content. AllRecipes.com and many other sites have section specifically inexpensive recipes and over the past year, Epicurious.com, which is a web site for culinary connoisseurs, has seen its traffic fall by nearly 1 million unique visitors in March 2009 (Holmes, 2009). Consumers are looking for more value in their food dollars.

While there are hundreds of thousands of user-generated recipes online on various sites, users continually submit their own creations for feedback from others. This trend has prompted two responses in the industry among recipe websites based on user-generated content. First, some sites, such as AllRecipes.com have made the process of submitting a recipe more tedious by insisting users check first if the recipe is a duplication of a record that already exists of very similar. It seeks to maintain database with only the highest quality of recipes. Its database currently has over 40,000 recipes that it has reviewed and will license for sale. The second approach is to let users continually submit their creations and let public ratings decide which are most popular. RecipeZaar.com employs this strategy and its database contains over 360,000 recipes. IncrediMeal.com uses the latter strategy and allows the public to decide which recipes are the best.

Men and women in their 20s are equally likely to join social networking sites but women are more active on them (Hoffman, 2008). Men in their 30s are significantly less likely to join social networking sites and so the future of social networking will be geared

towards women. Hoffman (2008) claims that men's attention online is more divided than that of women between video games, gambling and other sites. This trend further supports the creation of recipe social networking sites as their primary audience is female.

2.3   Competition and Competitive Edges

Table 2: Recipe Web Site Competitors

Site Name	March 2009 Unique Visitors (in millions)
AllRecipes.com	7.3
FoodNetwork.com	7.2
Recipezaar.com	3.3
MyRecipes.com	2.9
Epicurious.com	1.2
	(comScore Data, March 2009) in (Holmes, 2009)

2.3.1   AllRecipes.com

One of AllRecipes.com's competitive edges is that it has the most users (10 million per month on average) and when websites are based on user-generated content,

the benefits of the associated network effects are substantial (AllRecipes.com, 2009).

With more users submitting, commenting and rating recipes, it has over 40,000 staff

reviewed recipes and over 200,000 user-generated ones. The bargaining power of

suppliers, or those who submit recipes, is low because AllRecipes.com has so many users

it is a likely place to receive substantial feedback from many other users about a

submission.

Having staff review recipes user submissions is another competitive edge of the

site. This procedure is a way of ensuring that the recipes featured on the site are of the

highest quality. Recipes not reviewed by staff are still present on the site but are

displayed after those that have been verified. The reviewing process re-categorizes each

recipe, if necessary and ensures the directions are accurate. This feature of

AllRecipes.com strikes a balance between sites with purely user-generated recipes and

others that do not allow submission, relying on professional chefs. As a result, its

database is strong and it licenses its collections large food retailers, such as Safeway, and

others who are interested in recipe databases. When users submit recipes to

AllRecipes.com they immediately become the property of the site. This additional

method of monetization allows the site to support its large staff. Again, due to its user-

base, volume, and quality of its content AllRecipes.com is not likely to be displaced by a

new entrant in to the market. Creating a competing recipe website is not difficult but

attracting users and content is (Goldie, 2009).

Due to its leadership position in the industry, AllRecipes.com is able to bypass

using ad networks and engage directly with advertisers. It claims that 50% of its users

visit the grocery store within 48 hours of visiting the site. This trend is attractive to

advertisers who aim to create brand loyalty through the site (AllRecipes.com, 2009). It charges $6 to $30 to show an advertisement 1000 times to its users and advertisements in e-mail newsletter cost $5000 to $10,000. Custom advertising options are available also with a minimum price of $50,000 (AllRecipes.com, 2009).

Now that RDA has purchased the site, advertisers are able to connect with users across all its sites, such as Every Day with Rachael Ray and Taste of Home. These linkages between online-properties have created strong synergistic cross-promotion effects and accordingly, AllRecipes.com has a well-established and defensible position in the recipe website industry.

The site has a feature called AllRecipes local where its site determines which country you are accessing it from and redirects you a version of its site designed specifically for your country, if available. These versions feature recipes of the day and cooks of the week from contributors local to you. Holidays articles appear at the right time of year and holiday recipes appear from nearby contributors first, ensuring that they reflect local tastes. This powerful feature customizes the site for the user and is currently available for the countries of United States, Canada, United Kingdom & Ireland , Australia & New Zealand, Germany and France. The feature serves two purposes. First, it aids in social networking by allowing user to connect with others close to them. Second, it serves to defend the site's leadership position in particular markets and gain rank in others. Search engines, such as Google, prioritize search results by many variables, including server location. AllRecipes local allows the site to compete better in countries outside the US, where it is based.

The site offers a supporting membership for $22.95 per year. With it, users can create blogs, edit recipes saved to their recipe box and create custom printing options for recipes. It is able to charge for such features because bargaining power of customers is lower here than with other recipe websites due to volume of recipes and reviews by other users.

While sales of cookbooks are still growing, they will not serve as a substitute for AllRecipes.com. Internet access is available on my devices than ever before and the site has kept up to date with a mobile version of its site and an iPhone application. It is ensuring that its quality database is accessible through whichever mediums the public deems necessary.

2.3.2   FoodNetwork.com

This site is the online counterpart to the FoodNetwork television station that is available across North America. It has many of the same features of other recipe sites, such as an online recipe box. It is primarily differentiated by the source of its recipes being well-known chefs who have TV shows on its network. Users still rate the recipes and give feedback but only on recipes by cooking stars, such as Paula Deen. Users can see which TV episode each recipe comes from and often watch clips of the show for additional insight on how to prepare the dish. This site focuses more on the quality of the recipes than the quantity. It also features an online store to purchase FoodNetwork merchandise and hundreds of articles on topics such as healthy cooking and preparing meals on a tight budget. It serves to promote the network's TV shows, other websites and print magazines.

Although rivalry is high in the recipe website industry, this site is very safe. Its cast of cooking starts ensures that it will always have strong position against sites with user-generated content. Its celebrity chef recipe suppliers are happy to have their creations and expertise featured online. Regardless, the FoodNetwork owns the content and so the bargaining power of suppliers is low. The bargaining power of customers is very low because only this site has the celebrity chefs that are well known. These are the chefs that the public is inundated with images of through all forms of media and so it is only natural that they want to try their expert creations. The threat of entry in to this market is very low since it would be very difficult for any other website to amass recipes of so many celebrity chefs. Furthermore, most celebrity chefs, if not part of the FoodNetwork, already have their own online properties, such as Wolfgang Puck. Like the other sites, the threat of substitutes is virtually zero. The FoodNetwork already owns a version of most mediums that recipes can be delivered through, such as cookbooks and print magazines.

2.3.3   RecipeZaar.com

Users can browse a collection of over 370,000 user submitted recipes entirely free. The site offers most features of social networking sites, including forums and a friends list. There is no chat option. User can rate recipes, submit menus, and write reviews. By upgrading to a premium membership for $24.95 per year members can create and share online cookbooks from the recipe database to better organize their favourites. In addition, the premium membership is free of advertising. RecipeZaar.com is a true recipe social networking site as the emphasis is placed on the user. There is very little content created by site copywriters. For formal content users are directed to partner sites.

Its forums have thousands of posts about all food and drink topics. Guests must register to use most features, including e-mailing a recipe to a friend, other than viewing a recipe. Scripps Network owns the site, which also owns the Food Network and Home and Garden Television (HGTV).

RecipeZaar.com is the Scripps Network's online property to fulfil the social networking needs of recipe enthusiasts whereas its FoodNetwork.com satisfies the needs of those looking for professionally created recipes. RecipeZaar is more like to be displaced by a competitor than is the FoodNetwork because it relies mostly on its users for content. That being said it has been around for years and has thousands of members so it is well positioned to continue taking advantage of the trend towards social networking in recipe sites.

Its user have little power individually because they have posted their recipes online and formed relationships online with other members that could not easily be duplicated outside of the site. The bargaining power of users who visit less than once a month, known as passer-bys, is high. Only 23% of its users are regulars visiting more than once a month while 77% only visit once a month (Quantcast.com, 2009). In order to continue earning significant advertising revenue the site must keep all of these users, as they are unlikely to buy premium memberships because they visit the site infrequently.

The threat of entry for RecipeZaar.com is moderate. Its primary advantage is the size of its user-base and its user-reviewed collection of over 370,000 recipes. Staff does not review its recipes and there are large recipe databases are available for sale online, complete with pictures, and so the collection alone is not a significant advantage. The site could experience a drop in traffic if a competitor provided an interface that was easier to

use or if users wanted to highlight their works on a site that was not already saturated with recipes. While the trend in food sites is towards more social networking features it is also important to understand that many people are members of multiple social networking sites and therefore topic specific sites, such as recipes, should include relevant features but not overwhelm users. Individuals have a finite amount of time to spend on different sites and they have many options. If a site seems too complicated, they will simply move on. The difficulty with recipe web sites getting registered frequent users than it is user getting pass-by users (Goldie, 2009). RecipeZaar.com's huge database of recipes is what will draw users in through search and its site design and features is responsible for getting them to register.

2.3.4   MyRecipes.com

This site features over 33,000 recipes. and is free to use (MyRecipes.com, 2009). With membership, users can store favourite recipes and comment and rate recipes. It also a large collection of menus and party food plans for enjoying different occasions. MyRecipes.com does not allow users to submit new recipes. It has an extensive collection of articles on a wide-range of issues related to food, including grilling techniques and healthy living. It also has a wine guide. Southern Living Inc. owns the site, which also owns several other food related websites, such as the health and fitness food site CookingLight.com, and several in-print publications. This site primarily aims to provide users with content and to advertise subscriptions for its magazines.

The bargaining power of suppliers is not an issue for the site because it supplies its own recipes. Bargaining power of customers is relevant though because as users move towards social networking food sites this one will lose traffic. The only social networking

features of this site are the abilities to rate and review recipes. The site's primary

advantage is that it has quality content derived from its in-print publications. Given that

the trend it towards social networking recipe sites and MyRecipes.com's primary

audience, women, are joining these sites at a greater rate than men it is likely this site's

traffic will decrease in the future. Thus far, its traffic has continued to grow each month

marginally but this is likely due to an overall increase in people searching for recipes

online, especially due to the current economic recession in North America (Quantcast,

2009).

The threat of entry for MyRecipes.com is low. The online and in-print food and

recipe industry that it exists in is already quite saturated. Its parent company, Time Inc.,

is well established in this industry and will not likely be displaced by a new competitor.

Since Time Inc. owns a variety of food publications and content, the only substitute it

could be threatened by would be social networking recipe sites. In order to render

MyRecipes.com the shift towards social networking recipes sites would need to be

extreme since currently most recipe seekers are non-registered members who visit once

per month.

2.3.5   Epicurious.com

This site markets itself as a high-end recipe web site with members who have a

distinguished pallet. As with the other sites users can rate, review and submit their

recipes. However, the site is partnered with in-print publications, such as Gourmet

magazine, and features their content before that of members. Users can specifically

choose to only search user-submitted recipes if they want. All recipes can be printed and

saved into a personal recipe box. Wine and food dictionaries are also available. The site

has several social networking features such as forums, chat and member groups all free of charge. It is owned by Condé Nast, which also owns several other websites such as GQ.com and Brides.com, and many in-print publications that are advertised extensively throughout Epicruous.com.

Rivalry is very high for Epicurious.com. Although it has a full user community and professionally written guides and recipes, it is currently losing traffic to other sites, such as AllRecipes.com. A likely reason is that the site's primary audience is from the US and during the current recession users are more price sensitive and are looking for cost-effective recipes, over high-end dishes. This trend may be short-lived if the economic situation in the US improves. Regardless, Epicurious.com exclusively occupies the high-end recipe social networking and professional recipe niche. Its users have the highest household income of any recipe site and therefore it remains a valuable medium for advertisers to market luxury items (Quantcast, 2009). For this reason, the bargaining power of customers, those being individuals who do not submit recipes, is high. This power will continue to increase if the site's traffic continues to decrease.

The bargaining power of suppliers is non-existent for professional content since the site is partnered with print publications. The bargaining power of its recipe submitting users is low because individually they have little influence. Furthermore, the site has a strong database of professional recipes that it could rely on should its users ever stop submitting entries.

Since it is a niche website, the threat of entry is low. The site is well insulated from competition as it has a large user based, a quality collection of professional recipes from its print publications and a large database of user-generated recipes.

2.4 Ongoing Market Evaluation

In the short term, given the current state of the economy, recipe website use will continually climb but not for those that attract the most affluent demographics. In the long term growth will continue but at a slower rate. Since most recipe web sites have tens of thousands of entries and RecipZaar.com has over 370,000 more emphasis will be placed on the recipe contributor. With such an abundance of content recipe seekers want to ensure they are using their time most effectively and only retrieving the best recipes. AllRecipes.com understands this trend and therefore seeks quality over quantity in terms of its recipes. FoodNetwork.com and others see the trend and take a different approach by only allowing celebrity TV chefs to post recipes. In the future, recipe websites that place more emphasis on the contributing chef will achieve the greatest amount of growth and the trend towards increased interaction between amateur chefs in online communities will continue. Mature sites, such as AllRecipes.com and Epicurious.com, have already added a significant number of social networking sites and will continually redesign their sites around its users, while striking a balance to still attract non-members that visit once per month.

3: The Economics of the Business

3.1   Income Streams

Revenue for IncrediMeal.com will primarily come from advertising. Advertising networks facilitate the process of connecting publishers and advertisers. These networks help advertisers design their campaigns and collect the money. They have member websites that publish the advertisements. In most cases, advertisers have the right to state what type of site they want their ads to be shown on and publishers have the right to say what type of ads they want to display. These networks help the advertisers by not forcing them to engage directly with multiple webmasters and allow publishers with small to medium sized sites the ability to generate advertising revenue while not being sufficient in size to engage directly with the advertiser. Once a site is of sufficient size to engage directly with the advertiser they do so in order to capture the margin that the network typically takes. There is no set criterion that determines this size but it is up to webmasters to have a firm grasp of the demographics of their traffic and target potential advertisers that need access to these groups.

Many advertising networks, such as CasaleMedia.com, openly state how much of the advertising revenues are passed on to the webmaster and some are as high as 75%. Other networks however, such as Google's AdSense, do not disclose the percentage of revenue being passed on to the publisher. It is able to do this and remain the number one advertising network because smaller or new sites do not have many alternatives and it is has a large inventory of advertisements. Smaller ad networks can easily run out of ads to

show because they do not have enough inventories. The result is that users run it to the same ads on each page of the site they are on and thus the webmaster is not being paid for an additional impression. Therefore it is important for publishers to use a network with sufficient number of advertisers. Even if the payment rate is lower it still may make more sense to use the network if it has enough inventories to show different ads on each page to all a site's users.

Most internet advertising rates for publishers are calculated based cost per thousand impressions (CPM). This rate means for every thousand times an advertisement is seen by a unique user the publisher will be paid the stated amount. Google's AdSense network uses eCPM as its measure, where the e means "effective". eCPM is a compound figure comprised also of the click-through rate (CTR). CTR is the percentage of people that click on an after seeing it. Google's Adsense eCPM is a dynamic number based on CTR, the total number of visitors to the site, the demographics and psychographics of these users, the site's content, ad location, color and size and other factors that Google does not disclose. As a result it is common for one's eCPM to change frequently, even daily.

AdSense and many other networks specifically state in their terms of service that eCPM rates are not allowed to be disclosed. For the networks do not prohibit such action it is still difficult to predict the rate a site will get because there are so many factors that make it up. Different sites attract different groups of people and advertisers will pay different rates accordingly. For example, a website based on a popular children's cartoon will only attract kids. This group does not have a significant amount of disposable income so advertisers will pay lower rates to appear on these sites. In contrast, a business

to business website that facilitates interaction between engineering companies will have significantly higher eCPM rates because the site content is specialized to a group of businesses that likely have a lot of disposable income. Below is a review of the features of three major advertising networks.

Google AdSense is a contextual ad networking, meaning that the ads it shows a user are dependent upon the search words they have entered, the location they are accessing the site from and their personal profile. The intended result is a higher CTR because users are more likely to find the ads presented to them appealing and relevant. AdSense supports international publishers and pays users for ads placed in content, RSS feeds, and mobile web sites and for searches through eCPM. It pays publishers monthly for the previously month once they pass through earnings threshold of $100 USD. For ad customization AdSense only allows minor color and border changes to the ads its publishers display. Ad networks in general are quite sensitive about the degree of customization they allow for ads because they do not want to encourage deceptive tactics to get impressions or click-throughs. AdSense wants to ensure advertisers see a good return for their investment in order to remain the leading network and attract new customers.

The AdSense reporting system for publishers is clear. Users can view revenue generated over different time periods and can create separate channels for each ad placement. This allows users to track where ads are most effective through experimentation. While internet forum and blog gossip complains that AdSense eCPM rates have fallen significantly and there is continued angst about the network not publishing the percentage it passes on to publishers it is still regarded as the best ad

network (DollarShower.com, 2009). It has sufficient advertising revenue and does not require publishers to have a minimum amount of traffic before using the service.

Casale Media is a Canadian based advertising network company. Its ads are non-contextual meaning that it does not customize the ads it displays based on the individual user but does so to the site's content. It works on a CPM system. It also supports international sites but is limited to web page advertising and does not offer mobile or RSS feed advertising options.

The payment threshold is $25 for Casale Media and it is paid monthly either by cheque or through PayPal. It pays 70% of the rates it charges advertisers to publishers (CasaleMedia.com, 2009). The advertisements are more customizable here than with AdSense and publishers can the ads and campaigns individually that they want to display. Casale Media offers free technical support and allows publishers to select minimum CPMs for sites. It displays ads to over 200 million unique users per month, is used on over 3,000 sites and as top competitor in the advertising network industry has sufficient revenue to ensure each ad impression generates revenue (CasaleMedia.com, 2009). In order to qualify for the network publishers must have over 10,000 unique visitors per month and meet several qualitative content standards. Due to these restrictions Casale Media is a network that is used when a site becomes more mature. Lastly, it has a referral program whereby if a publisher recommends another publisher and that site is accept then the referee receives 5% of the revenues from the referred site.

Tribal Fusion is another leading at network that works on a CPM basis. It is not contextual but its ads are based on the site's content. While it does support international publishers it does not offer RSS or mobile advertising. Publishers are paid monthly when

they reach the $50 payment threshold. Its ad appearance is highly customizable as users have control over several of the colors and how to videos guide users through this process.

Like Casale Media this network offers publishers significant control over the ads campaigns displayed and the minimum rates. To qualify for this network publishers must have over 5,000 unique visitors per day, regularly updated content and an active user base (TribalFusion.com, 2009). Tribal Fusion does not state the percentage of revenues that is passed on to publishers.

3.2   Months to Breakeven

IncrediMeal.com will breakeven in December 2009, five months after its launch. In February 2010 when the site upgrades from a virtual private server a dedicated server and its monthly hosting costs rise from $39.99 USD per month to $199.99 per month it will experience a $35 loss. Profitability will return in March 2010. These figures are based on a $0.50 eCPM on the AdSense network and fixed monthly costs averaging $412 in the first year. Accordingly it takes 824,000 ad impressions to cover these costs. For greater details see the Breakeven Analysis section 10.6

3.3   Months to Reach Positive Cash Flow

With $4000 in initial capital invested IncrediMeal.com will always have a positive cash balance but will experience a negative cash flow in months two through four, September to November. Positive cash flow will return in December 2009.

Figure 5: Pro Forma Cash Flow Statement

Pro Forma Cash Flow Statement IncrediMeal.com Beginning August 2009					
Cash Received	Aug	Sep	Oct	Nov	Dec
Cash from Operations					
Cash Sales	$20	$38	$75	$100	$250
Subtotal Cash from Operations	$20	$38	$75	$100	$250
Expenditures					
Expenditures from Operations					
Bill Payments	$8	$237	$237	$237	$237
Subtotal Spent on Operations	$8	$237	$237	$237	$237
Subtotal Cash Spent	$8	$237	$237	$237	$237
Net Cash Flow	$12	-$200	-$162	-$137	$13
Cash Balance	$522	$323	$161	$24	$37

4: Marketing Plan

4.1 Overall Marketing Strategy

The marketing strategy for IncrediMeal.com is gain traction in the minds of cooking enthusiasts who wish to share and receive feedback on their unique creations online. The site's marketing efforts will convey to amateur and aspiring professional chef's that IncrediMeal.com will give them the most control over their online presence of any recipe website. As IncrediMeal.com is a lean start-up most efforts will be done online and have minimal expense. The company's founder, Andrew Dear, will be the driving force behind these efforts. Significant investments in marketing will only be made once the site begins to produce revenue. Advertising revenue from the site's initial database of 10,000 recipes will provide content necessary to generate initial advertisement revenue. Personal networks and free advertising mediums, such as FaceBook, Twitter and link-exchange programs will be leveraged in order to generate traffic.

There are many food social networking sites and while many receive significant traffic the hard part is converting these reference users in to registered regular contributing members (Goldie, 2009). IncrediMeal.com aims to overcome this hurdle by offering features, such as unique profile URLs that other sites provide at a price for free. The IncrediMeal.com developer reviewed all of its distinguishing free features and concluded they are feasible with its current development budget. Leading sites opt to charge for some features because they have a large user-base that benefit from network

effects and they also have large administrative and staff expenses to cover. IncrediMeal is minimizing these costs wherever it can.

4.2 Sales Tactics

The primary differentiating factor between IncrediMeal.com and all other recipe web sites is the focus on the user. Contributors will be able to create an extensive personal profile and portfolio of recipes. They can also choose to monetize their recipes. Features such as a unique and comprehensible URL for each members profile page will allow users to feel part of the IncrediMeal.com community. The site will also encourage users to upload as much video as possible so other users can see their techniques in action. Given the monetization option it is more likely that users will choose to upload their videos to IncrediMeal.com than other sites because users will have a financial incentive for creating the videos. Aspiring professional chefs and cooking enthusiasts will be attracted to the site for these reasons. They will promote their recipes and the site as a whole. These features will be well publicized and will serve as the reason why users will join the site and leave the competition. Users will discover these services while they are browsing the sites first 10,000 recipes when they are looking for meal ideas.

4.3 Promotion and Advertising

4.3.1 Social Media

IncrediMeal.com must establish presence on social media. This type of site is among the most popular on the internet and on average users are spending more time on social networking sites than ever before (Nielson News, 2009). FaceBook and Twitter

will be used extensively as they are the two most popular social networking sites. YouTube will be used to post cooking videos and serve as a conduit to IncrediMeal.com.

Twitter will be used to connect with potential users. It is a micro-blogging utility that allows users to publicize information of a max of 140 characters, including URL links, to any other users who subscribe to their updates. Users can "follow" others meaning that they subscribe to a feed of their 140 character updates. Those who publish more engaging content accordingly have more followers. Twitter experienced growth from May 2008 to 2009 of 1,448% from 1.2 million unique visitors in May 2008 to 18.2 million unique visitors in May 2009 (Nielson News, 2009). The average user in May 2009 now spends 17 minutes and 21 seconds on the site per visit versus 6 minutes and 19 seconds in May 2008 (Nielson News, 2009). This demonstrates although Twitter user growth has slowed to 7% per month in 2009 its reach is still increasing as users are spending more time online getting information from Twitter. Currently IncrediMeal.com's Twitter account (IncrediMealcom) is following 359 food related "tweeters" is being followed by 163 users. Twitter is an ideal method of gathering information about other recipe web sites and updating others about site updates and news about IncrediMeal.com.

Specifically Twitter will be used to establish the IncrediMeal.com name brand with users interested in user-generated online recipes by tweeting about relevant news in the field. In general Twitter users are likely to be more technologically competent than the average person and thus important to target as potential recipe submitting users for IncrediMeal.com.

A current concern with Twitter is that as of April 2008 60% of Twitter users fail to return the following month (Nielson Wire, 2009). This low retention rate must be taken in to account. IncrediMealcom will strive to make contact with potential visitors to its site quickly since 60% of them will not be present the following month. The ideal way to find users interested in recipes is to use the search function. It can present a list of all Twitter users currently micro-blogging about recipes and many of these "tweets" are recipe requests. Initially, Andrew Dear will make a point of directing inquiring Twitter users to recipes relevant to their request. This will be done through an "@reply". This type of response is a message that is publicly viewable to all IncrediMealcom follows but the requesting user will receive special notification of the message. It allows the user to receive the exact content they are looking for while also exposing followers to the great selection of recipes that will be initially available on IncrediMeal.com.

Since IncrediMeal.com will be run by one person initially several Twitter automation tools will be used so create the appearance of having a consistent presence on the site[4]. These include scheduling "tweets" to be sent out at regular intervals and automatically direct messaging all new followers with instruction to visit IncrediMeal.com.

In May 2009 FaceBook had over 144 million unique visitors and remains to be the largest social networking site (Nielson News, 2009). In 2009 FaceBook has seen its greatest membership growth with the 35-49 year old demographic and 50-64 year olds are signing up at double the rate of those under 18 (Rhodes, 2009). This trend shows that FaceBook is ideal to attract the average user of other recipe web sites. These individuals

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[4] One example of a Twitter automation tool is TweetLater. Details can be viewed at
   http://www.tweetlater.com/

have more time to use at their discretion than younger individuals and likely have a greater interest in the pleasure of rudimentary activities of life, such as cooking, as they are more mature.

FaceBook will be used for features like its Fan Pages. They serve inform users potential IncrediMeal.com users about its features. FaceBook users are alerted whenever a friend becomes a "fan" of a product or service. It has over 200 million users belonging to most demographics so it is likely that IncrediMeal.com's target customer will be a FaceBook user (FaceBook.com, 2009). Initially, IncrediMeal.com's founder, Andrew Dear, will leverage his personal FaceBook network in order to gain "fans" for the site on FaceBook and expose users to the concept of IncrediMeal.com. He has already received substantial interest about participating in the site from those in his network. Although his network is comprised of younger individuals than AllRecipes.com's average user, these users are spending time on FaceBook which, if they have an interest in cooking, could be spent on IncrediMeal.com

YouTube will be used extensively to host IncrediMeal.com's instructional user-generated videos. YouTube.com is a video sharing site that allows users from around the world to post and rate videos. In January 2009 100.9 million US internet users watched 6.3 billion videos on YouTube with an average length of 3.5 minutes (Ewin, 2009).

On YouTube IncrediMeal.com will have its own channel that hosts instructional videos prepared by Andrew Dear and other users of IncrediMeal.com. Users can submit video to IncrediMeal.com by either uploading it to YouTube and providing the link to embed the item on the IncrediMeal page or by uploading it directly to the site. It is preferred that users submit videos to YouTube and link them as this alleviates

IncrediMeal of the bandwith and disk space burdens of hosting video and encourages promotion of the site by having more content on YouTube. However, this adds an extra step for uploading video and since the site will rely on user-generated content all videos will be accepted. IncrediMeal will copy videos uploaded directly on to the site to YouTube in order to have more clips and promote access to its content. This process is legal since it will be stated in the Terms of Service of IncrediMeal.com that all content submitted will become the property of the website. With a strong YouTube presence IncrediMeal can source traffic from its channel page of users that want more recipe and food related videos.

IncrediMeal.com will also embed recipe videos that already exist on YouTube to its site. When YouTube users submit videos to the site they have the option to publish the code to embed their videos in other sites. By default this option is enabled. If the code is present it is legal to share the video through IncrediMeal.com. Top YouTube chefs, such as ChefTips[5], with over 65 instructional videos, all have this option enabled. These videos will provide the initial video content for IncrediMeal.com and will inspire other users to upload their own videos.

4.3.2   Search Engine Optimization and Link Building

Search engine optimization (SEO) is the practice of increasing the quantity or quality of traffic to a website by employing tactics to appear higher in organic search engine listings. Search engines offer paid search results, mostly labelled as advertisements, and organic, or unpaid, search listings. Google specifically labels all of its paid search results and they are displayed across the top of the page and down the

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[5] ChefTips YouTube Channel can be viewed at http://www.youtube.com/user/ChefTips

rightmost column, while organic results appear in the left column[6]. The earlier a site

appears in search engine listings the more likely it is that a user will find the site. SEO

primarily involves editing the sites HTML code and content in order to be viewed more

favourably when being indexed by search engines. Search engines each have their own

algorithms and weight site attributes differently but there are techniques that are

appropriate for all search engines.

There are "black-hat" SEO techniques, which are those that are frowned upon by

the search engines. They are designed either to deceive the user or the search engine.

Google and others are constantly working to uncover these techniques and ban the sites

that employ them. For this reason sites that aiming for long-term traffic growth should

not use these techniques. Google will ban sites use "black-hat" SEO by removing them

from its index. As Google.com performed 72% of all searches in the US in January 2009,

banishment can easily put a web site out of business (HitWise, 2009).

For SEO purposes, individual page titles must be accurate to the content and

clear. It is important that the titles reflect exactly the content that is on the page in order

to make it easy for the user to find what they are looking for. When a user performs a

search query, the page title will appear in bold in the organic search listings and therefore

it is vital the most relevant words to the content and the words that a user is most likely to

type in are included in the title. The title should also be short. If it is too long then Google

will not display the entire title in its search listings and users may tire of reading

excessively long titles. Additionally, each page title must be unique. Google indexes

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[6] Google's Search Engine Optimization Starter Guide clearly outlines how its paid and organic search
results are displayed. The document can be viewed at http://www.google.com/webmasters/docs/search-
engine-optimization-starter-guide.pdf

every page and on average people's search queries are getting longer, meaning that they want to get to specific content in as few clicks as possible (HitWise, 2009). Precise and unique page titles enhance the likelihood of this happening. For example, each IncrediMeal.com page title will have the name of the recipe followed by IncrediMeal.com. This will allow users to find the specific recipes they want quickly. Whereas, if each page were simply named "IncrediMeal.com – The Chef's Home Online" it would be up to the user to read the non-bold description in the search listing which is more difficult to see thus making it less likely they would click the IncrediMeal.com link.

Meta-tags are data about data. In the case of a web page, a description meta-tag is an account of the page's content that rests in the source code and is not visible to the web site user. This meta-tag must accurately describe the presented on the page. Underneath of the bold title that Google displays in its organic search listing it also displays a "snippet", which is a description of what is on the page. Either this piece of text will be derived based text from the body of the page or the meta-tag, depending on which matches the user's search query better. It is best practice to use unique, accurate and interesting description meta-tags for each page. For large sites that have thousands of pages it is important to derive a formula for creating unique description-tags. IncrediMeal.com will use a combination of the most favourable review for a recipe and its primary ingredients for its description meta-tags. The inclusion of the ingredients will inform the user while the review will entice them to click on the link.

Google offers a Content Analysis tool that will review your web site and point out duplicate page titles, meta-data and non-indexable pages[7]. This tool is very useful for webmasters to ensure their sites are properly optimized and fully indexed by the search engine.

A simple URL structure is preferable for SEO purposes. This serves not only to keep your site more organized but it also is less intimidating for users to read and thus link to. For example, http://www.incredimeal.com/recipe-id=?2929XXcat=?29304Xsubcat=?app+mex does not make any logical sense to a user but http://www.incredimeal.com/recipes/corn_tortilla_soup_appetizer is a lot easier to understand. Users may link to the item with link text itself displayed on their site and so it is important it is as descriptive as possible. In addition, when Google displays the search listing it displays the title, the description and the link beneath with the words that match the query in bold. Therefore, it is important to have as many of these words as possible in the URL in order for your search listing to stand out among others. Words are preferable over numbers and random characters. IncrediMeal.com is employing a site structure similar to the example shown above where each recipe has a unique URL that features its complete title. Incomprehensible characters in the URL are being avoided wherever possible and will only be present when users perform a search on the site.

Short URLs are also preferable. While from an organization standpoint it might be easier for a URL to read http://www.incredimeal.com/appetizers/mexican/soups/vegetarian/readyinlessthanfiveminutes/corn_tortilla_soup Google will not display this long of a URL underneath search

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[7] An overview of Google's Content Analysis Tools can be view at
  http://googlewebmastercentral.blogspot.com/2007/12/new-content-analysis-and-sitemap.html

listings and so with excessively long URLS webmasters risk the last words, and likely the most accurate and descriptive words, not being displayed and emboldened.

For SEO and user-friendliness purposes, sites should be easy to navigate. A sitemap is a separate page on a website that outlines the hierarchy of a site's page to users. This page must shows categories of pages and has up to date links. This is helpful for users if they are having trouble finding the information they are looking. An XML Sitemap is a document that is generated free with open-source code and submitted to search engines. It functions just like a sitemap but is designed for search engines to understand. It is important for search engines to understand the structure of a site to ensure it sees and therefore indexes all pages. IncrediMeal.com will have both a sitemap for users and an XML Sitemap submitted to search engines.

Webmasters must consider what would happen if users only partially enter a URL in to a browser's address bar. For example, a user might arrive at "Bob's Famous Chilli Recipe" directly from the search engine at http://www.incredimeal.com/chili/bobs_famous_chilli. Instead of using navigation to see other chilli recipes, the user may erase part of the URL and only enter http://www.incredimeal.com/chilli/, expecting to arrive at a list of chilli recipes. The site must be prepared to handle this. IncrediMeal.com will have a listing of all recipes in each category located at http://www.incredimeal.com/category/.

Lastly, the website must have useful error 404 page. This page appears if a user follows a broken link or enters an address incorrectly on a domain. The page should have at least a link back to the site's homepage and links to popular sections.

Having great content is more important for SEO purposes than any of the techniques mentioned so far. Users want text that is easy to read and properly written. Webmasters should avoid putting text in images where possible as users may want to copy and paste information. In addition, search engines cannot read text in images. Related information should be placed together and clear delineations between different sections must be present for ease of use. Website copywriters must use relevant language. They must anticipate not only what a person familiar with the topic might query in the search engine but also what novices may search. For example, a seasoned chef looking for a recipe would type in "Cornish game hen" while a new cook who had a great meal at a fine restaurant once might type "small chicken" in order to find the same recipe. When time allows IncrediMeal.com will continually reviewing its user submitted recipes in order to ensure diversity in the language used in entries to allow the maximum numbers of users to discover its recipes.

Google's AdWords is a tool to track the words users are entering in to a search engine. Carefully studying trends in Adwords allows webmasters to optimize for specific words and understand the behaviour of web users. IncrediMeal.com plans to use AdWords to track specific terms and optimize for them. For a new site in a concentrated industry, it is an uphill battle to compete with established recipe websites for terms such as "Curry Chicken". Therefore, IncrediMeal will attempt to optimize for less well-known terms "Keg Steakhouse Béarnaise Sauce" in order to receive small pockets of traffic by placing high up in organic search results. AdWords will inform the choice of which words to optimize for. The service shows users which words are being searched and it is

the responsibility of the webmaster to decide which words are strangely absent from the list and optimize for those.

Content should be unique and fresh. Given that other sites have likely optimized for the content they have it is up to webmasters to provide content that is different in order to stand out. Additionally, if content is duplicated from another site search engines will rank them lower or extreme cases blacklist them because they have simply copied another site. Accordingly, it is important to ensure that all pages on a site are unique and that if there is syndication between for example the main site and a mobile version of the site that search engines know not to index them both. Search engines can be instructed not to crawl specific pages by instruction them in a file on the web server called robots.txt. This file contains instructions on which directories to index.

Anchor text is the part of the link text that users see on the web page. For example, the link http://www.incredimeal.com/desserts/brownie_sundae would read Brownie Sundae to the user. It is important that this text is as relevant as possible to linked page because this will help the search engine better understand the content at the destination page. Webmasters should make anchor text concise and descriptive. Anchor text should be used wherever possible internal and external links because search engines can understand it. For the most part, search engines cannot decipher links in drop-down menus or complex java scripts.

It is also important to optimize images on a website. Search engines cannot read images or decipher their contents. All images on web pages have a filename and alt text, which is the text that is displayed if the image cannot be, and both can be used to optimize the image. Alt text may be used if a user is browsing the site from a text only

browser or if a visually impaired person is using a site reader. The user will still understand what the pictures are and search engines will use the text as anchor text if the image is a link. Concise and descriptive image filenames are important for optimizing for image search engines, such as Google's Image Search. Users may be looking for an image and if a site's is particularly useful, they will be more inclined to visit its homepage.

When web pages are linked together search engines see a relationship and their reputations are then intertwined. One site is effectively vouching for the other. In most cases this is not a problem but if a webmaster has a successful site it is important to protect the reputation that she has built. This is completed by creating "no follow" links. These tell search engines that a page is linking to another but they do not support the content on the link. A relevant instance is anytime there is public commenting allowed on page. For example, if a children's cartoon website allowed unlimited public commenting it would like receive spam advertisements posted. By using no follow links to such pages the children's site could having its reputation tarnished by content posted by others. A second example is if blog writer wanted to scorn another site for stealing its content. It would use a no follow link in order show its readers the offending website while not harming its reputation by being associated with the thief.

Instead of using no follow links IncrediMeal.com has a tool in its content management system that allows it to insert banned words. Anytime these words are used the comments, recipes or blog posts will not be posted immediately. They are quarantined until the site's administrator reviews them. If they are acceptable, they will be posted, otherwise if they are spam or offensive they will be discarded.

Link building is the process of creating links between websites. It is the trump card of SEO but cannot be done properly without great content. Search engines interpret a high number of links to a site as evidence that is has unique and valuable content, which equates to a higher organic ranking. There are two types of links. The first type is reciprocal and two sites each link to each other. The second is a one-way link from one site to another. One way links are worth more in the eyes of a search as it is evident, they were not created through a mutual exchange.

Widgets are another means of link building. For web sites widgets are parts of the graphical user interface (GUI) that can be copied and placed on to other sites. On each IncrediMeal.com recipe there is a link below the recipe picture titled "Add to my Website". This link creates a pop-up window that generates code for users or recipe publishers to copy the recipe and its primary picture on to their web site, including blogs. The result is an inbound link to IncrediMeal.com and users are able to share their favourite recipes or submissions with visitors from their own sites.

*Figure 6: IncrediMeal.com Widget Option - "Add to my Website"*
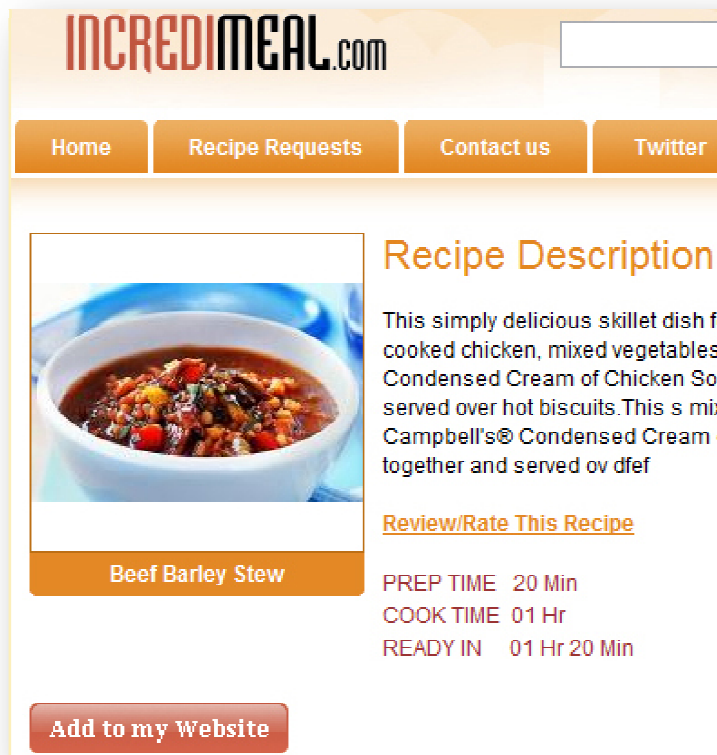
Inbound links will also be created by submitting IncrediMeal.com to online food related directories and sites that search multiple sources for recipes. Examples include Food.com which sources its content from many major recipe sites such as Epicurious.com and RecipeZaar.com. Food.com does not openly welcome the addition of new recipe databases being added but RecipeBridge.com serves the same function, with the exception of the ability to save recipes to an online recipe box, and invites new sites to be submitted to its database. RecipeBridge.com could be a great source of inbound links and traffic.

Since new social networking sites and link sharing techniques are appearing each day it is very difficult to keep informed of which smaller sites IncrediMeal.com should

have a presence on but for link building purposes it is vital to make sharing

IncrediMeal.com content as easy as possible. In order to deal with this phenomenon a

ShareThis button will be placed on each recipe of IncrediMeal.com. This button is a

service provided by ShareThis.com that allows users to share pages with friends via e-

mail, instant messenger, SMS message and all the latest and most popular social

networking sites. This button relieves IncrediMeal.com of the responsibility of staying on

top of all the latest social networking sites, such as StumbleUpon.com and Reddit.com.

It is anticipated that users will also use this feature to send themselves text messages of

recipe URLs in order to have them available for use as a shopping list when in the

grocery store.

Figure 7: ShareThis.com Button
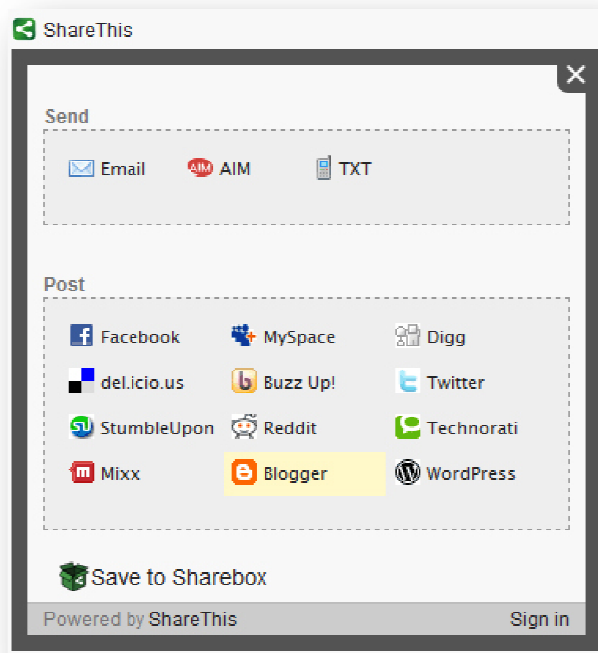
(Robbings, 2009)

There is a plethora of link building techniques and suggestions for content to create that is most often linked to, such as top ten lists. However, since IncrediMeal.com will be operated by one person it will rely on techniques, such as those mentioned, where the responsibility of link sharing falls on users.

4.3.3   Newspapers

Since a large component of IncrediMeal.com's appeal will be its user community it is important to engage geographically focused marketing efforts. On the site users will optionally post the city they are located in. Often users like to interact with other members who are local to them. In order to encourage geographically concentrated user uptake of the site article's about IncrediMeal.com and its founder will be submitted to contacts at the Vancouver Sun newspaper, the Georgia Straight newspaper and the Richmond News newspaper. Founder Andrew Dear, has employed this technique before and has successfully had an article published about another business. There are a wide range of possible angles to write the article from. For example it could be framed as a new venture by an SFU MBA student in response to the current economic downtown while job prospects are low or as an example of an applied final project by an upcoming graduate of the SFU MBA program. The benefits are that any work published is essentially free advertising and that it appears to come from a third party, the newspaper, which is an unbiased and credible source in the minds of readers. Specifically the Richmond News in the past has published several reader written articles on local businesses as it is often short of content.

4.3.4 Advertising

With the current web hosting package that IncrediMeal.com has it has advertisement credits for FaceBook and Google, each for $100. Both services track the amount of traffic its advertisements produce. FaceBook is especially attractive as it allows the advertiser to target specific geographic regions, sexes and ages (Facebook, 2009). These results will be tracked and used to inform future advertising decision when IncrediMeal.com has sufficient revenues to pay for more advertising.

4.4 Analytics – Tracking the Success of Marketing Efforts

In order track which marketing efforts are most successful Google Analytics will be used. Unique code generated by Google is installed on each page in order to give insight in to how the site is used. The free service tracks where users are coming from, both geographically and from previous sites. Traffic can be segmented in order for different group's usage patterns to emerge, including how people navigate and search the site. There are many metrics available and a customized view of those most relevant to IncrediMeal.com can be created. It also shows the site's performance versus industry averages.

Google Analytics also integrates with its AdWords service. It tracks the return on investment for each AdWord purchase, allowing the site administrator to see where advertising dollars are best spent. For example, it is likely that larger sites will have bid on common AdWords such as "Curry Chicken" to the point that IncrediMeal.com cannot compete. However, less common AdWords such as "Keg Steakhouse Escargot" are less likely to be bid on and therefore should produce a better ROI for IncrediMeal.com. The AdWords feature in Google Analytics will prove whether these assumptions are true.

The ShareThis button also provides analytics about how users are sharing content. It is useful to see which means are most popular in order to reorganize the menu to make these avenues most accessible. For example, if a majority of users are sharing IncrediMeal.com recipes over SMS messages then the ShareThis button menu could be re-arranged to have the SMS option appear first in the list. Also it is important to understand which social networking sites IncrediMeal.com's links are being shared on most frequently. This information allows Andrew Dear to see popularity trends in social networking sites and understand which sites he should dedicate his time to maintaining a presence on.

5: Design and Development Status

Currently IncrediMeal.com is under development. The initial programming and design team that was selected failed to complete the job on time and did not possess the necessary expertise to create all the features. A new programmer and designer, Cristian Rusu, has been selected who has significant experience in designing and coding social networking site. As of July 08, 2009 a version of IncrediMeal.com is installed on the server. The design is complete and can be seen below while feature development continues.

For three years Rusu has been developing a modular social networking platform that he customizes for different customers. It features a robust CMS which has many options that IncrediMeal.com could choose to use in the future, such as the ability to accept credit card donations and pull videos straight from YouTube in bulk. It also has features that would benefit the site immediately like a statistics package that track how many users are logged on at a time and other useful metrics. By using this modular platform IncrediMeal.com will have access to new features consistently. For example Rusu is currently working on a module for the platform that will allow live webcasts. This is a potential feature for IncrediMeal.com in the future. Since Rusu has many customers using his platform the costs for developing new modules and purchasing them are shared among many customers.

From here Andrew Dear will work closely with the programmer to adjust the site to meet his requirements. The images presented so far are of the initial and first version

of IncrediMeal.com which has been discontinued. Below is a screenshot of the latest

version of the site, created by the newly selected programmer and designer.

Figure 8: Current IncrediMeal.com Homepgage by Cristian Rusu

Figure 9: IncrediMeal Content Management System of Modular Social Networking Site Platform

5.1   Difficulties and Risks

The primary difficulty with the development of IncrediMeal.com is that the development is being outsourced to another country. This means that all communication must take place via e-mail and phone. The current Romanian developer has developed several similar sites in the past with very similar features. The most accurate example is the SoulClapp.com. It was developed on an entirely customized platform and can be administrated entirely from its robust content management system (CMS) backend.

This risk is always present that the development will not be completed for the site due to a host of potential reasons, such as communication problems between Andrew Dear and the developer. IncrediMeal.com was already in development for three months with a programming team located in India. They failed to complete the job on time and all the funds were returned to Andrew Dear. Communication was difficult with this team as English was not its first language. The new programmer, Cristian Rusu, speaks English perfectly and has a more robust portfolio.

The risk of losing money or one party in the transaction defrauding the other has been mitigated by using an outsourcing company to facilitate interaction between IncrediMeal.com and the development team. This will be discussed further in the Costs section.

5.2 Product Improvements and New Features

IncrediMeal.com is being developed with a significant number of features but additions are already being planned.

5.2.1 Dinner Party Planner

Specifications for a dinner party planning feature have been outlined. This feature would allow users to plan their dinner parties or picnics with friends on IncrediMeal.com. The event organizer is prompted to select the recipes for the dish they want to have at their event. They then enter the email addresses of the attendees who can confirm the dish they will bring or suggest an alternate. The benefits are that the organizer knows exactly who is bringing which dishes to the event and for the site many non-IncrediMeal.com members will be alerted to its services. When they choose to select

the dish the intent to bring from the list they are transported to the site and will be exposed to all the great user-generated recipes and videos it has.

5.2.2   Mobile Version of IncrediMeal.com

As mobile phone data rates are falling in North America and more smartphones are one the market individuals are increasingly accessing web sites portable devices. To take advantage of this trend, a simplified version of IncrediMeal.com will be created in order to satisfy users visiting the site on their phones. The version will only include a search function and a recipe category listing function in order to allow for easy navigation on small mobile phone screens. Only the users seeking recipes as references will be targeted through this version. Traffic to the mobile version of the site will be promoted by the "TXT" function of the ShareThis button. When used this feature sends an SMS message from the web site by a user who wants to share a recipe with someone on their mobile phone. The message that is sent includes the name of the sender, a personalized message and a link to the IncrediMeal.com recipe listing. When the link is clicked the site will automatically detect that the user is attempting to access the recipe from a mobile phone and it will direct them to the appropriate simplified version of the listing.

5.2.3   IncrediMeal.com Local

Just as AllRecipes.com has it local feature IncrediMeal.com in the feature will have a more robust way of localizing content. When registering for the site each user is required to enter his or her postal or zip code and country. From this information it is possible to prioritize local data to be presented to users. This means that a national

version of the site for each desired country will not need to be created and members will be able to find recipes and blogs post from users who are geographically close to them. This feature will allow users share information about local markets and seasonal ingredients that are unique to an area. Allowing users to connect with others who are close to them capitalizes on the trend of recipe websites growing that allow for more interaction.

5.2.4   FaceBook Connect

This technology allows FaceBook users to log IncrediMeal.com with their FaceBook account. Users are not forced to create and verify another account online and so they are more likely to enter the site and experience its member only features. FaceBook Connect allows users to publish and track their activities on IncrediMeal.com on their FaceBook profile pages. The result is IncrediMeal.com members can publish their newest recipe to friends on FaceBook and encourage feedback while all the members of their networks will be exposed to the IncrediMeal.com name. Integrating this technology means that users are logging in to IncrediMeal.com with their real names and powerful demographic data is then available to make use of for future marketing purposes. FaceBook Connect works by placing an icon underneath the typical IncrediMeal.com user login fields that allows them to bypass the typical local account process (Facebook, 2009).

5.2.5   Cookbook Printing

As IncrediMeal.com and its user base grow the site will have more quality and unique recipes. Although users will always be able to save recipes to their personal online

recipe boxes and share them via social media and e-mail there is currently no way for people to physically share them. A future feature will be the ability to create custom online cookbooks, have them professionally printed and pick them up locally.

There are two ways this feature can be used. First, users can create custom cookbooks from their favorite IncrediMeal.com recipes to give as gifts to family and friends. These cook books will be highly customizable by the purchaser. Second, Chefs who want to share their works in the form of a tangible cook book can design their own cook books online to highlight their collections. Other users can purchase these set cook books and pick them up locally after they have been printed. The cookbook feature gives aspiring professional chefs a way to distribute their cookbooks before they are able to sell in larger book stores.

Personalized and professional quality cookbooks can be created with technology available from TasteBook.com. They provide customized hard cover printed cookbooks and ship worldwide. Users create unique gifts for friends and Chefs could have static cookbooks available for purchase from their homepages on IncrediMeal.com

5.2.6   Favourite Products

From the main page, IncrediMeal.com will be able to see the site's favourite products, which are cooking related items, such as mix-masters and fondue sets. The list of products will function as links to the MetroKitchen.com. By clicking on the links users will be able to purchase these items directly MetroKitchen.com and have them shipped to their homes. IncrediMeal.com will receive a percentage of each sale. This affiliate program will be managed by CommissionJunction.com. It specializes in these programs,

tracks sales, and all commissions. The favourite products section is one more avenue for monetization of the site that will be included in the near future.

5.3 Costs

IncrediMeal.com's first site version is being developed for $1850 USD. It is being outsourced to a designer and programmer in Romania, Cristian Rusu, through the web site RentAcoder.com. This site facilitates project bidding, communication, payments and, if necessary, arbitration between programming teams and clients. Its programming teams, known as sellers, are located across the world. Due to the different levels of economic development in the world the site gives buyers from developed countries access to sellers in developing countries. The benefit is that most jobs can be completed by competent sellers for a fraction of the cost and if there are any problems with the quality of the work or scheduling RentAcoder mediate the dispute.

The site is currently set to be served by InMotion Hosting Services which is located in Marina Del Rey, California. It was chosen because it is accredited by the Better Business Bureau (BBB) with a grade of A- and is recognized by CNet.com as a Certified Service Provide with top marks. Additionally the company offers hosting solutions from shared serving with unlimited bandwith and diskspace for $8.95 USD per month, to Virtual Private Server (VPS) with an allotted amount of CPU power from $39.99 USD per month, to full dedicated server hosting necessary to run large heavy traffic sites from $199.99 USD per month. InMotion Hosting Services promises that it can shift a user between these different services very quickly. IncrediMeal.com is committed to growing its user base and traffic and InMotion Hosting offers it the chance to quickly upgrade its hosting services to meet increases in demand.

5.4   Proprietary Issues

All development work completed through RentAcoder.com is being done under the condition that upon completion all rights to the work are transferred to IncrediMeal.com. The site will not contain any links or identifying marks of the development team.

The team is responsible for providing an initial database of 10,000 recipes with pictures and some with nutritional information that are free of any copyrights. If these recipes or any others submitted by users have copyrights it is up to the person who holds the copyright to notify IncrediMeal.com. This will be explicitly stated in the "Terms of Use & Legal" page. Also each recipe has an option where users can flag the listing. These means the item will be set to inactive in the database and will not appear online until the claim has been investigated by the site administrator. Among the options for reasons to flag is for copyright violation.

Figure 10: IncrediMeal.com Recipe Flagging Function
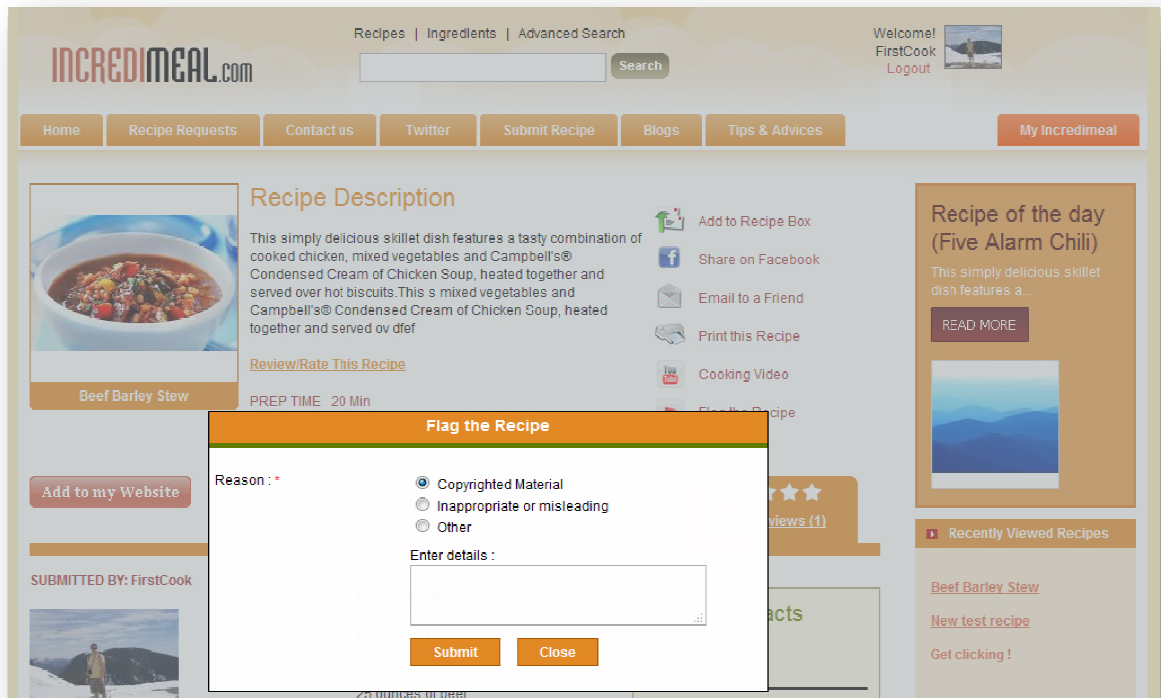
6: Operations Plan

6.1 Site Administration

IncrediMeal.com has been designed and developed to allow it be maintained with minimal effort. All content is user-generated and only entries that are flagged by other users or contain banned words, such as swear words, must be reviewed by the site administrator.

In order to easily manage the site a custom Content Management System (CMS) has been developed. This is an online application that allows authorized users to have complete control over the site, without editing any HTML code, through the use of a customer graphical user interface. From this online control panel the site administrator can:

- Edit and sort recipe, menu and beverage entries

- Add new recipe categories

- Edit user accounts

- Modify banned words and phrases

- Review flagged recipes, menus and beverage use submissions

- Approve, edit and publish articles submitted by users

- Edit user blog entries

- Create and administrate cooking contests

- Manage newsletter e-mail address lists

- Modify advertising code and placement

- Edit page titles

- Edit meta-content

- Manipulate the Top 5 Cooks list

- Select the featured "Cook of the Week"

6.2 Strategy:

IncrediMeal.com will be maintained by Andrew Dear in his free time until such time that the venture can afford to pay him a livable wage comparable to what he would earn in the open job market, given his qualifications. For this reason IncrediMeal.com has been designed in such a way that it survives off user-generated content and requires limited time to maintain. Any pressing issues, such as recipes or other items flagged for copyright violations, are deal with by the content concern being immediately removed until the problem is resolved by the administrator. These design features allow the site to be passively managed while it is initially growing.

6.3 Regulatory and Legal Issues:

IncrediMeal.com is not yet registered. It will only become registered when the costs of registration and the additional paperwork can be recovered in the form of tax savings due to lower rates than personal ones. Until this point all income will be declared personally by Andrew Dear and taxed at the appropriate personal income rate.

A "Terms of Use & Legal" page will be in place on the web site when it is launched. This work will be written by Andrew Dear to the best of his ability with other recipe websites' pages used as a reference. Once the site has sufficient revenues and its development costs have been recovered a proper "Terms of Use & Legal" will be created by a lawyer for IncrediMeal.com. Some key points that this page will initially include are:

- All recipes, menus, wine selections, pictures, videos, blog entries and articles submitted to the site become the property of IncrediMeal.com

  o The site has the right to edit, delete and reproduce any recipes submitted by users as it sees fit, with or without giving credit to the creator

- When submitting recipes users believe that they are free of any copyrights and are their own original creations

  o The uploading user will be responsible for any legal ramifications resulting from the submission of copyrighted recipes

- IncrediMeal.com serves only as the publisher of user-generated content and is not responsible any ramifications of its use or misuse

  o All recipe categorization is the responsibility of the submitting user, including whether recipes qualify for certain dietary special considerations, such as vegan and gluten-free status, and IncrediMeal.com is not responsible for any ramifications, health or

otherwise, that result from improper categorization or labeling of

recipes

7: Management Team

7.1 Key Personnel

Andrew Dear, a Segal Graduate School MBA Candidate, is the only current staff member at IncrediMeal.com He possesses the requisite business, technology and social skills necessary to run this venture. The highlights of his professional qualifications are as follows:

- Four years of full time work experience in the technology and hospitality industry including sales, computer system setup, cost management, employee management and customer service

- Exceptional communication skills resulting from daily in-person interaction with managers of sales, engineering, accounting and information technology departments and reporting progress at bi-weekly companywide meetings to implement a complex manufacturing management computer system

- Excellent leadership and delegation skills developed from coaching employees of various roles to run a thriving restaurant

- Ability to work under pressure demonstrated by prioritizing and balancing guest and employee interests in the demanding fast-paced corporate restaurant industry

In addition to his professional interests Andrew Dear also has great passion for technology, including Web 2.0, and prides himself on staying up to on all this field's latest developments. It is this passion that will be exercised when running IncrediMeal.com. Shareholders, Rights and Restrictions

Currently Andrew Dear owns 50% of IncrediMeal.com and April Dear owns the remaining 50%. Each partner made an initial equity investment in IncrediMeal.com of $2000 CDN for development and initial hosting costs. April Dear's role is that of a silent partner and she will not have any influence in the day-to-day decision making involved with operating the website. She may sell her share in the venture to any willing purchaser but only after offering Andrew Dear the ability to purchase the stake. No further rounds of fundraising are anticipated. IncrediMeal.com will not take on any new investors.

7.2 Supporting Professional Advisors and Services

7.2.1 Michelle Bailey, SFU MBA Candidate:

Michelle has four years of experience working as a Market Analysts for MetroLeap Media located in Burnaby, BC. Under her watch the company's main website MetroLyrics.com has grown to receive over 90 million page views per month. Michelle has worked closely with Metro Leap Media's CEO and CTO throughout the site's growth. She was directly responsible for several expansion strategies for MetroLyrics.com that she devised analyzing online trends. She has worked hard to incorporate social media in to the marketing plan of the site and has seen great results. Michelle can be counted on for valuable advice on attracting and keeping traffic to a website based on user-generated content.

7.2.2 Harlow Burrows, CGA:

Harlow is a co-founder of Coast Wholesale Appliances, a Vancouver based appliance wholesaler. For 28 years he served as the company's President and CEO until its initial public offering in June 2005. Harlow's accounting background and proven track record of growing Coast Wholesale Appliances in a financially sustainable manor make him an ideal reference for sound financial advice.

8: Schedule

Pre-Launch

March – July

2009:

- Site development

Launch

August 2009

- Implement market plan

Year 1:

- Evaluate analytics to determine best marketing practices

2010

Year 2:

2011

- Switch to Casale Media Advertising Network

- First recipe contests with cash prizes

- Rent office space

- Move to dedicated hosting server

- Increase internet and traditional media advertising

- Draw first personal salary of $20,000

Year 3:

- Switch to Tribal Fusion Advertising Network

2012	- Upgrade office space to accommodate employees of 2013 - Upgrade dedicated hosting server - Purchase new computer equipment - Increase internet and traditional media advertising - Employ e-marketing consultants - Increase personal salary to $90,000
Year 4: 2013	- Interact directly with advertisers and act as advertising network for IncrediMeal.com monetizing contributors - Hire staff to administer advertising network. - Purchase new computer equipment - Increase internet and traditional media advertising - Employ e-marketing consultants
Year 5: 2014	- Interact directly with advertisers and act as advertising network for IncrediMeal.com monetizing contributors - Hire additional staff to administer advertising network - Purchase new computer equipment - Increase internet and traditional media advertising - Employ e-marketing consultants

9: Critical Risks and Problems

9.1   Recipe Saturation

Even though there are millions of recipes available on the internet it is being

assumed in the IncrediMeal.com business model that people will continuously want to

create more recipes. IncrediMeal.com's concept is that cooks will always want to

distinguish themselves from others and garner feedback about their creations. There is the

possibility that most recipes have already been created and therefore sites such as

Food.com, that simply searches multiple recipe databases, will become the online

destination for recipe seekers. This trend is unlikely as chefs; both aspiring and

professional are not likely to ever stop creating great dishes.

In the event that the site is not receiving sufficient user-generated content there

are a number of mitigation techniques that can be adopted.

- Reposition IncrediMeal.com as a recipe reference site: This would mean a

  drastic change in the strategic direction of the site but if its variable costs

  (hosting etc.) are being covered through advertising revenues then there

  would be no reason to close the site since the fixed costs are sunk. Andrew

  Dear could continually employ new marketing techniques as they become

  available in order to generate to IncrediMeal.com's initial database of

  10,000 recipes. Additional recipes could be added by the site administrator

  according to new market trends.

- Sell IncrediMeal.com: If advertising revenues are not covering the site's variable costs or if Andrew Dear does not have sufficient time operate the site then it can be sold. Because IncrediMeal.com's target audience is a large and attractive demographic and since it has a highly developed CMS it could be sold to a buyer looking to have his own recipe website. If the site is generating traffic but not content producing users then there are several techniques available for valuing the business. Ultimately, the site is only worth what a buyer is willing to pay and there are several online auction sites that web sites can be sold on.

9.2 Recipe Web Site Saturation

The possibility also exists that there are already enough recipe websites to meet the demand. Even though no other known recipe website puts the levels of focus on use the recipe authoring Chef that IncrediMeal.com aims the trends towards more social networking in recipe sites is clear. Well-established recipe sites, such as AllRecipes.com, can capitalize on this trend with minimal effort. It only would need to add more website features and change its monetization structure. If this proves to be the case the mitigation techniques in section 9.1 also apply.

9.3 Technical problems and an Out-of-House Developer

Since the development of IncrediMeal.com is being done by a programmer that is located in Romania there is the potential that the site will have technical problems that will not immediately be able to be addressed. These problems may arise from too much traffic, users attempting to use functions in unanticipated ways or users with malicious

intent exposing security flaws in site. Access to the developer team has been excellent so far through telephone (Skype) and via e-mail but communication levels may change once the contract is complete and the development money has been transferred to the team from escrow. However, this is unlikely as the developer has used the platform multiple times and continually improves it to offer it to new customers. With any error that occurs the developer is notified via e-mail and he has permanent access to the server on a private account to fix any mistakes. In order to get new customers and gain referrals it is in his best interest for the site to be function as intended.

This problem can be mitigated in the following ways:

- The developer will be completing two weeks of stress testing on the website once it is complete. Testing will be done on the site installed by the team on the InMotion servers.

- A warranty must be negotiated with the developer for the site's features.

- Having developer on a retainer or having priority hiring rights, paid by the hour, over other employers should also be explored.

9.4 Advertising Revenue Changes

Some think that internet advertising revenues are no longer sufficient to support sites provide free content (Kumar & Sethi, 2008). IncrediMeal.com is trying to discredit this idea by creating a site that survives off of user-generated content and with a CMS and features that allow it to be run by one person. However, if internet display advertising revenues for retail goods continue to fall, as they did by 25% from 2007 to 2008, IncrediMeal.com will receive less from advertising networks (PriceWaterhouseCoopers,

2009). Google's AdSense advertising network is the largest on the web and does not guarantee its CPM rates; therefore it is likely to change them quickly in response to a decrease in revenue from advertisers. Given IncrediMeal.com's forecasted revenues in its initial years as it relies on AdSense any further decrease in CPM rates could close the site down, as it would no longer be able to cover its variable costs.

This risk will be mitigated by switching to a premium advertising network as soon as possible. These networks include Casale Media and Tribal Fusion. Each site pay significantly higher CPM rates than AdSense but they do have minimum requirements for becoming an accepted publisher site on their networks. The most important and relevant statistic to IncrediMeal.com is traffic. Of the premium ad networks Casale has one of the lower monthly traffic requirements of 10,000 visitors. If the site cannot generate sufficient traffic to switch to a premium advertising network and AdSense rates are not covering the site's variable costs then the mitigation techniques in section 9.1 will be explored.

9.5 Exit Strategy

If at any point IncrediMeal.com is failing to cover its variable costs the site will be placed for sale. There are many websites that facilitate the process and the highest bid will be accepted. However, when the site grows as intended it is possible that other recipe websites will take notice and offer to purchase IncrediMeal.com. Andrew Dear is open to selling the site at any point the company's life at a fair market price either based on the number of users or projected earnings, whichever figure is higher. Exiting the recipe

website industry would allow Andrew Dear to explore other business ventures and

provide the capital to fund them.

10: Conclusion:

IncrediMeal.com is entering the highly competitive online recipe website industry. The market is growing and IncrediMeal.com will be triumphant in gaining traction with its target market because it is capitalizing on current trends by offering a full social networking platform geared towards women. It also gives users the ability to monetize their own recipes. Accordingly users are inclined to promote their own recipes and, in turn, the site in general. IncrediMeal.com is based on user-generated content and has been designed so that one person can administer it. This means that it does not need to generate as large of revenues as its competitors to cover its costs. Andrew Dear, as the site's administrator, will leverage his current online marketing knowledge and continually educate himself on the latest trends in the industry to ensure that IncrediMeal.com is successful.

Appendix 1: Start-up Requirements

Start-up Requirements	
Start-up Expenses	
Hosting	$150
Domain Registration/Transferring	$100
Total Start-up Expenses	$250
Start-up Assets	
Cash Required	$0
Start-up Inventory	$0
Other Current Assets	$1,000
Long-term Assets	$2,240
Total Assets	$3,240
Total Requirements	$3,490

Appendix 2: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	$250
Start-up Assets to Fund	$3,240
Total Funding Required	$3,490
Assets	
Non-cash Assets from Start-up	$3,240
Cash Requirements from Start-up	$0
Additional Cash Raised	$510
Cash Balance on Starting Date	$510
Total Assets	$3,750
Liabilities and Capital	
Total Liabilities	$0
Capital	
Planned Investment	
Owner	$2,000
Investor	$2,000
Additional Investment Requirement	$0
Total Planned Investment	$4,000
Loss at Start-up (Start-up Expenses)	-$250
Total Capital	$3,750
Total Capital and Liabilities	$3,750
Total Funding	$4,000

Appendix 3: Revenue Forecast

	Advertising Revenue Forecast IncrediMeal.com Beginning August 2009				
	FY 2010	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**
Ad-Unit Views (In 000s)					
Hits (AdSense)	9,180	0	0	0	0
Hits (Other Ad Network)	0	27,540	82,620	0	0
Hits (Private Ad Network)	0	0	0	247,860	743,580
Total Ad-Unit Views	9,180	27,540	82,620	247,860	743,580
eCPM Rates					
Hits (AdSense)	0.50	0.50	0.50	0.50	0.50
Hits (Other Ad Network)	0.00	2.00	2.00	2.00	2.00
Hits (Private Ad Network)	3.00	5.00	6.00	7.00	8.00
Revenues					
Hits (AdSense)	4,590	0	0	0	0
Hits (Other Ad Network)	0	55,080	165,240	0	0
Hits (Private Ad Network)	0	0	0	1,735,020	5,948,640
Total Ad Revenue	$4,590	$55,080	$165,240	$1,735,020	$5,948,640

Appendix 4: Pro Forma Income Statement

Pro Forma Income Statement IncrediMeal.com Beginning August 2009

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Ad Revenue	4,590	55,080	165,240	1,735,020	5,948,640
Operating Expenses					
Online Advertising	600	700	1,500	3,000	10,000
Traditional Advertising	0	500	2,000	3,000	10,000
Hosting (InMotion.com)	1,662	2,760	4,140	4,140	4,140
Depreciation	1,000	1,000	1,500	4,000	5,000
Rent	0	12,000	18,000	40,000	40,000
Utilities	1,680	1,680	1,680	7,500	15,000
Contests	0	400	1,200	12,000	12,000
Salaries	0	20,000	90,000	600,000	1,000,000
E-Marking Consultants	0	0	5,000	10,000	20,000
Total Operating Expenses	4,942	39,040	125,020	683,640	1,116,140
Profit Before Interest and Taxes	-352	16,040	40,220	1,051,380	4,832,500
EBITDA	648	17,040	41,720	1,055,380	4,837,500
Taxes Incurred	0	4,812	12,066	315,414	1,449,750
Net Profit	-$352	$11,228	$28,154	$735,966	$3,382,750
Net Profit/Sales	-7.67%	20.38%	17.04%	42.42%	56.87%

Appendix 5: Pro Forma Balance Sheet

|	Pro Forma Balance Sheet IncrediMeal.com Beginning August 2009					
	Starting Balances	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Assets						
Current Assets						
Cash	510	1,564	14,908	47,184	842,791	4,334,240
Other Current Assets	1,000	1,000	2,000	5,000	10,000	20,000
Total Current Assets	1,510	2,564	16,908	52,184	852,791	4,354,240
Long-term Assets						
Long-term Assets	2,240	2,240	3,240	5,240	15,240	30,240
Accumulated Depreciation	0	1,000	2,000	3,500	7,500	12,500
Total Long-term Assets	2,240	1,240	1,240	1,740	7,740	17,740
Total Assets	3,750	3,804	18,148	53,924	860,531	4,371,980
Liabilities and Capital						
Current Liabilities						
Accounts Payable	0	406	3,522	11,144	81,785	210,484
Subtotal Current Liabilities	0	406	3,522	11,144	81,785	210,484
Total Liabilities	0	406	3,522	11,144	81,785	210,484
Capital						
Paid-in Capital	4,000	4,000	4,000	4,000	4,000	4,000
Retained Earnings	-250	-250	-602	10,626	38,780	774,746
Earnings	0	-352	11,228	28,154	735,966	3,382,750
Total Capital	3,750	3,398	14,626	42,780	778,746	4,161,496
Total Liabilities and Capital	3,750	3,804	18,148	53,924	860,531	4,371,980
Net Worth	$3,750	$3,398	$14,626	$42,780	$778,746	$4,161,496

Appendix 6: Pro Forma Cash Flow Analysis

<table>
<tr><td colspan="6">Pro Forma Cash Flow Statement
IncrediMeal.com
Beginning August 2009</td></tr>
</table>

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Cash from Operations					
Cash Sales	$4,590	$55,080	$165,240	$1,735,020	$5,948,640
Subtotal Cash from Operations	$4,590	$55,080	$165,240	$1,735,020	$5,948,640
Expenditures from Operations					
Bill Payments	$3,536	$39,736	$127,964	$924,413	$2,432,191
Purchase Other Current Assets	$0	$1,000	$3,000	$5,000	$10,000
Purchase Long-term Assets	$0	$1,000	$2,000	$10,000	$15,000
Subtotal Cash Spent	$3,536	$41,736	$132,964	$939,413	$2,457,191
Net Cash Flow	$1,054	$13,344	$32,276	$795,607	$3,491,449
Cash Balance	$1,564	$14,908	$47,184	$842,791	$4,334,240

Appendix 7: Break-Even Chart

Figure 11: Break-Even Analysis
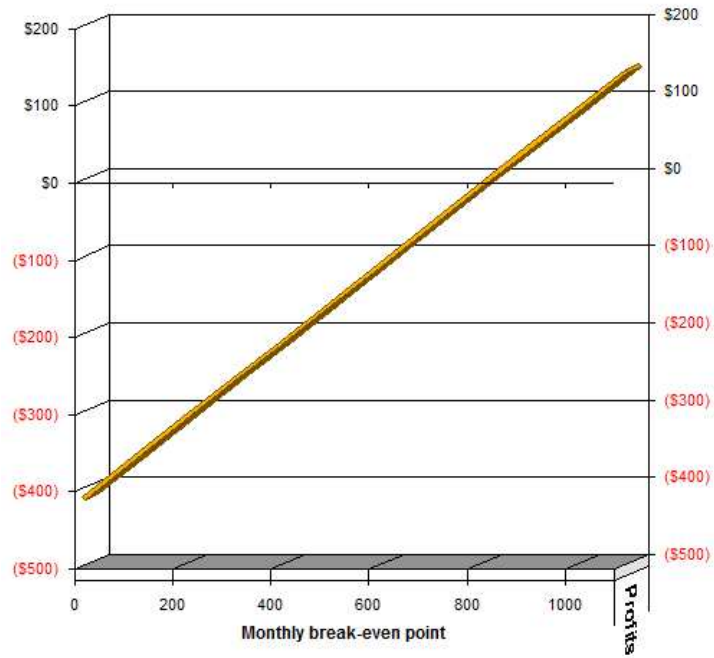
Break-even point = where line intersects with 0

Appendix 8: Break-Even Calculation

Break Even Analysis IncrediMeal.com Beginning August 2009	
Monthly Ad Views Break-even (in 000s)	824
Monthly Revenue Break-even	$412[8]
Assumptions:	
Average Per-Unit Revenue	$0.50
Estimated Monthly Fixed Cost	$412

[8] $412 is the average of the expenses over the first year. The initial six months will have expenses of $320 and use VPS hosting. The following 6 months will have expenses of $504 and the site will be served from a dedicated server.

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