Leveraging the Indie Movement in Wellness through a Waitlist Aggregator

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Abstract
Startups are finding it increasingly difficult to engage with their target market. Particularly in the wellness industry, where there is a lot of competition and startups need to stand out, the early stages are critical. They seek to generate leads and assess customer expectations through a landing page they host on their own domains, where users can join a waitlist to test their product idea. This can become expensive in terms of budget needed for public relations and social media to promote their site.

Landing pages and waitlists allow early adopters and product enthusiasts to discover new products and services while they are still being developed. Followers gained via the waitlist help to validate proof of concept, develop Key Performance Indicators (KPIs), and provide a following for successful market launch and fundraising/crowdfunding campaign. However, it can be difficult to marry potential product enthusiasts with waitlists of interest because not all products are reviewed on blogs, not all social media ads target them, and not all startups are interested in crowdfunding.

Existing social media platforms, blogs, forums and crowdfunding sites that showcase new products thrive because early adopters and product enthusiasts are always looking to find out the next new thing, share it with their friends and even invest. However, these platforms have limitations that make it difficult for entrepreneurs to find and engage with quality early adopters. For example, crowdfunding sites tend to cater to hardware, are limited to certain industries, and do not allow entrepreneurs to generate leads and connect with their followers on their own platform prior to hosting a crowdfunding campaign.

This thesis aims to outline a business plan and minimal viable product for a waitlist aggregator, an online meeting space for entrepreneurs and early adopters in the wellness industry. Through network effects of this proposed two-sided platform, the traffic volume generated could significantly reduce the need for paid digital marketing campaigns and help entrepreneurs find quality leads. It would also inform interested
consumers about new product developments all in one place, let them join the waitlist, beta-test the product and communicate directly with the company.

Thesis Advisor: Michael A. Cusumano
Title: Professor of Management
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1. INTRODUCTION

1.1 Experience of an Indiepreneur

I have been an entrepreneur since I was 8 yrs old. In 2008, while writing a thesis on microfinancing small producers of rare and exotic food specialties from around the world and introducing their specialties to the U.S. market, I reconnected with my passion—making and selling consumer packaged goods. The Milano School of International Affairs adopted my thesis as a case study for a graduate level Social Entrepreneurship class, and I was invited to present it at the Global Youth Conference at the World Bank in Washington D.C. After graduating from Parsons, I worked in marketing at one of the largest mass consumer companies in Central America, Corporación Dinant, and developed and marketed products in different categories. In 2011, I saw an opportunity in Latin America to introduce innovative beauty products in a market with high growth and increasing consumer demand for natural cosmetics in the masstige sector. I spent my savings launching a cosmetic manufacturing enterprise in Honduras and had the products sold in Walmart, on TV, and throughout several Latin American countries through a network of independent distributors.

The constant pursuit of new, innovative, high-quality products in food and skincare has been an important part of my life. Trying to look and feel good has also led me to a deep interest in the wellness industry. I identify with being an “indiepreneur”, a self-employed millennial that uses technology to sell niche products. The Indie movement in the wellness industry is innovating, stealing market share from the big players and changing consumer demands by introducing new products, concepts and services. “Indiepreneurs” (Indie entrepreneurs) are using technology like digital marketing tools to efficiently reach a critical mass of targeted consumers. The days of deep-pocketed advertising budgets for television ads to acquire customers are no longer barriers to entry in the consumer goods space. Indie entrepreneurs are becoming a powerful revolution that is reshaping industries like retail, forcing big brands to acquire them to continue competing—and they are dictating the future of consumer goods. Through this thesis, I will propose a plan—“The Luvann Project”—on how to fuse the wellness, retail and technology industries led by the indie movement. According to Urban Dictionary, Luvann “is someone who has many names yet, who has also different personalities as well; someone who is far more superior than others.” For this project, I’ve adapted

that meaning into what I feel captures the spirit of an entrepreneur, a millennial, and a prospective generation:

Luvann (noun) /luv-an/: A person with different ideas and innovative ways of seeing the world, a visionary.

1.2 The Luvann Project

- Startups that are currently seeking to generate leads and test their idea through a landing page/waitlist are doing this independently and spending lots of money on social media campaigns to promote their site.
- Crowdfunding sites lend themselves to certain industries, and not all startups want to do crowdfunding.
- To have a successful crowdfunding campaign or seed round, you need to have quality early adopters, but these early adopters need to seek out each company separately.

Luvann is a community-based, two-sided, online-platform for testing and discovering new startups in the wellness industry. It connects entrepreneurs and early adopters and facilitates launch, discovery and customer acquisition. It is a waitlist aggregator where startups can announce the beta launch of their product or service to acquire subscribers before they launch.

The Luvann project arose from a personal need to test different product ideas. As an entrepreneur, marketer and product developer, I have recognized the deep need to test ideas before fully investing in them, but the question I always struggle with is: which product idea might have more demand? Sometimes it is a matter of intuition and being in tune with the market, but you also need data like the number of followers who are interested in your company, product or service to have tangible proof of concept. Early adopters who can translate into your startup’s evangelists and become the first ten customers are priceless. Finding these early adopters of your product and service is hard, but necessary. The Luvann project strives to help indie wellness startups find them.

I find it inspiring that there are early adopters and product enthusiasts out there that are interested in finding out about new products, being the first customers, and as excited about the product as the entrepreneurs themselves. There isn’t a platform where you can find all the products being developed in the wellness category around the world in one place. I hope Luvann becomes their product heaven.
1.3 The Wellness Industry

The wellness industry comprises services and products like vitamins/supplements, protein powders, nutrition bars, weight management programs, meal delivery, spa and corporate wellness (meditation, weight management, fitness) programs, packaged foods and beauty/skincare products. Consumers are adopting “clean eating” trends that focuses on minimally-processed, plant-based foods, with whole and simple ingredients. According to Euromonitor International, the global market for health and wellness offerings reached “$686 billion in 2016 and it is expected to grow at a 3.5% CAGR, to $815 billion, by 2021.”

1.3.1 The Indie Movement and Big Food Companies

Indie companies are filling up the wellness space—for instance, the Natural Products Expo West 2018 has over 3,000 companies in its exhibitor list. In 2013, former MIT student and founder of Mouth Foods Inc., Craig Kanarick raised $1.5 million, followed by $5.5 million, to sell “indie” food online. Big food companies are facing a lot of challenges and are losing sales as shoppers move towards healthier and fresher indie options. Examples are General Mills’ Yoplait yogurt label, which has been replaced as the number one selling yogurt Chobani, a New York-based brand launched by a Turkish immigrant only ten years ago. Unilever is also facing challenging competition and has lost 1.5% market share in its ice-cream market to Halo Top, which has become the number one selling pint of ice cream in grocery stores in the U.S.A.

These big food companies have been slow to react to new competitors, and with the growth of e-commerce, America’s biggest consumer brands are facing pressure and demand for hefty discounts and promotions to compete. This creates an opportunity for Indie companies to compete in a way that was not possible before.

2 Euromonitor. “Global Functional Food Trends, Natural vs Fortified.” Euromonitor, 2017
5 Chaudhuri, Saabira. “Outfoxed by Small-Batch Upstarts, Unilever decides to Imitate them.” The Wall Street Journal, 2018
1.3.2 Growth through Acquisition

The world’s biggest consumer packaged goods (CPG) companies are now finding themselves unable to challenge local rivals and smaller brands and are having to acquire smaller companies to compete. For instance, RxBar, the natural food bar company which was founded in a basement, was sold to Kellogg’s for $600 million in 2017. Unilever has also made several acquisitions totaling an estimated $4 billion including The Dollar Shave Club, Seventh Generation, Weis Australia, Kensington & Sons, Carver Korea, Pukka Herbs, Sundial Brands, and Tazo. Nestle acquired Blue Bottle Coffee for $700 million in 2017, while JAB Holdings Company acquired Peets Coffee, Caribou Coffee, Keurig, Einstein Bagels, Krispy Kreme, Brueggers, and Panera. Afterwards, Peets bought Stumptown Coffee, Mighty Leaf, and Intelligentsia and made an equity investment in Revive Kombucha. Panera also invested in Au Bon Pain. The hospitality industry is also trying to stay relevant with consumer preferences by incorporating fitness and wellness brands. Hyatt Hotels acquired Exhale and Miraval spas. Other examples like Curefit, a company based in India has acquired other companies (The Tribe, Cult, Kristy’s Kitchen, Serenity and a1000 yoga) to offer its customers a holistic approach with (Cultfit) fitness workouts, (Eatfit) healthy meal delivery service and meditation classes (Mindfit).

1.3.3 Millennials and Wellness

The Census Bureau has reported that millennials represent more than one quarter of the USA’s population with a total of 83.1 million, exceeding the 75.4 million baby boomers, and a report from Goldman Sachs states that, “wellness is the one space where millennials are willing to spend their money on compelling brands.” According to Deborah Weinswig from Forbes Magazine says, millennials are the driving force behind the wellness trend, and they are now focusing on a “holistic approach to wellness” and are willing to spend money on feeling and looking good. Millennials are looking to find information about wellness products online, and are striving to find a connection with the brands, prefer simple packaging with a clear message and less clutter, as well as “green”, transparent, and customized ingredients.

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6 Census Bureau Reports. “Millennials Outnumber Baby Boomers and are far more diverse.” https://www.census.gov, 2015
8 Weinswig, Deborah. “Wellness is the New Luxury: Is Healthy and Happy the Future of Retail?” Forbes, 2017
Because millennials are digital natives, technology has enabled wellness to be a crucial part of millennial life. "27% of Millennials use wearables (fitness apps) to tracks their activity, 50% look up health-related information online, and 22% seek online reviews when choosing a healthcare provider or hospital."  

1.3.4 Wellness Trends and Categories (2017-2018)

Wellness is infiltrating the everyday life of millennials through many retail channels, technologies, products, and services and has become a lifestyle, not just a consumer product and service. Below is an introductory list of several trends, categories, and leading startups in the wellness industry.

- **Athleisure / Smart Garments**: Activewear is becoming tech-enabled with smart garment technologies for targeting specific workout, high-performance materials for the workplace, and fitness makeup lines. Millennials have a wellness-focused daily life, to the extent that they have even introduced athletic wear to everyday life, this category is now called “athleisure.”

- **Beauty Foods / Inside-out Beauty / Nutraceuticals**: Currently, millennial consumer lifestyle preferences are demanding more combined food and beauty products through the wellness perspective in a category known as, beauty foods.

- **VMS (Vitamins, Minerals and Supplements) and Novel Ingestible Solutions**

- **Mainstream Meditation & Fitness**: This space is being filled with corporate meditation programs and also leading mass consumer apps like Meditation Studio, Calm, and Headspace. There are also meditation studios with apps including Inscape and MNDFL.

- **Cannabinol**: CBD comes from the cannabis plant, but only contains .3 percent of THC. We are seeing companies like Charlotte’s Web introducing Hemp Supplements, CAP Beauty with CBD and adaptogenic oil to reduce stress, Foria with suppositories, supplements, oils for sexual and intimate female lubrication and relaxation, and so on.

- **Retail**: The clean beauty movement is growing, with leading green beauty boutiques opening locations across the USA, some of whom are competing with the likes of Whole Foods.

- **Food and Beverage**: Chefs are also dictating trends in food retail with appetizers and plates that are moving towards veganism, such as avocado toast and sweet potato appetizers. Functional beverages and products focused on supporting long-term health like bone broth, probiotics, kombucha, cold-brew coffee, juicing and green shots, and superfood non-dairy lattes are also

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becoming popular. As usual in the wellness space, there are always trending ingredients, this year there is a growing popular demand of herbs like tumeric, activated charcoal, manuka honey, spirulina, matcha, chickpeas, pea protein, brazilian acai, ghee and coconut oil. Many brands have introduced medicinal foods to address adrenal fatigue, stress, and inflammation. Long-term trends that might reshape the food and beverage sector includes lab-grown foods, such as synthetic meat that uses stem cells.

- **Plant-based Whole Nutrition Meal Deliveries:** The meal delivery market has a total of $5 billion in sales and is a “widely disruptive force in the food industry.”¹¹ Meal delivery companies are facilitating healthy nutrition choices for consumers by offering on-the-go ready-to-eat meals with gluten-free, dairy-free, organic, plant-based, no refined sugars, non-GMO claims.

- **Female Revolution:** Y-combinator’s software engineer Cadran Cowansage has created, Leap, an online community for women in tech to talk about any issues. Leap members include founders, designers, engineers, marketers, VCs, etc.¹² Also, Audrey Gelman has introduced the concept of an all women’s co-working space called The Wing. Organic cotton tampon brands like Lola and Cora, Thinx menstrual underwear and Lunette menstrual cups are gaining prestige and popularity by capitalizing on tampon toxicity incidences. Libeeration has introduced beer infused with herbs to ameliorate menopausal symptoms while enjoying a cold beer. Menstrual period and ovulation tracking apps like MyFlo, Eve, Clue and so on are also increasing their user base.

- **Fitness Technology:** Technologies are revolutionizing the wellness space, as well as the digital detox movement through social media is becoming a trending subject, ironically. Blackbox VR brings the gym to the home of elderly consumers who are less mobile or willing to engage in physical activity. Sleep optimization with weighted blankets, digital blankets, and sleep masks combined with light therapy to improve quality of sleep have become new must-haves in the bedroom with companies like Neuroon. Genomics is personalizing fitness recommendations like Athletigen, Athgene, and Fitness genes provide workouts based on a person’s genome.

- **Boutique Fitness and On-the-Go Gyms:** Consumers are now seeking personalized and premium fitness experiences like Crossfit, Soul Cycle and Pure Barre in brick and mortar locations. Flywheel, Peloton cycle bikes, and Caravan wellness are bringing boutique style top-tier fitness classes to consumer’s homes. There are also exercising apps that bring convenience to boutique fitness like Sworkit, Burnalong, and Yogaglo.

• **Living Spaces:** Space cleansing with sage, rose water, and palo santo to fill the room with positive energy is increasing in popularity.

## 2: STAKEHOLDER INTERVIEWS

### 2.1 Early Adopters

When starting to do research for this project, the first questions that came to mind were: Who is an early adopter? What is their motivation to adopt new products? Where can I find them?

Everett Rogers published a book “Diffusion of Innovations” in 1962 where he estimated that early adopters are 13.5% of the population and are “the second fastest category of individuals to adopt an innovation. Early adopters are typically younger, have higher social status, have more financial liquidity, advanced education, and are more socially forward than late adopters.” In 1986, Eric von Hippel developed a term called “Lead User” where he described a Lead User as “someone who faces needs earlier than the average consumer, and those needs later become general to the marketplace.”

When new companies target early adopters, Michael Cusumano emphasizes George Moore’s “Crossing the Chasm” 1991 book, which says that companies’ strategy should focus on “crossing the chasm” and getting past the early adopters and reaching the early majority. Cusmano states that the most important message from Moore’s book is that “when the Early Adopter market gets saturated, sales will stagnate because the product is not quite easy to use or not quite stable enough or scalable enough for more customers....” However, Cusumano also mentions that Moore suggests company focus on “one or two market niches where they can afford to develop “whole product solutions” that provide the service and support mainstream market customers (conservatives) want.”

Even though Early Adopters cannot offer the volume needed for a company’s long-term success, their adoption serves for innovation in the masses. They can test and try new products that are in development.

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stage. According to a Fast Company article, "These extreme users have a willingness to experiment that’s far beyond the capacity of any design agency. And because they’re improving the thing that they love, they’re not going to charge you by the hour. Great ideas, from the Walkman to nacho chips, died in research with average consumers." 16

To “cross the chasm” Luvann is focusing on the wellness market because it is broad enough and popular with mainstream consumers through social media and millennial lifestyles in fitness, food, and beverage, fashion and technology sectors. Also, with the rise of social media, blogs, online news sources, and crowdfunding sites, there is a slow decline of offline diffusion of innovative products. The internet has increased the diffusion, creation, and adoption of innovations and has become a great tool to test new ideas.

Merging sources to one place will be a hard challenge. However, at Luvann we will follow Casey Neistat, the famous Youtuber advice, “Don’t create a product, create an Audience.” To understand their behaviors and motivators, I conducted interviews with early adopters who matched the following criteria:

1. They have pledged on a crowdfunding campaign out of personal interest, not to support a friend who is working on a project.
2. They have a daily routine of checking various information sources to find out about new products.
3. They have subscribed to waitlists in the past.
4. They like to share “cool” products or services they find out about with their other early adopter friends.
5. They don’t see their time spent reading articles and finding out about what’s new as “work” or “research,” but more as a pastime.
6. Have a high-level of curiosity and time spent on “browsing” compared to other consumer groups.

Anna Phan, a UX/UI designer and MIT student at the IDM program says she find out about new products through a couple of sources like Newsly, Kickstarter newsletter, Linkedin, and Product Hunt: "I use Facebook sometimes because I have a lot of friends who are early adopters and if they liked something and thought it was cool they will share it or post it on Facebook." She mentions that there is serendipity in

finding new products and that there isn’t one single category, but rather a combination. She has a daily
morning routine of browsing on her phone. She also prefers to have everything in one feed rather than
having her email inbox get cluttered. She also values products with social impact because it inspires her.
When she finds about a product and is curious to learn more, she will go to their website and subscribe. She
has pledged several times when she has disposable income or needs something:

“An aspect of being an early adopter is that you need to have money because you are willing to pay
to be a lead user. You want to be the first one to have it. I think a lot of people would be early
adopters but can’t necessarily buy it even if they are interested in it, so it is two separate people in
a way. Recently I went to Kickstarter because my laptop needed a hyperdrive for my Macbook. I
don’t go to crowdfunding sites to check out new products. That is not currently how I look at things
because I feel Kickstarter sometimes has things that are not useful. It is not things that I need; it is
more like things that I want. So, when I need something and don’t find a product that exists out
there, then that is when I start looking at different sources.”

Phan signed up for an app she found on Product Hunt that helps the blind have a virtual assistant, “So I
would sign up as an assistant and would set up my schedule, and when that person needed help it would
match my schedule with theirs, and it could be anything simple like ‘I have two cans of food, and I’m trying
to figure out which one is peas.’ You don’t have to worry about confidentiality because it can also be purely
just audio if you don’t want video. It is called ‘Be my Eyes.’ If I can help somebody that always resonates
with me and I like products that help people.” She likes pledging for products that solve a need she cannot
solve for. Signing up is a hobby, "There was one startup that was yoga pants that would track your poses,
and I was on the waitlist for that because I am curious to see how they are progressing. I want to see the
updates of how the company is doing. It is hard to track where I found out about it because when I search,
I just go from one site to another site and so on." Phan likes to know what new products are in the pipeline
but also cares about the launch date because it reveals how serious the company is. She prefers being able
to choose more than one industry when searching, like tech and fashion, having a listing sorted out by date,
and having a weekly summary. Also, learning about the features of the product, the company history, the
founder’s backgrounds and their mission.

The characteristics amongst the early adopters interviewed were similar, including the feeling of “wanting
to be the first to try it” and having enough disposable income to purchase it. Income influences their buy or
pledging decision. The decision depended on whether the product or service was something they needed or
wanted. The majority said that when they have a steady income, they were more likely to buy/pledge on
items that they didn’t necessarily need, but just wanted. Getting early access was a strong motivator, but
only for product and services that seemed professional and reliable. Early adopters also have a sense of “good design.” They are more inclined to sign up for a wait list on a landing page that seemed like a “real startup” with good UX/UI. They have a preference for minimal design. A “poorly-built” website was a red flag that signaled lack of quality and credibility in the startup. Also, one of the reasons early adopters hesitate to sign up to more waitlists is to avoid having their inboxes spammed with junk mail.

Luvann will also allow users to customize their feed so early adopters can choose which startups they want to follow. Allowing users to follow/unfollow startups will be a good indicator for startups to determine the success rate of their idea. Another pain point was having to go to several news sources to find out about new products and services which is time-consuming. Also, they disliked the feeling that they miss out on information because “blogs do not review everything” even though they offer credibility.

The majority browse and “invest” in ideas because they like the product/service. Andrea Starkman says, “Pledgers want to get something not just get equity. I’d rather get the product. I don’t want equity because I don’t know if it will work out or not so I rather get the product.” Starkman also says that she does research depending on her “phase.” When she was into making bread and macaroons, she would read blogs and check out products related to that. However, she prefers if the information comes to her because she doesn’t always have time to browse. She also prefers apps with notifications and likes to share what she finds with friends; “I’m a ‘sharer.’ Sharing is important.”

Many have a clear preference for categories like photography or scuba diving, but they are open for exploration. Sometimes, being industry-agnostic is the case with early adopters because they like projects that are hybrids, e.g., Beauty and Tech. Fito Handal, a creative director, mentioned he likes to find out about coffee and photography products, but he recently pledged for a smart home device in a Kickstarter campaign. Smart home devices are out of his regular interests, but he found the product useful and wanted to try it out. “I find out about new products through specific forums or blogs that talk about technology or topics that interest me like photography. I subscribe to them, and I also get news to my email or other news aggregator apps like Feedly, Apple News, IFTTT, or Flipboard. I check all the articles daily and when I find something interesting I’ll go more in-depth into the website from the article.” He spends approximately 15 minutes on browsing in the morning, afternoon, and evening, a total of one to two hours a day. He reads one hour a day on tech and product news and enjoys everything that is computer, photography, coffee, animation, and graphic design related. He signups for waitlists unless he feels the startup’s site looks like a
scam or is poorly built, feels fake or has not been recommended by a blogger. He finds that trust is crucial, including when he decides on whether to pledge on a Kickstarter campaign. Learning about the founders' background assures him they will "make the product they say they are going to make and can execute it." He pledges because he wants to support entrepreneurs that make "cool products" but also to get it at an accessible price before it goes to market. Handal also says he is interested in equity funding as a low stake partner; he would like to be rewarded with equity as an early adopter.

A secret code and limited access to Luvann might stir more excitement, Handal says. It will also help filter out less engaged users. A closed community of early adopters and startups can also help guard against noise. Luvann will give startups visibility in an ecosystem of engaged users who will not only subscribe to their waitlists but potentially also invest as low stake shareholders, offer constructive criticism through surveys, beta-testing and word of mouth marketing.

Sub-categorization, novelty, filtering, diversity of ideas and industries are some of the most important characteristics a platform that caters to early adopters must consider. The layout and features to transmit and display these qualities has to be very well executed. It must incite curiosity and engage the users and encourage community building and sharing.

I spoke with Victor Carreño, a software developer and early adopter, about merging information sources from different places for people who want it but are not listening to it. He says it is like a radio station: how do you combine all the stations in one place when everyone likes different shows? People consume information from different mediums; how do you channel everything from all mediums and get everyone to go there. How do you distribute it?

Early Adopters are visionaries, just like the entrepreneurs themselves. Most of the times, early adopters are also entrepreneurs. Many asked if Luvann would provide the flexibility to have a simultaneous Early Adopter and an Entrepreneur profiles on the platform. As Carreño says, "I was the first person to have an iPhone. I worked for three months in my father's business, and I saved enough money to buy it which was a lot of money for a high school kid. Imagine being 16 years old and having this device that nobody else had at that moment. It was crazy; I liked that feeling. The feeling of being the first one and also to see what people were doing was incredible. I was interested in not only being a consumer but also a maker. So, I
started thinking maybe it is possible to build something for myself." He likes seeing new products as inspiration and usually uses Twitter and blogs like Tech Crunch, Mashable, The Verge, Hacker News and Product Hunt. He likes to browse the Apple store for new apps and also has an applet in IFTTT to get a notification when a new app is uploaded to the apple store. He has pledged for several campaigns on Kickstarter including Spartico and Pebble and tracked their progress for many years.

2.2 Entrepreneurs

The entrepreneur side of the platform will be easier to find and attain if the service is free at the beginning. Luvann will target college students who have a startup idea and early-stage startups at incubators, accelerators, and workshare spaces in the Boston area. From the user interviews, the entrepreneurs that are most interested and would benefit from this type of platform are those:

- a) currently working on developing an idea and are seeking to have a temporary portal to explain their business and be able to communicate with interested parties.
- b) do not have marketing expertise and knowledge to acquire customers. Some of them even struggle with building a landing page and do not have the time and resources to get a custom landing page done.
- c) are an early stage or pre-launch startups that are working on launching.
- d) are looking for customers and would like to engage with them for feedback, word of mouth and to expand their follower database.
- e) want visibility in the entrepreneur, early adopter, and investor ecosystem but are not ready for full exposure.

Co-founder of W8X, Jody Fu, talks about shifting focus from B2C to B2B and their experience with digital marketing. W8X helps athletes with strength training equipment that adapts to their specific needs. Inspired by robotics, W8X has developed a weight-lifting system that creates resistance electrically instead of requiring physical weights. Fu says they had a vlog on YouTube about their daily lives as co-founders. However, now they have a new YouTube channel that focuses on educational and strength training. Their Instagram shows "snippets" of their lives as entrepreneurs; it is called "Startup Life.MIT" where they showcase the product. They used Google Analytics, Facebook Pixes and did A/B testing when they were B2C focused. The challenge of digital marketing with a consumer-focused strategy made them change focus to target professional coaches instead. Fu says, "it was expensive to do that type of testing, and you have to be pretty thoughtful in how you choose to do your testing. With Google Analytics you can target specific demographics, age groups, income. But sometimes you can narrow it too much and lose the broad
scope and pay too much money for a demographic that is too extensive, so you have to find balance. Consumers have fragmented decisions on what they want to do, that is why we moved away from consumers at least for the first half, but we want to go there eventually."

Kalani is disrupting the luxury world by offering bespoke products that preserve art forms that have been around for generations, and provide the softest, warmest blankets that you can be proud to own and will last. Finding who their customer is is their first mission. Co-founder of Kalani, Attia Quereshi, explains that initially, they will do B2B and eventually go B2C, "retail is difficult, so it is easier to go to wholesalers," she says. She thinks it is valuable to find early adopters in a consolidated way, but each startup has a unique market so she wonders if there is a way to quantify who is a valuable customer.

Alex Klein, the co-founder of Human Element Bolt-on R&D lab, is figuring out how to promote his startup in the MIT community. "I wish there were a way to come out as a startup here at MIT. The thing with coming out as gay is that you told a couple of people and then it spread like wildfire because it was like gossip and I saw it happen with me and I saw it happen with others. I told two people and then like a fuse it just swarmed, and everyone knew. It was above the line conscious, and everyone just knew it. People wanted to know and talk about that back in the day. How do you recreate that with your startup?" Klein finds that in this ecosystem, recognition is essential if you are looking for money and a good team. He wants to create a network at MIT but feels frustrated that it requires a lot of time. He says "I also need to put my time into doing the client/practitioner work."

Entrepreneurs at this stage of the startup were very interested in engaging with early adopters who are interested in their space. Many mentioned they would be willing to pay to have surveys filled out, similar to Amazon’s Mechanical Turk. Drew Rollert, founder of Betrspot, an app that improves seat and table turnover at crowded bars and restaurants says, "We want to find our paying customer, so we want to know: do you find yourself at crowded cafes and bars? Do you travel a lot in airport? Are you a college student, do you go to cafes for meetings? I would like to have a way to get surveys from early adopters."

Market research is a priority for entrepreneurs. Sarah Bates, founder of The Green Line, says she uses Amazon’s Alexa service to find out who shops at Wholefoods and Etsy. She also uses Google Analytics and Hotjar to get more information on how users navigate their e-commerce site because they want to help their return visitors find the information that is relevant to them quickly. They designed the site to target a primary target group and are adding two secondary personas. They are learning where and how these personas shop, how they discover products, what problems they have when it comes to shopping, where
they live, and what their budget and needs are. They have established a monthly target to get people shopping instead of crediting their accounts in exchange for feedback.

Jackie Khoury, co-founder of Brio Systems, a point of care device that uses blood bio-markers, says that she cares where she is getting the feedback from. "I would pay for meaningful feedback. I prefer to have 20 people who would be my target market than a bunch of users that are not my potential customers." Most of her time goes into finding users to talk about her new product. She is interested in connecting with all the stakeholders, not only users, but is afraid to exhaust her network.

Entrepreneurs use many services for analytics, including the premium version of Linkedin, MarketBridge, and their landing page. An entrepreneur that preferred to stay anonymous said, “We are learning what customers want by how they are playing around on our site and how much time they spend on a certain scenario, we know they care about that. When we send them to the website, we give them a link that is just for them, so we know this company cares about these things.”

Anum Hussain, the founder of Acciyo and a former inbound and digital marketing specialist at Hubspot, says that from her experience, founders struggle with understanding how to tell their story and create a narrative. Hussain says, "In addition to hosting a landing page, you have to coach them to frame how to build that landing page to share the story that they are telling." She explains that at a startup’s initial stage there is value having your SEO optimized. She recommends that all startups host landing pages rather than just a social media profile because they are "sacrificing long-term SEO potential for short-term viewership gain." Hussain recommends that if startups at Luvann will have leads converting on its platform, then it would be great to have a downloadable CSV file with the contacts or a way of integrating their databases with proper tracking set up so she can attribute that lead referral back to Luvann.

Filtering and engagement buttons will allow startups to understand what the community of early adopter finds valuable. Their feedback will help guide startups in their product development, marketing material and strategy to approach their customer base. We are considering several features like share buttons to allow our users’ content to go viral, and up/down voting like Reddit as a way to reduce noise on the platform.

Sam Lessin, co-founder of Fin, says another way to reduce the noise on the platform is by having “Only MIT and Harvard students submit ideas. They have to be real name identity, and so they look stupid if they submit something dumb. There is an incentive to submit good ideas, which could be cool. To get attention
on Kickstarter you have to do a lot of work, do a cool marketing video, and so on and so that means that the average Kickstarter project you will see is more thought out and higher quality than the average.”

Sabine Valenga, co-founder and CMO of “Food for All” says,

“Luvann would be a great way to show our work. So we could announce to the world that we got this and this restaurant.” There also needs to be filtering like “best product of the day” and "stage of the idea." The first early adopters were the ones that requested early access, and we got those through the PR campaign. Once they subscribed, we added an empty message field so they could write us a message. We thought people would never write, but they do. They would write things like ‘Hey, I’m a single mom I don’t have any time to cook and would love to have Food for All accessible to me.’ So, you start understanding the backgrounds and motivations for them to subscribe. We did a landing page and a well-structured Kickstarter campaign. The call to action on the landing page was ‘support us’ on Kickstarter.”

Luvann can also provide a source of information for startups to find other means of funding that are not readily available. Sarah Bates says that it would be great to attain funding from organizations like the Worldwide Fund. She says these organizations are giving money to research the world’s problems like food waste and "startups, like Food for All, are solving that problem. Why don’t you give FoodforAll half a million dollars? Research is crucial, but it is slow and ineffective. Food for All has the app built; they have restaurants and people using it. Why wouldn’t you invest or have $500k for them to grow and scale and have the research measure their impact as they go?” She mentions she was in research before becoming an entrepreneur, but she realizes it’s slow and impractical. As Bates mentioned, many startups are solving the world’s paramount problems. Luvann could provide an alternate source of funding for entrepreneurs through the use of corporate sponsors and academic fellowships.

Early adopters also care about who the founding members of the startup are and like to hear about their backgrounds, skills, and why they want to work on solving a specific problem. They like to see the startup’s progress, e.g., “We got into Mass Challenge” to know what they are doing. These types of notifications transmit confidence that the startup is passionate and working on delivering a solution. Entrepreneurs who are fundraising also want to stand out in the entrepreneurial ecosystem. Joulez is a startup that creates products to empower young girls in STEM. Stephanie Rowe, the founder of Joulez, says she is interested in anything that will drive attention to her startup. Now that she is fundraising, she is focused on visibility in the startup community: "[Investors want to know if] you an active member of the community. Are you out there, do you have name and brand recognition? It is about fundraising, investors, and media.
presence gives you validity in the Boston startup ecosystem.” When fundraising, having validation as a company regarding building a business and attracting investors and talent is key.

Entrepreneur Varun Bhartia says that early adopters can also pose problems they would like to have solved. He says, “I wanted to create a problem platform—a place where people (doctors, everyday people) could post problems. Then engineers/entrepreneurs could solve them. The beauty would be that people would have a customer list (the people with the problem) right away.”

Success in startups is unusual. According to Kickstarter’s statistics pages in 2017, 63% of all 376,921 projects on Kickstarter were unfunded, and 14% projects were not able to attract a single dollar in pledges. Crowdfunding sites also are not a good source for raising funds for tech companies. According to a Shopify infographic, out of 18,000 tech crowdfunding campaigns, only 13% have high success rates.

2.3 Experts
Prof. Christian Catalini, Assistant Professor of Technological Innovation, Entrepreneurship, and Strategic Management, MIT Sloan School of Management, has studied crowdfunding. He says that in equilibrium, people will use the platform until it is saturated. He believes there should be a three-sided market where on one side there are entrepreneurs developing new products and ideas, the other side has influencers recommending products, and on the other, there are early adopters who have exclusive access, which they care a lot about because it is part of their identity. When early adopters are not given early access, they are twice as likely to abandon it. Catalini says that early adopters are the users that will make or break technology and so if your goal is to bootstrap your products and services, then it is best to target early adopters. He says, "early adopters care deeply about that phase and crowdfunding is a testament to that because people are willing to pay when the entrepreneur has nothing, not even a product.” He believes in rewarding early adopters for coming in early in a meaningful way. "You can use a cryptographic token to reward early adopters for coming early and helping you build the ecosystem. It is a way to give them micro-equity and its a good way to bootstrap. No one has experimented with consumer goods yet because it is mostly the digital space.” Users earn tokens, and the tokens increase in value as the platform increases in value. This allows developers that develop interesting applications on top their messaging app to earn and be rewarded. As the platform grows, those who contributed early have a share of equity that can potentially be worth a lot of money like bitcoin. Catalini says, "At the beginning, bitcoin was worth zero, but the process for allocating these tokens is why everyone invested in all this mining, and computing, and now
bitcoin is worth $4,000/coin. The bitcoin early adopters were rewarded by the fact that they were coming in early by the future appreciation of the token.

Prof. Michael Cusumano, emphasized focusing on strategy for customer acquisition. He says it is important to figure out the "trigger side of the platform. Or if there is no one trigger and you need to zig zag." He believes that monetizing from early adopters or entrepreneurs at an early stage will not work unless there are enough potential users. Product listings need to be free at first to get enough users. The chicken and egg problem is how do you get both sides of the platform.

Being able to reach large audiences is powerful, and one that can lead to the creation of influencers is even more powerful. David Boghossian says that in the consumer space it is more powerful to have a community of ten thousand photographers than ten million generic consumers that may or may not be interested. Boghossian believes you have to carve up different groups or do it for a particular industry sector. To do it for a specific industry sector, you can go to the leader of that segment and propose the idea of turning their actual customer base into a community of engaged users who will share information and submit ideas. He says that companies that want to become an innovation magnet in their industry would be interested in this proposal. In any group of customers, there are always ten to fifteen percent of lead adopters who just want to know. "If you give them a free t-shirt or list them as an influencer of the week, they will go and review 100 products because they love it and are interested in finding out what is out there in the pipe. A little bit of recognition and currency goes a long way." He says you can leverage thousands of hours of volunteer labor as what Product Hunt has done to sort out what is valuable and useful.

Bill Aulet, director of the Martin Trust Center at MIT, explains that entrepreneurs need to focus on finding who their customer is and find a group that is similar in traits and characteristics. He recommends founders to start qualitatively and figure out what the right questions to ask are, put it on a landing page and then design one landing page and another landing page and do A/B testing. "Startups should focus on getting homogenous followers, not look at the number of followers, but ask if those followers have omogenous, will they buy the same product, do they have the same sales process..." Aulet believes it is crucial to understand if those followers have the same value proposition, lifecycle use case, distribution methods, and decision-making process. Startups can have a small number of users that have a high NPS (Net Promoter Score) which is better than having lots of diverse users.

Elaine Chen, an entrepreneur in residence at MIT, emphasizes problem before the solution, customer before product. She also recommends focusing on one market segment and customer. She says that to attract a
certain segment, startups need to specialize in a particular interest of that community. "The technology backbone is the same for whichever segment you want to target, but the go-to-market is different because where you go and how you touch the target market is different." She emphasizes the importance of doing a deep dive for a specific customer base, find one persona and create a value proposition. Entrepreneurs need to learn if you can reach a persona the same way you can reach another persona that is the same network to understand if they are homogenous. According to Chen, products and services are designed to be focused, even if they appear to be a limitation from the outside, it helps them execute. If the product or service is not focused, "you are going to go slow on every single sector than if you took one and went fast in one sector. You don't have infinite resources to approach a broad sector and get everything to move forward at once." Chen says conversion rates will not be good if your marketing is not targeted, you need multiple impressions of one thing to make people convert.

2.4 Conclusions
Entrepreneurs are looking for early adopters for their specific industry; they want to find their target customer and know more than demographic data—they want to know about their customer's favorite brands and heroes but also their lifestyle. Early adopters are looking to find products and services to solve their problems and needs, but also tend to "indulge" on "extras" that are not necessities when they have disposable income. Early adopters are looking for that "cool" new product to have and buy and be the first in his/her group to have it and introduce it. Their behaviors of "show and tell" are a perfect fit for an entrepreneur's "word of mouth" marketing strategy.

Secondary Stakeholders
Luvann is primarily targeting entrepreneurs and early adopters; however, through our interviews, we have found that designers, marketers, market researchers, media and design agencies, and investors can be other indirect consumers for this type of platform.

Potential Features
Luvann has included in its potential list of features:
1. Allow startups to do "email marketing" inside the Luvann platform so that it won't clutter early adopter email inboxes.
2. Have a status update bar where startups can make announcements, e.g., "We got into Mass Challenge."
3. Categorize startups by stage of idea, certification, incubator, accelerator, product, and service category.
4. Have a message field in each startup profile so users can send a direct message without having to go to the inbox or startup's domain.
5. Allow customizable call to action buttons on startup pages
6. Have a simple registration and onboarding process.
7. Early adopters will be classified by demographics, social causes they support and values, e.g., sustainable, cruelty-free, etc.
8. Allow startups to reward early adopters and have this be customizable.
9. Give startups analytics to understand their followers better including similar data to Google Analytics and Hot Jar.
10. Plugins to customize each landing/profile page to add social buttons, etc.
11. Market research and industry reports on the Wellness Industry.
12. Community-building through the promotion of local groups, events, and meetups.
13. Coaching on how to tell your story, building the landing page, go viral, etc.
14. Easy integration with the company's website and tracking
15. Showcase all the company's social network accounts and find the feeds on their Luvann profile page.
16. Allow startups to post a bio and pictures of the founding team and product to create their personalized environment to show who they are, what they look like, and what they did before starting this venture.
17. Allow space for blogging and content creation.
18. Allow startups to post job openings and list skillset required.
3: BUILDING AN MVP: USER EXPERIENCE & FEATURES FOR ENGAGEMENT

It is necessary to have a platform that aggregates landing pages/waitlists. Here are some current statistics on landing pages that explain why the ongoing process of A/B testing and digital marketing strategies are inefficient. According to Impact Bound, companies see a 55% increase in leads when increasing their number of landing pages from 10 to 15. Testing multiple landing pages is considered an advanced and grueling methodology. Companies with 40+ landing pages get 12 times more leads than those with 5 or less. Conversion rates typically range from 1-3%.

Even though the standard results are poor and this process is inefficient, there is no other way to announce and promote your startup with owned media and SEO optimization. Similarly, there is not a way to find all the waitlists and landing pages; it is not something you can “Google.” This inefficiency prevents startups from accessing followers and vice versa.

To understand my users and test the desirability of this idea, I built the first prototype of Luvann on Wordpress in September 2017. I decided to start by creating a landing page on Kickoff labs running some social media ads. I tested the prototype with fellow entrepreneurs at MIT. I quickly learned about the importance of good user experience and interface design. Some of the problems I faced were:

1. The “Submit your Project” link in the top left corner was not visible.
2. Users didn’t have a clear understanding of what Luvann was when they entered the website. They asked for a written explanation below the Luvann name.
3. User-generated tags looked messy. Also, one entrepreneur submitted over five tags for his startup. Allowing users the freedom to create tags without a limit could overpopulate the area with useless "categories."
4. Member features should be accessible in the top right corner, not the bottom of the page.
5. The header titles in each page are distracting and unnecessary.
6. Specify correctly in the profile form spaces, where to put their Full Name and Startup name.
7. It should be mandatory that startups place their logos on their profiles to have a visual platform.
8. Require that startups write their first update while signing up as part of the form.
9. Having the create profile page blank is not that engaging. Give users image options they can later change and a default greeting message on the wall.

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After testing the platform, my sole focus became creating a great user experience. Inferior UX/UI disincentivizes startups and early adopters said that they were not willing to support a project with substandard UX/UI because unpleasant design unconsciously translated into lack of trust in the company and low-quality product.

3.1 UX/UI
Luvann’s platform needs to offer users more opportunities to engage such as creating posts. Users need to be exposed to all startups in the platform and be able to interact directly with them. Luvann has to enable users to become influencers themselves, as they might be more likely to adopt the service. The UX/UI and features embedded in the platform can influence user behavior. Engaging users in every possible way has to be the sole focus. One possibility to engage users the design of the main page where all users of the platform can interact. It will allow all users to post shouts to the entire community. This layout can be risky, as it can affect the adoption of the service because it might discourage users from building their "own" community inside Luvann. Luvann will have a central feed where users can see what their friends loved the most regarding products, services, founders, startups, influencers, and other early adopters. They will also be exposed to view what products, services, founders, etc., their friends like, follow, comment, and share.

3.2 User Engagement Features
We can compare the use of Instagram to Luvann since they both target the same demographic (18-34). Instagram became an astonishing platform for influencers and brands where quality reigns over quantity. Instagram set the standard in social media for stunning visuals. It encourages users to portray themselves as celebrities with the use of filters. Luvann needs to attract influencers and give them access to the platform to discover new upcoming trends, ideas, businesses, products and services in a space dedicated to startups, innovation and ideas. Luvann will focus on perfecting its search and engagement features to enable and facilitate adopters to become wellness influencers.

To capture users, one must understand their behavior. Early stage startups want to acquire followers and funding. Luvann can be a way to find investors and host a crowdfunding campaign. However, not all startups are looking to be crowdfund. It is also hard to compete with well-established crowdfunding players

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18 Smith, Cooper. “Here’s why Instagram’s Demographics are so attractive to Brands.” http://www.businessinsider.com, 2014
like Kickstarter and Indiegogo, even though crowdfunding will be an option on Luvann and some of its users will be traditional seed investors. Luvann will have social network features to help startup founders connect and communicate directly with potential followers and customers. A founder’s toughest challenge is finding their target audience and being able to speak and engage with them directly. Luvann hopes to provide a space where this communication in the wellness space will be readily accessible and direct. To attract users to the platform, Luvann will help facilitate startup founders and followers/early adopters gain influencer status on the platform as well so they can be recognized for their expertise. From seeing other platforms like Instagram succeed by allowing users to build a following, I have realized the importance of a remarkable user experience and interface, but also a plethora user engagement features.

Kickstarter and Indiegogo do not have social network components where users can interact with each other, create profiles, private message, follow and like other user’s photos and videos. Even though it is paramount to limit the “noise” and low-quality content, it is also important to let users share what they find is most relevant and important to them so they can gain status on the platform as a way to keep users engaged. However, the primordial focus is promoting high-quality startups and deeply engaged early adopters.

It is also essential to rank ideas by allowing users to vote. Startups that can lead inside the platform as authority figures with more followers can have a higher rate of success. There are diverse factors that drive the success or failure of a startup and that is why I find it vital to let users expose their ideas to a community of engaged early adopters to get feedback in a safe place. Founders are looking for direct engagement with their target audience, a homogenous group, and that is why Luvann has also chosen to specialize in the wellness industry so startups in that space can find interested wellness enthusiasts that will be more eager to engage.

We are estimating that Luvann adopters are 25 years old on average. To target this audience, we are considering the following services that can be offered to attract and engage this user group:

- **Cross-social Sharing Feature:** Luvann can partner with messaging apps like Whatsapp and social network platforms like Instagram to allow adopters to share videos, photos, and messages across platforms and add them to their Luvann feed.
- **Recommended:** Luvann can also offer across platforms “ideas, startups or early adopters you might also like” so they are exposed to content while being connected to Luvann and react to it through Luvann they can start receiving notifications about recommended users and content similar to what they “liked” or “followed.”
• **Wellness Indie Movement:** As the indie movement becomes relevant in all mass consumer goods and services, Luvann can leverage it to promote new startups and early adopters rising in the indie wellness scene.

• **Geo-tagging:** Luvann can do geo-tagging and send users new startups when they travel to other cities or countries. They can send push notifications or give suggested “must try” products in a “Top Hits” menu from that location and also offer discounted services and products. Luvann can also send recommended products to adopters after they leave a natural food store, shop, gym or other wellness-related product and service.

• **Fandom:** If an adopter is a die-hard fan of, e.g., vegan diets, they can get notifications about upcoming new events. Luvann can also offer perks such as priority in ticket purchases, free swag, and VIP access to select events.

• **Podcast:** Luvann can also offer adopters a service of podcasts, similar to a “How I built this” podcast to learn more about startup founder stories.

• **Inspire Me:** Adopters can input their mood, current location, and wellness preferences (choose from an array of products and services) from nearby businesses to new products and services.

• **Playlist:** Luvann can get many adopters to adopt the app when they participate in wellness events like color runs, marathons, or Spartan races. Luvann could offer top hit songs or commission an artist to create limited edition songs for those events specially catered to Luvann users. Luvann playlists and songs will be targeted to help users elevate, regulate or relax their current mood. Music is an underestimated component that is not part of the wellness industry, but it is a complementary product. For example, in services like spas, music, and sound is extremely relevant.

Prof. Sinan Aral questions the limits of influencers when he asked: “How many have ever done something because Ashton Kutcher suggested it?” Even though Kutcher fitted the definition of an influencer when he was the first to acquire 10 million followers on Twitter in 2009, he didn’t influence his followers’ behaviors. Aral says that people “confuse correlation with causation.” He says there are many studies that show that friends tend to cluster and with time do the same activities. When doing marketing it is crucial to understand if the human behavior is due to “peer-to-peer influence,” as Aral calls it or something else. According to Aral, “Traditional statistical models attribute that to influence. But better models recognize that the role of
influence is frequently overstated, in large part because early adopters--those who buy a product as soon as it goes on sale--tend to have similar personalities and interests.”\(^\text{19}\)

It is crucial to establish causality when developing a monetization strategy for the sale or promotion of any product. To prove causality, you must analyze users behaviors to understand why they adopt a product or service. If there is no causality established, it remains unclear if adopters are potential targets to subscribe to premium services at Luvann due to their desirability of the service or because of homophily, meaning they are adopting the platform because of their friend’s influence.

Early adopters like to share and be the first to find out and have new products and services. Many early adopters are influencers. If causality exists between pledges with the likelihood of adoption, then Luvann can target these users with enticing subscription deals and premium service offers because these users are most likely to subscribe. The challenge will be to understand the reason why they adopt Luvann. Are they being influenced by another early adopter? If users are adopting Luvann because of homophily, then we need to identify which users are persuading these adopters.

Since many early adopters are or act like entrepreneurs, there are many common characteristics between these two groups. Early adopters tend to work on problems for a personal need, or some of them are hobbyists. “Lead users are innovators because they adopt, modify and transform a proprietary offering.” Since lead users/early adopters and entrepreneurs can both be considered innovators, I found similar needs in both groups which complement each other.

4: FINAL BUSINESS PLAN

This version was adopted from an original business plan created by:
Akshay Harlalka | Dov Hochsztein | Laura Facussé | Rameech Mccormack | Rushil Batra
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4.1 Executive Summary

Objective
Luvann’s mission is to connect upcoming indie wellness startups with eager wellness, health, and fitness millenial early adopters. Luvann will provide a platform where startups can gain access to enthusiasts interested in learning about upcoming innovative products and services in the wellness space. Early adopters will be able to engage with the startups by joining their waitlists, signing up to be beta testers, filling product surveys and/or becoming customers. Startups will be able to get product development feedback, crowdfund, and be exposed to investors.

Business/Product or Service
Luvann is a two-sided community internet platform for entrepreneurs (starters) and early adopters. It will allow entrepreneurs to present their ideas, get feedback while developing their products and gain followers pre-launch. Entrepreneurs will be able to create company profiles, post a link to their website, upload their landing page, have a signup link for their waitlist, post updates on their advancements, connect directly with early adopters through private messages, wall posts and other social media tools, and crowdfund for their projects.

Market
The beachhead market for starters are entrepreneur students and alumni from MIT. The target early adopter is the student community from local universities in the Cambridge and Boston areas like Harvard, Northeastern, Tufts, Babson and Boston University.

Competition
Luvann is a hybrid platform that will provide: crowdfunding and social media. The direct competition includes Kickstarter, Indiegogo, Twitter, Facebook, and Instagram.
Operations

The primary operations for this venture are software development and management, marketing and data analysis. Building partnerships with entrepreneurship centers, incubators, and accelerators in the local Boston and Cambridge area with a wellness, food, health, beauty, and nutrition focus will enable us to onboard high quality startups for the initial stage. We plan to market our platform to early adopters through advertisement on blogs, tradeshows, events and meetups. For the software development, we will work on delivering a great user experience, data analysis of trends, and valuable user engagement features to attract influencers.

4.2 Business Concept and Value Proposition

Our Offering
Creating a startup community for Entrepreneurs and Early Adopters in the Wellness space.

a. Entrepreneurs: Early-stage or pre-launch startups entrepreneurs looking to get proof of concept, feedback for their product development, gain followers and, crowdfund.

b. Early Adopters: Health, beauty and fitness enthusiasts who are early adopter for wellness products and services.

Value Proposition for Starters

Luvann is a web-based platform for entrepreneurs to engage socially with early adopters directly. It is a platform that will enable startups and early adopters to engage in a space designed solely for entrepreneurial activities. Entrepreneurs will be able to promote their products and services, gain feedback for product iterations, attain analytics and important KPIs (unique visitors, leads, bounce rate, etc) for proof of concept and do “email marketing” through private messaging in Luvann in order to not clutter early adopter email inboxes. Through Luvann, entrepreneurs will be able to gauge the level of interest in their product early on from the feedback they receive. Early feedback will allow entrepreneurs to pivot if needed at an early stage.

Our differentiating characteristic is that Luvann is a space solely designed for entrepreneurial-driven social interactions. Its community and features will highlight startups’ new products and bring higher visibility to their companies’ messages through network effects. Currently, entrepreneurs spend a significant amount of money and resources to advertise on social media communities that are catered to professional and personal
networking (e.g. Linked, Facebook, Instagram and Twitter); however, their products and message gets lost because those platforms are not designed for an audience of early adopters that are highly engaged in the product discovery quest. By creating awareness in a community of engaged early adopters, entrepreneurs can share their brand message more effectively, create product awareness rapidly to their target market and capture its first customers.

Value Proposition for Early Adopters

Luvann is a platform that will indulge early adopters’ curiousity for innovative, high-quality, upcoming products in one place. Luvann’s vision is to create a community that is eager to engage with early stage companies for recommendations and feedback. Luvann will create an environment where early adopters will be able to impact the product development in the platform, have direct access to high quality startups, and be involved in the entrepreneurial ecosystem.

Description of Product

Luvann leverages the power of social media, digital marketing and crowdfunding in the wellness space. It allows users to create profiles, connect with others (via social media tools like likes, shares, comments, followers and private messages), get informed through a newsfeed from other sources, stay updated with influencers’ blogs, promote their ideas, get followers, interact for feedback, network with the wellness entrepreneurial ecosystem. Startup pages will be filtered by industry category, location, accelerator/incubator, stage of company and will be ranked by popularity and amount of followers and likes.

Revenue Streams & Product Pricing

We conducted a survey to test entrepreneurs’ willingness to pay for subscription or one-time fee to access to the platform. Based on survey results with 50 respondents, our revenue streams will derive from the following:

- **Crowdfunding Commission**: Entrepreneurs on Luvann will initiate and manage crowdfunding campaigns for their companies. Early adopters will pledge to receive a percentage of ownership in the company, a product, or to simply donate. Luvann will charge a 5% commission plus transactional fees.
• **Post-Listing Ad Revenue:** Entrepreneurs will be charged a $20.00 advertising fee to promote their startups and waitlists among the early adopters in the sponsored column of our platform for a limited period of time. With this fee, Luvann will offer lifelong access to post’s analytics and performance, which will enable the starters to make better decisions on how to communicate their value proposition in an effective manner. Reactions to such advertisements will also be crucial in providing starters the much-needed feedback on their product and the advertising strategy.

• **Banner Advertising:** Revenue stream from banner ads will be attained once Luvann reaches a critical mass of entrepreneurs. Luvann will monetize on display advertising by third-party groups to entrepreneurs. Companies like Godaddy, Hubspot, HR Block, and Legal Zoom is the target market for this revenue stream. Only entrepreneurs will have visibility to this targeted advertisement on their feed.

### 4.3 Industry and Market Analysis

**Customer Attraction/Resistance**

Entrepreneurs are always in acquisition mode, seeking to generate leads to increase their following, but the cost of acquiring new customers is often very high, with conversion rates of only 1-3%. Luvann aims to address this pain point by providing a community of wellness enthusiasts in one place that will allow an entrepreneur to scale effectively.

The marketing aspect of any business is not a simple task and requires significant amounts of time, money and expertise to execute successfully. Luvann offers a community of potential customers, without the traditional barriers to entry such as having a blogger review your product, paying for a social media campaign, etc.

According to our research, entrepreneurs are hesitant to join the platform without having enough early adopters on the platform. A minimum of 1,000 early adopters is enough to interest many entrepreneurs for the initial stage. Luvann’s business model requires a targeted and highly engaged mass of users on both sides of the platform. For the initial stage, we are hoping to increase network effects by making it free.

Early adopters need to “scout” for innovative and new products through a number of different resources. Many early adopters interviewed spent approximately 90 minutes a day at different times to inform
themselves about new product development and launches. They visit numerous blogs, information sources, crowdfunding sites and view targeted social media ads to stay updated. They do not see this activity as “research,” but rather a sort of entertainment. However, even though they enjoy spending time “exploring,” they feel frustrated that blogs do not mention all the new products and that they have to visit numerous resources to get informed. Luvann will bring awareness about novel products by allowing startups to self-promote on Luvann. Early adopters will be able to rate startups according to the attractiveness of the concept and filter out the noise. Unlike traditional crowdfunding sites like Kickstarter and Indiegogo, early adopters on the platform will have the opportunity to rate, follow, vote and give direct feedback to startups. By allowing direct communication, early adopters will be part of the design process.

**Beachhead Market and End User Profiles**

Luvann’s beachhead market are entrepreneurs in the MIT community. With exclusive access to this circle at the initial phase, we will be able to engage high quality startups that will set the tone for the rest. Keeping this platform constrained to a closed community will allow Luvann to test and improve its functionality. These key startups will be able to become influencers, authority figures, will be able to have more recognition in the Cambridge and Boston startup ecosystem. Luvann will be an “invite-only” community for startups and early adopters as a way to join the platform, we are curating content and users. By keeping the community closed, users will be motivated to post meaningful projects and ideas to sustain their reputation.

**Persona for Early Adopter**

- **Age:** 30 yrs. old
- **Education:** MBA & BFA (Animation)
- **Job Title:** Creative Director
- **Information Sources:** Facebook, Kickstarter, Feedly, Flipboard, Photography Blogs
- **Goals:** Wants to discover new products/technology related to photography

**Characteristics of Early Adopter**

- Reading product blogs/reviews is a major hobby
- Inquisitive about new products
- Wants to be the first to buy
- Shares new products with friends
- Engages in crowdfunding campaigns (to try the product, not to support friend’s campaigns)
- Tech savvy
End User Profile for Early Adopters (Based on in-person surveys conducted)

<table>
<thead>
<tr>
<th>Gender</th>
<th>57% men / 43% women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Range</td>
<td>18-35</td>
</tr>
<tr>
<td>Income Range</td>
<td>$60,000-80,000</td>
</tr>
<tr>
<td>Geographic Location</td>
<td>New York, Boston, Cambridge, San Francisco</td>
</tr>
<tr>
<td>Their Motivations</td>
<td>Be the first to have something new and “cool” and share it with friends.</td>
</tr>
<tr>
<td>Fears</td>
<td>Afraid of not getting the job of his dreams or not succeeding as an entrepreneur</td>
</tr>
<tr>
<td>Hero</td>
<td>Doesn’t have one.</td>
</tr>
<tr>
<td>Reason they would love Luvann</td>
<td>Like to know they can find everything that is going on in one place because not everything is reviewed on blogs. They like techie, lifestyle and fashion products and like trying new gadgets and smart home appliances.</td>
</tr>
<tr>
<td>How to identify them?</td>
<td>Likes to dress and eat well. Appreciates living well and good design. Is into trends, but also has his own opinions. Spends minimum of 90 mins to 3 hours a day browsing and reading new product blog posts.</td>
</tr>
</tbody>
</table>

Persona for Starters

Age: 35 yrs. old
Education: Bachelor in Design
Company: Drag & drop-no code ecommerce platform
Goals: Get 12k followers to have a successful crowdfunding campaign

Characteristic of Starters

- Looking to fund product development
- < 1.5 years (age of startup)
- Inability to market their concept independently (lack of digital marketing expertise and budget)
- Pre-seed/Alpha phase
- Wants to attain 1,000-12,000 followers for proof of concept
Market Size

Total Addressable Market Size for Early Adopters

Our business is at the intersection of the social network and financial services (crowd-funding) industry. Early adopters typically represent 13.5% (can be as high as 28%) of the population aged 18-34.\(^\text{20}\)

According to the Bureau of Labor Statistics, the median income of millennials is $38,636.\(^\text{21}\) However, according to Zillow, the 1% of millennials earning $350,000 are found in the following cities: Arlington, CA; San Francisco, CA; Huntington, CA; Sunnydale, CA; Seattle, WA; Pasadena, CA; Denver, Colorado; Cambridge, MA, Washington, D.C.; New York City, NY.\(^\text{22}\) 10% have an income of $60,000,\(^\text{23}\) this means the majority of millennials do not have much disposable income, but they are willing to spend their earnings in lifestyle wellness consumer experiences.

72% millennials distrust the current healthcare system will be able to support them in the future and are focused on finding long-term solutions to stay healthy. As a result, millennials use technology to “curate and hack their own self-directed health regime.” 80% of them use one-fourth of their disposable income on health products and services and, 35% are reducing their spending in other areas to pay for health purchases, 36% buy more on healthy foods and drinks, 41% pay for fitness classes for mind, body and soul and 23% purchase fitness apparel and shoes. 72% say brands should include wellness in their core mission, 62% believe all companies will need to have a wellness component to survive, 74% track their fitness and 20% of those who track do it via wearables and 29% through apps like Apple Health, Google Fit and WebMD.\(^\text{24}\)

\(^{20}\) Kenny, Brian and Funk, Cary. ““28% of Americans are ‘strong’ early adopters of Technology.” http://www.pewresearch.org, 2016


Population of the United States = 323 million
25.7% of the total population in age range 18-35 (Millennials) = 83.1 million
80% of Millennials spend $1/4 of income on health products/services = 66.5 million
13.5% early adopters out of the 80% health spenders = 9 million
Average amount pledged annually by each early adopter = $75
Target Market Potential Revenue (based on 5% commission) = $33.7 million
Potential Target Market for Luvann (5% for Year 1 & 2) = $1.7 million

**Total Addressable Market Size for Starters**

As per the data released for 2014, around 452,835 new startups were born in the USA, a low number compared to other years where numbers ranged from 500-600,000. The wellness space is very broad and there are different categories. However, it is a very dynamic space with a lot of new entrants, brands, products, and investors. In Kickstarter, there are 3,778 crowdfunding campaigns in wellness, at the Natural Product Expo West show there are over 3,000 companies exhibiting, and so on. In 2016, Etsy had 1.7 million active sellers on its site. Etsy is an e-commerce platform that “focuses on micro-producers, the platform is classified as C2C.” According to CB Insights, just the global fitness tech equity funding since 2013 has been $2.6 billion in funding across 755 deals. In 2016, 208 deals received $482 million in funding. In 2017, 130 deals received a total of $685 million. However, the wellness industry is composed of a spectrum ranging from spas to technology. Using this data, we estimate the number of potential startups/C2C sellers could be approximately 500,000/year. A $20 advertising fee from these sellers can translate to a potential revenue of $10 million/year.

**Beachhead Market Size for Starters**

In MIT alone, there are 323 startups funded by the Sandbox program. Additionally, there are 20-25 startups housed in the Martin Trust Center for Entrepreneurship and a total of approximately 25 startups come out

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of various research labs every year. There are also students that have startup ideas and do not form part of any formal group at MIT. Therefore, we estimate that 100 startups founded by MIT students and faculty can fit in the wellness space.

**Beachhead Market Size for Early Adopters**

With regards to the market size for early adopters during the Phase 1, we plan to bring 500 adopters on the platform by year 1. Our first early adopter population will comprise mostly students from MIT, Harvard, Boston University and Northeastern University who want to know more about the startups founded by the MIT community. The total student population in these 4 prominent colleges is approximately 50,000-60,000. Out of this total population, about 6000-7000 of them are potential early adopters who can join our platform. Our hope is to onboard 8-10% of the potential early adopters by end of year 1.

**Problem Space & Alternative Solutions**

The primary crowdfunding platforms available to the early adopters are Kickstarter and Indiegogo. However, these platforms don’t attempt to integrate the social community with crowdfunding. The network effect of Luvann can help in attracting and retaining many early adopters onto the platform. For instance, the early adopters will have their own profile pages to interact with each other and invite their friends too. We believe it is highly likely that the early adopters will prefer to log into Luvann often to check what projects their friends are following and investing. The community of early adopters hosted by Luvann would bring more visibility to their crowdfunding campaigns and help get valuable feedback even before a product is shipped by the starters. Also, the analytics offered by our platform can make it easier to track the demographics of the users interested in their products.

**Strategy for Early Adopters**

The strategy to find and attract early adopters would comprise of the following:

1. **Event Promotions:** Boston hosts a variety of food festivals like the Harvard Square Chocolate Festival, Cranberry Harvest Celebration, World’s Largest Pancake Breakfast, etc. We will also promote at shows like South by South West (SXSW), Natural Product Expo West, Fancy Food show, Museum of Food and Drink, and so on.

2. **Social Media Advertisements:** Create targeted ads on social media, primarily Facebook and Instagram, to reach users with our early adopter profile and then tailor them based on responses.

3. **Inbound Marketing:**
   a. Create our own content by hiring freelancers to gain traction by utilizing Search Engine Optimization (SEO)
4. **Referral Program:**
   a. Early Adopters who refer other Early Adopters will get rewarded in a certain amount of Luvann Dollars. (1 Luvann Dollar = 1 USD for transactions on Luvann) available for use across the website.
   b. Startups generally have their own set of early adopters and those starters who refer Luvann to their Early Adopters will get a benefit of discounted advertising.

5. **Feed Aggregator:** Develop a feed aggregator to pull content from popular blogs and organize it to attract early adopters. This tool will be specially tailored to the needs of the early adopters.

**Strategy for Starters**

The general strategy to attract and engage starters would comprise of the following:

1. **Event Promotions:** Promote the use of Luvann at food, beauty and wellness entrepreneurial networking events, food pitching competitions (MIT Food & Agribusiness Innovation Prize), demo days and hackathons using flyers and sign-up booths.

2. **Partnership with Entrepreneurship Centres:** Partner with food accelerators, co-working spaces, and entrepreneurship centers where startups seeking a means to expand their business and connect like Branchfood, CommonWealth Kitchen, NotStarve Commercial Kitchen Incubator, Seed Beauty Incubator, Kendo Incubator, etc.

3. **Web Promotions:** Promote/Advertise Luvann on popular websites for foodies, beauty aficionados, wellness experts.

4. **Advertising fee waiver for select high quality startups for limited time:** Winners of the popular entrepreneurship competitions like 100K, MassChallenge will get to advertise on our platform for free for a limited period of time. These award winning startups will act as influencers for other startups to join our platform.
4.4 Management Team and Company Structure

Management Team
The team will be comprised of a multi-disciplinary group with strong experience and expertise in marketing, web development, and consumer goods.

Human Resource Plan
In line with our expansion plan, we envision the human resource requirement to be fulfilled in the following manner:

**Phase 1:** MIT Phase
- Team: 1 Founder (no salary for the first year)

**Phase 2:** Boston Phase
- Team: 1 Sales/Digital Marketer Manager (~$70,000)

**Phase 3:** New York Phase
- Team: 5 Salaried Management Team members (~$70,000), 1 Sales Manager, 1 Customer service executive

**Phase 4:** US Phase
- Team: 5 Salaried Management Team members (~$70,000), 2 Sales Managers (~$70,000), 2 Customer service executives (~$50,000)

4.5 Product Development and Growth Plan

Growth Plan, Major Milestones, and Timeline
The Minimum Viable Product (MVP) for Luvann will be launched on June 2018. Major milestones till the final launch of the product will include:

1. **Completion of website development:** Laura Facussé will develop a web prototype with no-coding tools to test the platform idea.

2. **User Interface testing:** The testing of various UI wireframes on the platform is will be ongoing.
3. **MVP launch**: The most important features of Luvaan will be packaged in the MVP. The launch will happen during MIT’s independent activities period January 2018.

4. **Onboarding our first set of users**: After the launch of the MVP, marketing the platform and generating awareness about it among the early adopters and the starters will take few months.

5. **Modification of product features and pricing according to the feedback received from the market**: While we onboard our first set of users (both starters and early adopters) on the platform, we will receive critical feedback from them with regards to the functionality and pricing of various product features. We plan to modify certain features based on the response and feedback from the early adopters. During this time, the design of the product will be frozen and the focus will shift from the design of the product to the operations and marketing.

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**Expansion Plans**

Our expansion in near future is divided into 4 different phases:

1. Phase 1 will focus on the starter community at MIT
2. Phase 2 will focus on bringing more starters from Boston/Cambridge region (Local Phase)
3. Phase 3 will focus on expansion to specific startup hubs in USA like New York, San Francisco, Los Angeles and Chicago.
4. Phase 4 will focus on national expansion (USA region)

After building a sustainable business model for the USA, we will focus on expansion into various other countries like United Kingdom, Israel, Switzerland, Germany and India which house many high quality startups. This will be the final phase of our expansion.

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**Features of the Minimum Viable Product (MVP)**

**For Early Adopters**

The MVP will consist of the following features for early adopters:

1. Individual Profile Page with demographic information and interests
2. Ability to connect with other early adopters on the platform
3. Private Messaging to Starters
4. Ability to upvote a Starter’s product
5. Trending section which will house the most upvoted starter projects
6. Ability to follow a Starter and share/comment on the posts of the starters
7. Timeline to see what their connections are sharing and what they are finding interesting
8. Personal rating of early adopter based on the usefulness of the comments and feedback provided to
   the starters. Startups will typically offer discounts for highly-rated early adopters. The highly-rated
   early adopters will typically get an influencer tag which will distinguish them instantly from other
   early adopters.
9. Donate money to projects of interest (not buying a product)
10. Capability to pledge money to a starter’s idea (buying the product)
11. Industry-wise compilation of popular new product launches/ideas (Feed Aggregator tool)

For Starters

The MVP will consist of the following features for starters
1. Ability to create a landing page for their startup/product which can include video and graphics
2. Analytics section where starters can get an overview of the demographics of the early adopter
   population interested in starters’ products
3. Ability to advertise to the early adopters on the sponsored column of the platform.
4. Ability to rate the quality of feedback given by the early adopters
5. Ability to receive pledges and donations from early adopters

Risk Assessment

Strengths:
1. Concept of leveraging social media tools for crowdfunding is innovative.
2. Provides dual value proposition.
3. Web based product which will make it easy to scale across different geographies.

Weaknesses:
1. Small size of the early adopter population with vastly different profiles and interests
2. Large well-established competitors like Kickstarter, Indiegogo and Facebook
3. Significant marketing expenditure to gain a critical mass of users

Opportunities:
1. Growing interest in startups amongst millennials.
2. Rise of influencers, as early adopters
3. Social media and analytics tools have made it easier to track the likes, dislikes, geographic location and the demographics of the users.

Threats:
1. Lack of interest/traffic from Early Adopters
2. Shift in preference of startups from crowdfunding to other forms of investment like seed funding from Venture Capital firms or angel investors.
3. Small size of the market may make it hard to sustain operations.

4.6 Operational Plan

Operational Overview
The beta version of the platform will be developed by a team of web developers for launch in the beachhead market. Apart from this, we plan to have a full-stack developer and UI/UX designer on the core team to refine the overall product. The product is being designed after taking into consideration the responses from the surveys conducted by us. Upon launch, we plan on undertaking a lot of feedback from the first set of customers on the User Interface and service offering and tune it accordingly.

The product will be developed at MIT and the first set of our target customers are the entrepreneurs thriving in the Cambridge and Boston startup space. Because of the web-based model of the service, we can scale easily once we perfect our product in the beta phase. Essentially, the other large entrepreneurial centers in the US are quite similar to Boston and it would be easy to get them onboard our platform. We will evaluate it based on return and unique visitors, lead generation, conversion rates, ROI from ad revenue, traffic volume, referrals, user engagement and frequency.

Key Activities
Getting emerging enterprises onboard the platform is a key activity in our value proposition. Another important feature to ensure the success of the platform would be engagement of early adopters in the platform, to make their time on the platform worthwhile. It is necessary that we effectively communicate the value we could generate for these users. It is also essential to promote the product in a manner that could attract the specific audience that we plan to target.
During Phase 1, customer relationships will be established through the Martin Trust Center and we will be onboarding high quality startups within the MIT community which will act as influencers to pull early adopters onto Luvann. Additionally, we will try to partner with Sandbox program in order to encourage a massive number of startups to join in. Partnership with the Sandbox program will be a win-win situation both for the MIT startups and for us.

Sales Structure, Process & Terms

Sales Force

Luvann aims to build and sustain an inside sales team in the second phase of expansion (into the Boston/New York regions). We plan on recruiting a full-time sales manager to aggressively pursue sales. We would also have a customer experience representative on the team to manage customer accounts and ensure reliable services over time. We plan on having a ratio of 75-100:1 accelerators and entrepreneurship centers to inside sales managers and the ratio would increase substantially as we grow. Commission rates for the sale representatives would start at 3% for the employee with a base salary. Our sales representatives will handle cold-calling, meeting with representatives at entrepreneurial centers and boosting the marketing campaign. We plan on tracking sales progress by analyzing calls/new starters ratio and calls/posts by new starters ratio.

Partnerships

Entrepreneurship Centers and Incubators: Entrepreneurship centers like the Sandbox Innovation Fund at MIT help in promoting entrepreneurship across campus. Some centers also have incubation programs of which many high quality startups are a part of. Partnering with such incubators will help in on-boarding many startups on our platform.

Accelerators: Startup accelerators are fixed-term, cohort-based programs, that include mentorship and educational components and culminate in a public pitch event or demo day.
4.7 Financials

Summary of Financial Revenue Projections

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start ups</td>
<td>100</td>
<td>374</td>
<td>1,620</td>
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<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
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<td>1,999</td>
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<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
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<td>18,987</td>
<td>189,873</td>
<td>1,898,734</td>
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<tr>
<td>Net Revenue</td>
<td>$3,898</td>
<td>$26,460</td>
<td>$222,257</td>
<td>$1,937,595</td>
</tr>
</tbody>
</table>

Explanation of Assumptions

- Number of startups based out of MIT which we plan to acquire is approximately 100 startups.
- $20 fee to advertise to early adopters.
- Each starter will advertise to early adopter community once a year.
- Luvann will charge 5% commission from each pledge, compared to Kickstarter average pledge of $75, that is approximately $4/pledge.
- Kickstarter average campaign is $8,000. Luvann takes a 5% commission of a total of 100 campaigns plus the $20.00 to post the ad, revenue is $3.9mm in Year 1.
- Boston had 1,869 startups in 2016, Luvann is hoping to capture 20% of the market in year 2. The City of Boston has a population of 673,000, early adopters are approximately 13.5% of the population. Luvann is hoping to acquire 1% of the early adopters in Boston, which is a total of
900 early adopters. In year 3, Luvann is hoping to capture 20% of the Boston and New York startup ecosystem. New York has 6,300 active startups in 2017, Luvann will aim 20% of that.  
- In Kickstarter, there are approximately 102 pledges per campaign for $75/pledge on average. For this to happen, Luvann needs 10,000 early adopters in the platform. However, for Year 1 we are estimating we will have 500 early adopters who pledge for a campaign with an average of $75. Luvann gets 5% commission for a total of $949,367.
- New York has 8.5 million population. 13.5% are early adopters, Luvann will acquire 1% which is 11,475 early adopters. In Year 3, Luvann will have 1% of early adopters in New York and Boston.
- In Year 4, Luvann will launch in L.A. which has a population of 4 million, 1% would be 5,400 early adopters.
- Server Hosting Charges: We assume that each early adopter consumes 1.2 MB of data transfer per visit to our website. Each early adopter visits our website once every two days. Therefore, each early adopter will consume 18 MB per month. Dedicated server hosting charges by GoDaddy amount to approximately $100/month for 8GB server space. This will suffice for year 1 and 2. However, for year 3, the server space will amount to $300 per month for 50,000 users and $900 per month for 500,000 users.
- If Luvann captures network effects, it hopes to have 10x growth per year.
- In Year 1, Luvann will have an inside sales/customer service representative that serves both functions and a full stack web developer to build the site.
- In Year 2, Luvann will hire another web developer and a full-time inside sales representative.
- Luvann will pay approximately 29.6% in taxes, as Vonne Inc, New York.

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Summary of Sources of Capital and Start-up Expenses

In the start, we plan to acquire funds from Sandbox for year 1. In year 2, we plan to raise $350,000 from investors as series A funding and in year 3, we plan to raise another $350,000 for series B funding. By year 4, Luvann will be self-sufficient and will fund its growth through its revenues.

Income Statements (for years 1 to 4)

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
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<tbody>
<tr>
<td><strong>NET REVENUES</strong></td>
<td>3,898</td>
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<td><strong>OPERATING EXPENSES</strong></td>
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<td>Sales &amp; Marketing</td>
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<td>Total Operating Expenses</td>
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<td>(325,217)</td>
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</tbody>
</table>
### Balance Sheets (for years 1 to 4)

<table>
<thead>
<tr>
<th></th>
<th>Begin</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>20,000</td>
<td>21,867</td>
<td>46,650</td>
<td>67,380</td>
<td>1,241,033</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>20,000</td>
<td>21,867</td>
<td>46,650</td>
<td>67,380</td>
<td>1,241,033</td>
</tr>
<tr>
<td><strong>PROPERTY &amp; EQUIPMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>3,333</td>
<td>8,333</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>20,000</td>
<td>21,867</td>
<td>46,650</td>
<td>70,713</td>
<td>1,249,366</td>
</tr>
<tr>
<td><strong>LIABILITIES &amp; SHAREHOLDERS' EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short Term Debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Accounts Payable &amp; Accrued Expen</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other Current Liab</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>LONG TERM DEBT</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>STOCKHOLDERS' EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred Stock</td>
<td>0</td>
<td>0</td>
<td>350,000</td>
<td>350,000</td>
<td>0</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>1,867</td>
<td>(323,350)</td>
<td>(649,287)</td>
<td>529,366</td>
<td></td>
</tr>
<tr>
<td>Total Equity</td>
<td>0</td>
<td>1,867</td>
<td>26,650</td>
<td>(299,287)</td>
<td>529,366</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; EQUITY</strong></td>
<td>0</td>
<td>1,867</td>
<td>26,650</td>
<td>(299,287)</td>
<td>529,366</td>
</tr>
</tbody>
</table>
### Cash Flow Statements (for years 1 to 4)

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Earnings</td>
<td>1,867</td>
<td>(325,217)</td>
<td>(325,937)</td>
<td>1,178,653</td>
</tr>
<tr>
<td>Depreciation</td>
<td>0</td>
<td>0</td>
<td>1,667</td>
<td>5,000</td>
</tr>
<tr>
<td>Working Capital Changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/Decrease Other Current Assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Increase/(Decrease) Other Current Liabilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Cash Provided/(Used) by Operating Activities</td>
<td>1,867</td>
<td>(325,217)</td>
<td>(324,270)</td>
<td>1,183,653</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property &amp; Equipment</td>
<td>0</td>
<td>0</td>
<td>(5,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Cash Used in Investing Activities</td>
<td>0</td>
<td>0</td>
<td>(5,000)</td>
<td>(10,000)</td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase/(Decrease) Short Term Debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Increase/(Decrease) Long Term Debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Increase/(Decrease) Preferred Stock</td>
<td>0</td>
<td>350,000</td>
<td>350,000</td>
<td>0</td>
</tr>
<tr>
<td>Dividends Declared</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Cash Provided /(Used) by Financing</td>
<td>0</td>
<td>350,000</td>
<td>350,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>INCREASE/(DECREASE) IN CASH</strong></td>
<td>1,867</td>
<td>24,783</td>
<td>20,730</td>
<td>1,173,653</td>
</tr>
<tr>
<td><strong>CASH AT BEGINNING OF YEAR</strong></td>
<td>20,000</td>
<td>21,867</td>
<td>46,650</td>
<td>67,380</td>
</tr>
<tr>
<td><strong>CASH AT END OF YEAR</strong></td>
<td>20,000</td>
<td>21,867</td>
<td>46,650</td>
<td>67,380</td>
</tr>
</tbody>
</table>
4.8 Additional Information

Validation Surveys and Experiments Explained
We conducted a survey to validate our pricing strategy among the early adopters. Based on the survey responses, 41% of the respondents were willing to bear a commission of 5% or more. With regards to pricing for advertisements, 59% are willing to pay for advertisements targeted towards early adopters. The median of the responses came to around $20. After comparing with the competition, we found this to be reasonable, but we will review it based on the response we get from market after the launch of MVP.

<table>
<thead>
<tr>
<th>What percentage commission are you willing to pay to crowdfund on Luvann?</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ No Fee  ■ 1-4% Commission  ■ 5% Commission  ■ 10%-20% Commission</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Would you be willing to pay an ad fee to post your startup on Luvann?</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Yes  ■ No</td>
</tr>
</tbody>
</table>

How much would you be willing to pay as a one time listing fee to put up your post for promotion/engagement with our audience? (in US dollars). Put 0 if you are unwilling.
**Wireframes for Minimum Viable Product (MVP)**

Shown below are the wireframe models for the Starter Landing page and the home page of the early adopters. These wireframes highlight most of the product features of Luvann in a graphical manner.
Our minimum viable product is a running website platform that enables both early adopters and starters to make profiles and connect directly with other users. It also needs to allow starters to pay to promote their startups or to advertise directly to early adopters. The “updates,” “newsfeed,” and “trending” feature needs to be up and running.
<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>PLAN START</th>
<th>PLAN DURATION</th>
<th>PERCENT COMPLETE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Web Development</strong></td>
<td>11/25/2017</td>
<td>70</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td><strong>Test</strong></td>
<td>12/1/2017</td>
<td>42</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td><strong>Launch</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MVP Launch</td>
<td>1/15/2018</td>
<td>7</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Full Launch</td>
<td>3/1/2018</td>
<td>7</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>YEAR 1 Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seek Sandbox Funding</td>
<td>1/1/2018</td>
<td>30</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Promotional Events</td>
<td>2/1/2018</td>
<td>180</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>1st Round User Feedback</td>
<td>3/1/2018</td>
<td>30</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Launch Update</td>
<td>4/1/2018</td>
<td>7</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Goal - 500 Early Adopters</td>
<td>9/1/2018</td>
<td>7</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Negotiate Founder Stake/Salaries</td>
<td>9/1/2018</td>
<td>30</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Secure Venture Capital Investments</td>
<td>10/1/2018</td>
<td>90</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Team Expansion</td>
<td>10/1/2018</td>
<td>30</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>
5: CONCLUSION

The Wellness Industry is going through an exciting time for indie entrepreneurs; they are shaping its trends, making an impact and creating value. The days of requiring a large budget for a television ad to access a critical mass are disappearing. As the barriers of traditional advertising cease to exist, the rise of digital marketing is allowing all entrepreneurs to reach customers at a lower cost. Technology, retail and consumer goods are now at the nexus of modern day power and influence.

As the barriers to entry are slowly being removed, technology, is also empowering and inviting all players to the table. It is hacking and cracking markets, personas, their behaviors and their essence: their desires, vulnerability, and dreams.

Entrepreneurs and early adopters are two distinct groups, but they are also one as they expose similar traits in that they are innovators, inventors, visionaries, risk-takers and are action-oriented. Simply put, both “put their money where their mouth is” and they are both equally influential.

Luvann is the future of the blog, where the singular figures of curator, expert, blogger, and influencer are just another barrier to entry that will disappear. Luvann will allow all ideas to come alive in one platform and let the best one win through crowd voting instead of self-nomination. There will be a rise of new authority figures through a digital democracy. Entrepreneurs will no longer have to wait for “bloggers” to review and showcase their products on their blogs. The home feed is open to all, and may the best one win.
2. Euromonitor. “Global Functional Food Trends, Natural vs Fortified.” Euromonitor, 2017
3. Natural Products Expo West. https://www.expowest.com, 2018
10. Weinswig, Deborah. “Wellness is the New Luxury: Is Healthy and Happy the Future of Retail?” Forbes, 2017