

**MallMateNZ**

# eBusiness Proposal



## The Future of Shopping

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## Introduction

Shopping at malls is a fantastic way of concentrating shopping efforts to one convenient location, saving the time and effort required to drive around town searching for the required store and finding a car park.

Shopping malls are usually open 7 days a week and for longer hours than stand alone stores.

Generally with hundreds of specialty stores to choose from, dining options, banking and supermarkets, mall shopping has changed the way that we balance shopping time into our increasingly busy lives.

Many cities have multiple options as far as which malls to shop in with malls being located in most major suburbs. This enables shoppers to frequent a number of different malls depending on where they live and work and their regular travel habits.

The most frustrating thing however with shopping in malls is navigation. And locating, then navigating the mall directory is not always as easy as it should be. Finding the one store that you are looking for without having to search every level, remembering which entrance you entered the mall by or tracking down your car when you're in a hurry to get home are just a few common dilemmas faced by today's busy mall shoppers.

This is where MallMateNZ comes in. MallMateNZ will solve the daily frustrations of mall shoppers while providing a targeted, low cost channel of advertising for stores.

MallMateNZ is a mobile application (app) made with shoppers at heart but with advertisers in mind. The perfect shopping companion.

### 1.0 What Is MallMateNZ?

MallMateNZ is a smartphone app, initially available to iPhone and Android users, designed to make shoppers lives easier and less frustrating when it comes to navigating New Zealand's major shopping malls.



The key objective of MallMateNZ is to help navigate shopping malls and quickly locate stores and services of interest. MallMateNZ also includes interactive features aimed at enhancing the shopping experience, without taking away from the apps core purpose of making mall shopping easier and more efficient.

MallMateNZ would require the co-operation of New Zealand's mall owners in order to create a richly featured app with accurate and up to date mapping and mall information, as well as allowing for joint marketing opportunities.

## 1.1 MallMateNZ Features

1. 'Mall Locator' works through the smartphones GPS by locating the nearest shopping mall to the shoppers current location, and offers directions via Google maps or other navigation apps. Mall Locator will also provide the mall's address, contact details and opening hours, as well as a street view image of the mall.
2. 'Car Park Locator' is a feature where with the tap of a finger shoppers have the ability to store the exact location of their vehicle to the app, and can be guided back via GPS navigation.

If the GPS signal is weak, for example in deep underground parking then 'Car Park Locator' has the ability to record a voice description of the vehicles parking spot which can be played back at a later time.

3. 'Entrance Locator' is a feature for those who have travelled by foot, where with a single tap shoppers are able to store the entrance point at which they entered the mall. 'Entrance locator' will then be able to guide them back to this point via GPS navigation.
4. 'Mall Search' is the key feature of MallMateNZ. A search can be entered with a store name, genre or by keywords. For example entering the keywords 'sports shoes' will bring up a list of stores that sell sports shoes.

'Mall Search' also has the option to search via an alphabetical list by searching a single letter or by searching via a drop list of a categorized mall directory.

5. 'My Location' pinpoints where shoppers are on a floor plan of the mall
6. 'Maps' offers descriptive level-by-level maps of malls, naming all stores, services and amenities. By tapping on an individual location further contact details will be revealed.
7. 'My Favourites' allows shoppers to save their favourite malls or stores to the app for later reference.
8. 'My Coupons' is a feature where shoppers have the option of receiving special offers from stores saved to their favourites via text message or email. If the shopper is interested in the special on offer a coupon can then be saved to My Coupons to be redeemed in-store by scanning an onscreen barcode.
9. Advertising is a location based service using the smartphones GPS where daily store specials and offers are pushed through to the app and appear on the screen as shoppers walk past the store.

10. MallMateNZ can be configured to the users needs, taking advantage of location based services, 'My Coupons' and advertising or having those features disabled.
11. MallMateNZ's navigation features including maps are downloaded to shopper's smartphones so no network coverage is required in order to take advantage of the navigation or other features. A data connection would be required however to receive advertising. If a GPS signal is unavailable then the maps can still be used to navigate the mall manually.



## 1.2 How MallMateNZ Works

### 1.2a For the Shopper

Essentially MallMateNZ will run directly from shopper's smartphones. For the key services of 'Mall Locator', 'Car Park Locator', 'Entrance Locator', 'Mall Search', 'My Location', 'Maps' and 'My Favourites' no registration or network connection would be required. All of these services would be downloaded to the smartphone. A GPS signal would be required however in order to use the navigation services. Any updates for any of these features would come by way of a free update.

Advertising would require a data connection but no registration and would be configurable. Advertisements would be able to be received from the entire mall, by genre, restricted to favourites only or disabled completely.

To take advantage of 'My Coupons' a basic registration would be required in order to have an email address or phone number to send special offers through to. Once the shopper has received a special offer, a link can be clicked or tapped, sending a coupon of the offer to 'My Coupons'. The coupon can then be redeemed in store via MallMateNZ.

Special offers will only be sent out by stores who are saved to shoppers 'My Favourites'. 'My Coupons' can be configured to send via SMS or email.



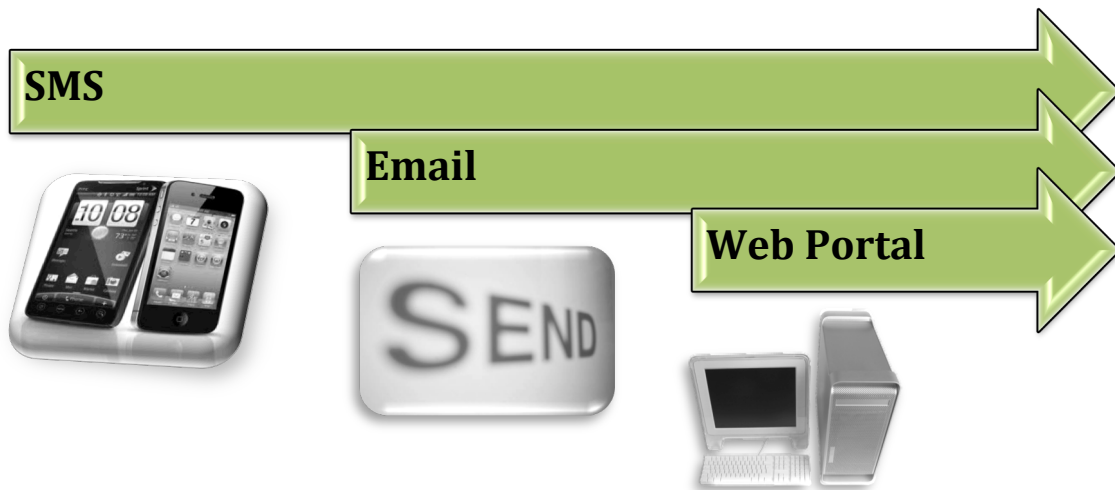
### 1.2b For The Store

It is essential for the success of MallMateNZ's advertising and 'My Coupons' features, to be economical and easy for stores to use. The more that these channels are utilized by stores, the more that MallMateNZ will be used by shoppers.

By simply sending an SMS or email with a store code and a short advertising message to MallMateNZ, for a small fee a store will be able to have their message pushed to every MallMateNZ user who passes by their store that day.

'My Coupons' special offers will work similarly, by way of a MMS or email with a store code, a special offer and an image. Again for a small fee the special offer will be sent out to all MallMateNZ users with this feature enabled.

Stores will also have the option of uploading their advertising messages or special offers via a MallMateNZ web portal.



## 2.0 Market Potential

There are currently no smartphone apps offering shopping mall navigation services for New Zealand shopping malls. There are apps of this type available in other countries, however not as richly featured as MallMateNZ. In order to identify New Zealand's market potential for an app of this kind we will look at the size of the smartphone and shopping mall markets in New Zealand.

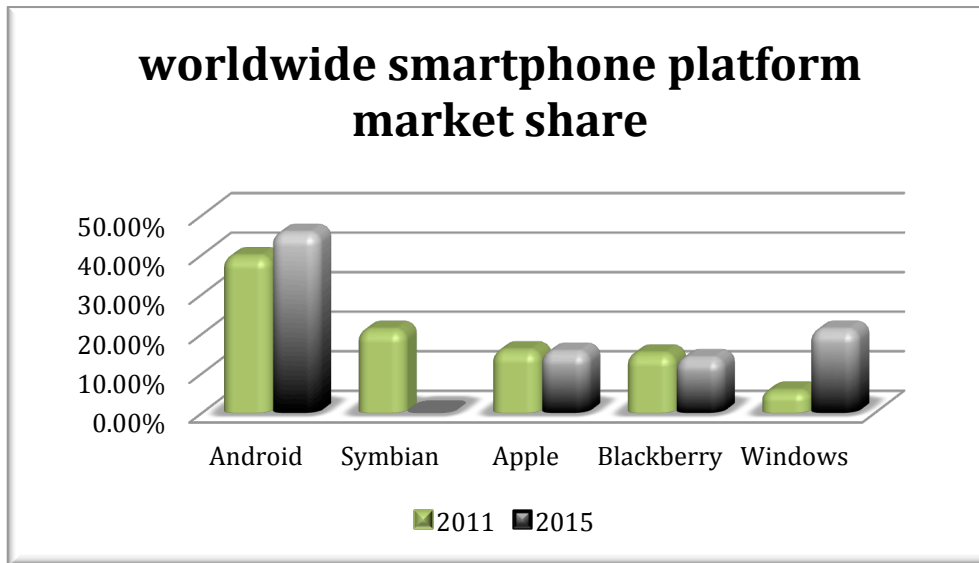
### 2.1 Smartphone Users in NZ

With New Zealand having more mobile phones than people, approximately 4.7 million mobile users (Hails, 2011) mobile is the future of marketing.

There are now estimated to be 800,000 smartphone users in New Zealand. (Jericho, 2011)

Based on worldwide smartphone usage in 2011 the Android platform will command 39.5% of the market, followed by Symbian (Nokia) with 20.9%, iOS (Apple) with 15.7%, Blackberry with 14.9% and Windows with 5.5%. (NZ Herald, 2011)

By 2015 with Nokia adopting the Windows platform, Apple and Blackberry will have remained relatively unchanged, where as Android will increase to 45.4% and Windows to 20.9%. (NZ Herald, 2011)



2degrees predicts that more than half of mobile phones purchased in New Zealand this year will be smartphones. (Slade, 2010)

As smartphone handsets and mobile data plans become more affordable, smartphone purchasing numbers will inevitably increase further, making the smartphone app market big business.

## 2.2 Shopping Malls in NZ

New Zealand has hundreds of shopping centers and malls spreading from north to south, creating huge potential for MallMateNZ. We will however be focusing on New Zealand's 20 major malls only for this project, most of which are owned by Westfield Group and the Kiwi Income Property Trust (KIPT). (Batty, 2008) New Zealand's 20 major shopping malls contain almost 2,700 stores and attract by my estimations in excess of 100 million visitors per year. (Wikipedia, 2011)

The initial malls serviced by MallMateNZ will be:

- Auckland:

Silvia Park, LynnMall (KIPT) and Westfields Albany, Downtown, Glenfield, Manukau City, New Market, Pakuranga, Shore City, St Lukes and West City (Westfield Group).

- Hamilton:

Centre Place (KIPT), Westfield Chartwell (Westfield Group) and The Base (Tainui Group).



- Palmerston North:

The Plaza (KIPT).

- Wellington:

North City (KIPT) and Westfield Queensgate (Westfield Group).

- Christchurch:

Northlands (KIPT), Westfield Riccarton (Westfield Group) and The Palms (AMP Capital Investors).

### **2.3 Relationship Between Smartphones and Shopping Malls**

The term going shopping has transformed over the years from being a household chore to becoming a leisure activity. An enjoyable experience enhanced by the rise of the shopping mall. With the inclusion of food courts, cinemas and fun-zones, as well as major store chains, specialty stores, banks and supermarkets, shopping malls are increasingly becoming a meeting place. A place of entertainment and general wandering around, where consumers may or may not be out to buy anything, but are there to enjoy the shopping mall experience.

Mobile phones have also transformed significantly from being an alternative means of communication only, to becoming an almost necessity item. Now a days with the ever evolving smartphone, mobile phones have become an all in one device, a personal pocket computer with camera, music player, web browser, email client, personal diary, GPS navigation, address book, game center and entertainment device.

With the development of smartphone apps, users are now able to interact directly with businesses and marketers in new and different ways. This has created a new dynamic in the business/consumer relationship, allowing for consumers to interact on their own terms, making them feel that they are in control of this interaction.

Smartphones and shopping malls are both growing industries in New Zealand. As our population grows and our lives become busier with a further need for convenience, demand for larger and more modern shopping malls will be seen in areas further from the main centers.

Smartphones too will see increased demand, not only due to population increase but also as we become more mobile focused in the way that we live and interact with technology.

MallMateNZ brings the smartphone and shopping experiences together, offering consumers a shopping enhancing service as well as allowing the ability for businesses to interact with a willing and attentive market audience.

### 3.0 Strategic Marketing Strategy

Preliminary thinking of an appropriate marketing strategy to effectively launch MallMateNZ onto the New Zealand smartphone app market would entail a relatively logical and simple approach.

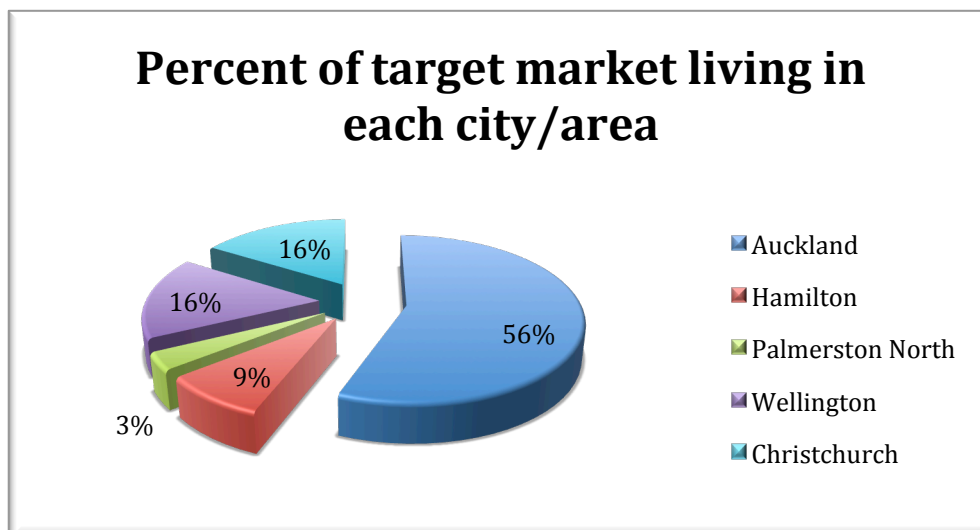
#### 3.1 Target Audience

MallMateNZ's target audience initially will be consumers in the Auckland, Hamilton, Palmerston North, Wellington and Christchurch areas who own a smartphone on the Android and Apple platforms, and who frequent shopping malls.

As at June 2010 there were estimated to be a little over 2.4 million people living in the above named cities and their surrounding areas, (Wikipedia, 2010) accounting for 55% of the New Zealand population.

Based on my own assumptions, considering the percentage of New Zealanders living in the 5 targeted centres, and the percentage of smartphone users on the Android and Apple platforms, I estimate there to be approximately 240,000 shoppers in MallMateNZ's target audience.

With a planned expansion onto the Windows and Blackberry platforms, as well as significant growth forecast in the smartphone market, the target audience size will increase significantly over coming months and years.

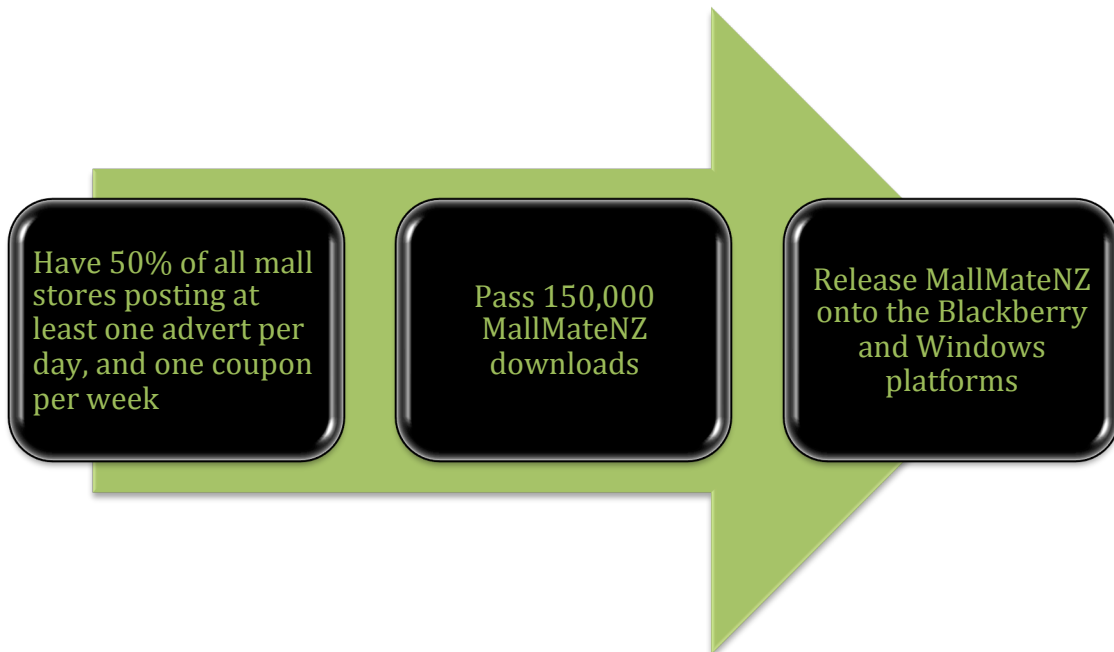


#### 3.2 Marketing Objectives

There are two sides to MallMateNZ. The functional benefits to shoppers when using the app to aid their shopping experience, and the advertising functions benefiting both store owners and shoppers.

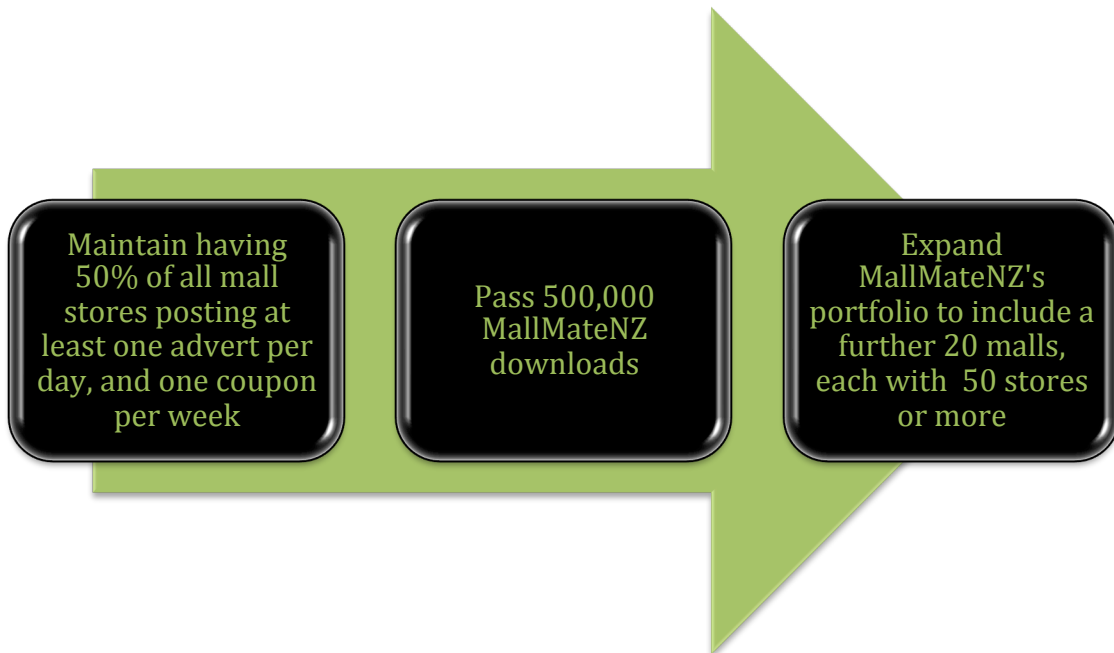
There are 3 key short-term marketing objectives relating to both of these stakeholders.

- 6 month objectives:



Long-term objectives can be difficult to assess in the smartphone app market, as it is moving so fast. A key long-term objective however is to build a sustainable business.

- Two year objectives:



### 3.3 Market Positioning

MallMateNZ will be positioned as a must have app for urban shoppers. The best interactive shopping mall app available. An essential tool in streamlining the shopping experience and a means of receiving the latest offers from shopper's favourite stores.

### 3.4 Media Channels

- MallMateNZ would be made available to iPhone users via the App Store and to Android users via the Android Market where it would be featured as a new app. MallMateNZ would be priced at \$2.95 making it affordable to most smartphone users.
- MallMateNZ would also be available as a download via shopping mall websites.
- A MallMateNZ Facebook page would be launched prior to the app launch to create awareness of the up coming app release. The Facebook page would then become a forum where MallMateNZ users were able to offer direct feedback and suggestions on app improvements, as well as being a channel for future mall and store promotions.
- QR codes would be used on shopping mall mail outs, for example 'LynnMall Everyday', providing a direct link to download MallMateNZ. A QR code could also be strategically placed on in-mall directories.
- The most important marketing channels to utilize to ensure the success of MallMateNZ are the advertising and 'My Coupon' features within the app itself. Once users have downloaded the app and used it a few times it is important to keep them using it. This will be achieved by developing ongoing uses for the app, engaging shoppers directly.

By delivering regular special offers to shoppers, shoppers will be drawn back to shopping malls to redeem vouchers, creating value to stores advertising. This cycle on top of the key benefits MallMateNZ offers to shoppers will ensure a long-term sustainable future for the business.

### 4.0 Project Plan

In order to have MallMateNZ built and made available to the market, a strategic business plan must first be put into place. The following plan outline is preliminary thinking, assuming that funding has been secured. The project plan outline will consist of 6 basic steps completed over a 12-month period.

This project plan will be elaborated on in the next stage of the project, the eBusiness Strategy.

### 1. Research: (over a two month period)

Full analysis of the shopping mall/smartphone app market will be undertaken by an appointed research company to determine the actual demand for an app such as MallMateNZ, and the feasibility of developing such an app.

The key questions we will be answering are.

- The actual size of the target audience.
- The demand for an interactive shopping mall navigation app.
- The predicted growth in the New Zealand's smartphone market
- The openness of shoppers to engage in promotions from mall stores delivered to them via SMS or email.

The research method recommended by 'Perceptive' (an Auckland based research company) would be to use a customized individual survey through an online research panel, with a geographically targeted sample size of 600 consumers.

### 2. App Mockup: (three weeks to complete)

A mobile app developer such as Auckland based Mobile Apps or Phosphor Essence will be commissioned to assist in building a presentable mockup of MallMateNZ, which can then be presented as a PowerPoint presentation. This presentation will be used when approaching mall owners.

### 3. Approach Mall Owners: (over a one week period)

It is imperative to the success of MallMateNZ to have the support of mall owners. This support will ensure accuracy in the data required to develop the app as well as providing access to individual stores, and opportunities for marketing.

Meetings would be arranged with each of the four owners of the previously listed malls where MallMateNZ would be presented with the hope of securing full support for the supply of information and the use of marketing media channels.

It is important up until this point not to over commit financially to the project as without the full support of mall owners MallMateNZ would not be able reach it's full potential.

4. App Development: (three months to complete)

Once mall owners support is secured, MallMateNZ can then be developed into a fully functional app. MallMateNZ will be rigorously tested to ensure no bugs exist, ready for launch.

5. App Launch:

MallMateNZ will be launched simultaneously on both iPhone's App Store and the Android Market. QR codes will be added to in-mall directories and printed marketing campaigns will follow as and when individual shopping malls distribute their mail outs. Word of mouth will contribute to developing awareness of MallMateNZ

MallMateNZ would be launched with all 20 major New Zealand malls pre-loaded.

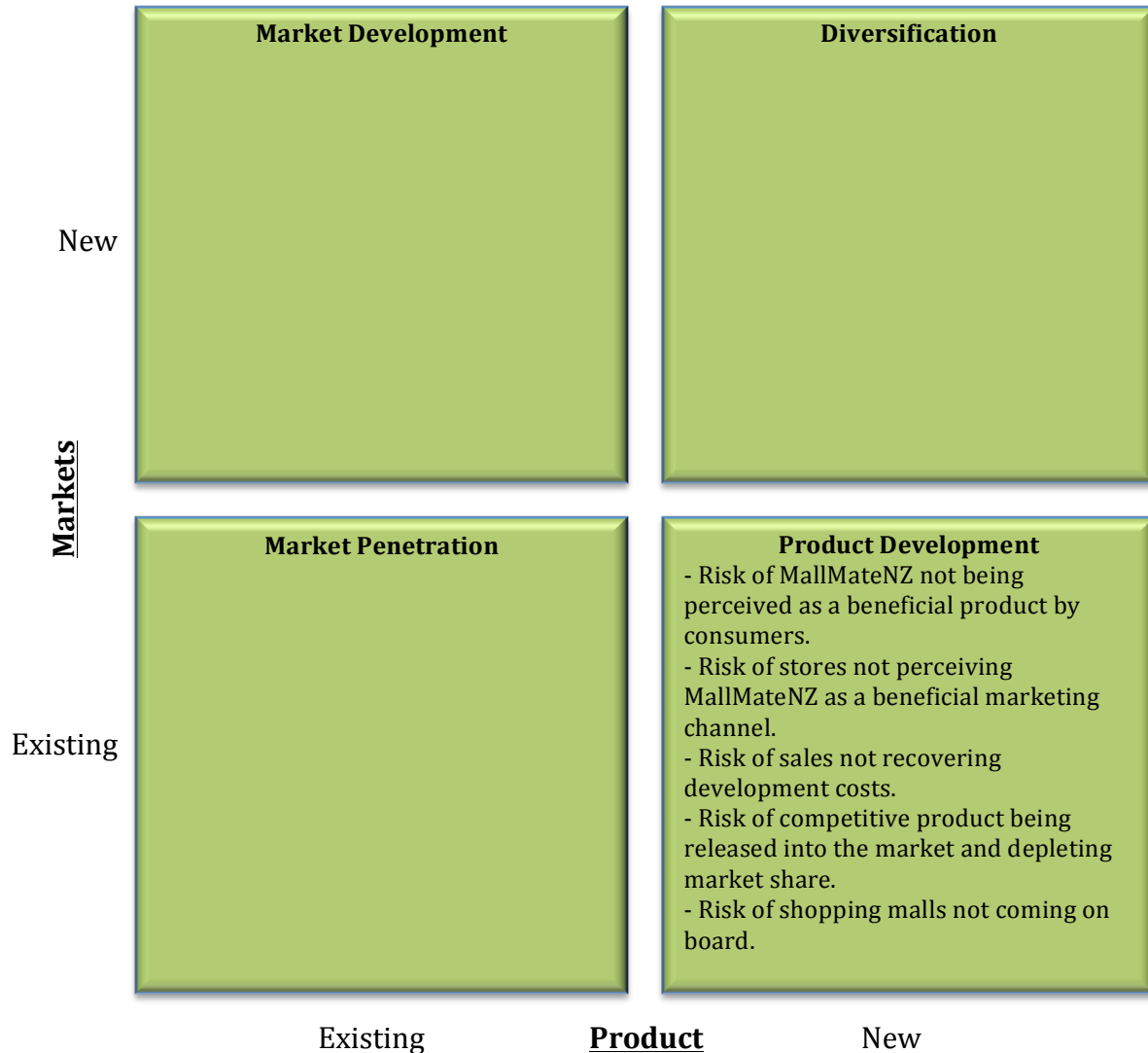
6. Post App Launch: (over a six month period)

MallMateNZ's success would be measured on uptake by the number of downloads over given periods, and by the amount of usage of the app by shoppers. Interaction with stores by way of special offers taken and coupons used would be another effective measure of MallMateNZ's success.

If MallMateNZ proves to be successful investigation into expanding onto other mobile platforms ie; Blackberry and Windows, as well as expanding the mall portfolio would be undertaken.

## 4.1 Project Risk Assessment

As with any new product idea there are risks involved in investing in and launching MallMateNZ to the market. The app launch will be relatively straight forward as the smartphone app market is already well established. There is however risk involved in launching a new product into an existing market. By using the Ansoff Matrix (Product/Market Expansion Grid) we will identify the key risks involved in a product development strategy for MallMateNZ.



## 5.0 Budget

### 5.1 Project Costs

The key costs involved in launching MallMateNZ to the market will be the market analysis conducted by an independent research company, the building of the app, directors salary, the initial marketing and the support and maintenance of the overall MallMateNZ system.

Once the system is up and running the ongoing costs are relatively low, being predominantly directors salary, maintenance and support.

1. Research:

The costs involved in contracting a research company are fairly high, but the gained knowledge and understanding of the target audience is invaluable.

To contract a company such as 'Perceptive' to conduct a customised individual research survey including design, analysis and reporting would cost approximately \$9000. (Tovee, 2011)

2. App Development:

The most significant cost involved in the MallMateNZ project will be the cost of contracting a mobile app development company to build the app as well as the server required to update and service the app once it is up and running. Mobile app development is a relatively new industry, however companies are now specializing in this field. To contract a company such as 'Mobile Apps' to develop MallMateNZ the cost will be around \$50,000 for the first platform and around \$4,000 per additional platform thereafter, plus \$3000 to develop a web portal. Companies typically charge about \$150 p/h and it would require approximately 25 hours to duplicate an app to an additional platform. (Richard, 2011)

3. Marketing:

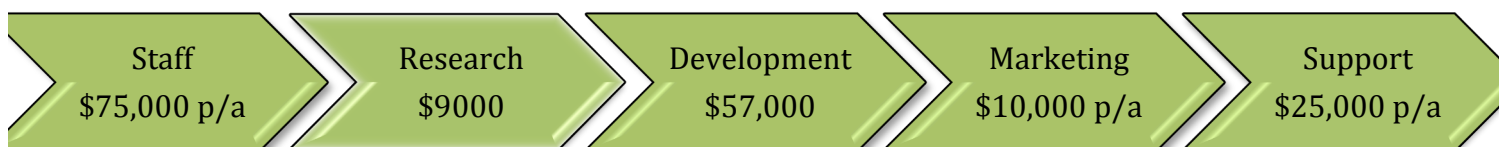
The marketing of MallMateNZ will be relatively inexpensive at the product launch as there is a limited amount of paid advertising to be done. \$10,000 will be allocated for QR code ads to be featured in mall directories and mail outs. \$10,000 will also be allocated per annum thereafter.

4. Support:

In order for MallMateNZ to stay bug free and running smoothly a support package would need to be contracted to the app development company. This can range in cost, depending on the level of support from 0\$ to \$2000 per month. As a maximum cost we will estimate this to be \$25,000 per annum.

5. Staff:

Being such a small enterprise MallMateNZ would require just one employee who would attend to all matters, including liaising with contractors, mall and store owners and other interested parties, as well as handling the marketing roll. This employee would be the company director grossing \$75,000 per annum.





Key costs for the first 12 months will account to **\$176,000**  
Key ongoing annual costs will account to **\$110,000 p/a**

## 5.2 MallMateNZ Revenues

MallMateNZ will have 3 revenue streams.

### 1. App Download:

MallMateNZ will retail in all markets at \$2.95. By reaching the 6-month objective of 150,000 downloads MallMateNZ will gross \$442,500. Over the proceeding 18 months MallMateNZ will gross a further \$1,032,500.

### 2. Advertising:

Daily advertising will be charged at \$1 per add per day. By reaching the 6-month objective of having 50% all stores advertising 1 advert per day, advertising will gross \$488,190 per annum. By reaching the 2-year objective advertising will gross a minimum \$670,690 per annum.

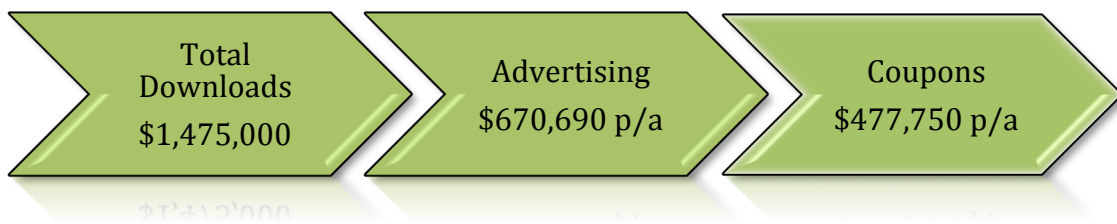
### 3. Coupons:

Special offers, ie coupons will be charged at \$5 per offer posted. By reaching the 6-month objective of having 50% of businesses posting 1 special offer per week, coupons will gross \$347,750 per annum. By reaching the 2-year objective coupons will gross \$477,750 per annum.

Total revenue after the first 6-months will account to **\$860,470**  
Revenue by the second year will have reached **\$1,885,940 p/a**



(Revenue based on 6-month objectives)



(Revenue based on 2-year objectives)

## Conclusion

MallMateNZ has the potential to make a significant difference to the shopping experience of New Zealanders, benefiting shoppers, shopping malls and individual stores, as well as turning remarkable profits.

By targeting a business to smartphone users, a market showing significant growth in New Zealand and around the world, we are securing natural growth in MallMateNZ's uptake. This coupled with the planned expansion into additional shopping malls and mobile platforms sees great potential for MallMateNZ to further grow revenues.

With 3 separate revenue streams MallMateNZ is not limited to nor is it reliant on the absolute success of one component of the revenue strategy. This putting MallMateNZ in a strong position to quickly recover setup and development costs, maintain the overall MallMateNZ system and return a strong ongoing profit to investors.

The future of business rests in customer service and innovation, delivered via mobile marketing. MallMateNZ is the future.

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