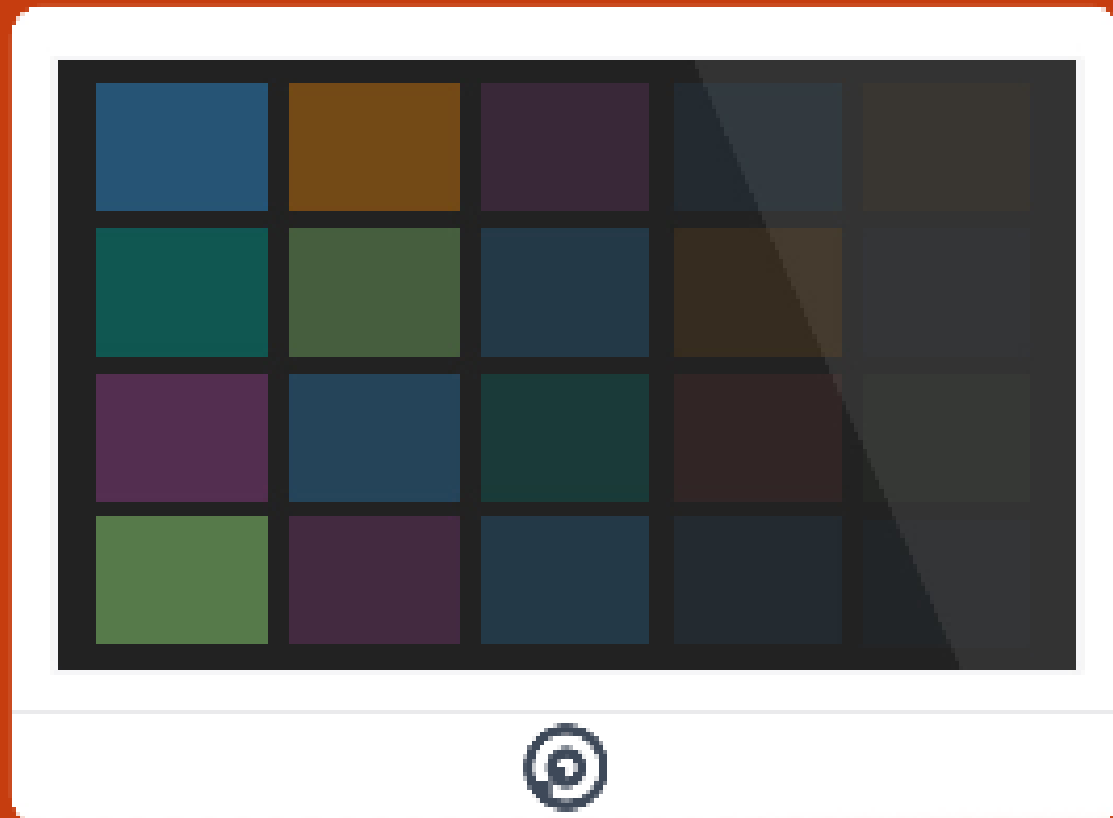


AdBoard



Group 1
Digital Advertisement Board
01 - 07 - 2015

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Introduction

We as a company give you this report as a complement to the website of our product, the AdBoard. The report will show the vision of our product in combination with how we see the product come to life and survive as an upcoming product in the market.

Website : <http://portfolio.io.utwente.nl/student/westenbroekj/index.html>



Assignment

At the beginning of this project we were asked to create a product-service combination.

There were only a few criteria that we should follow.

Develop a product-service combination. The physical product should support the intangible service.

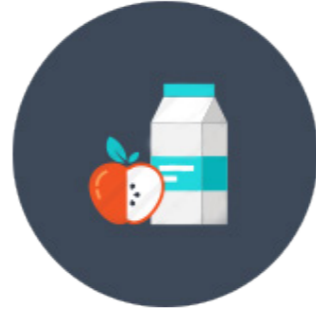
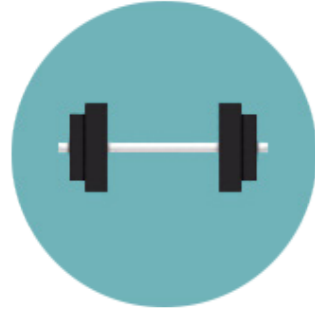
- The product will not function without the service
- The service will not function without the product

The product must be placed and used in a public space.

The product is not personally owned and everyone is able to use it. The rest was really up to ourselves to set the boundaries for this project.

It was decided to create product service combination with the goal to redesign and improve the current ask and demand boards found in a lot of supermarkets.

The goal itself would be great to achieve but also very challenging as we also have to think about making profit. How can we make profit out of something that is already free at the moment ?



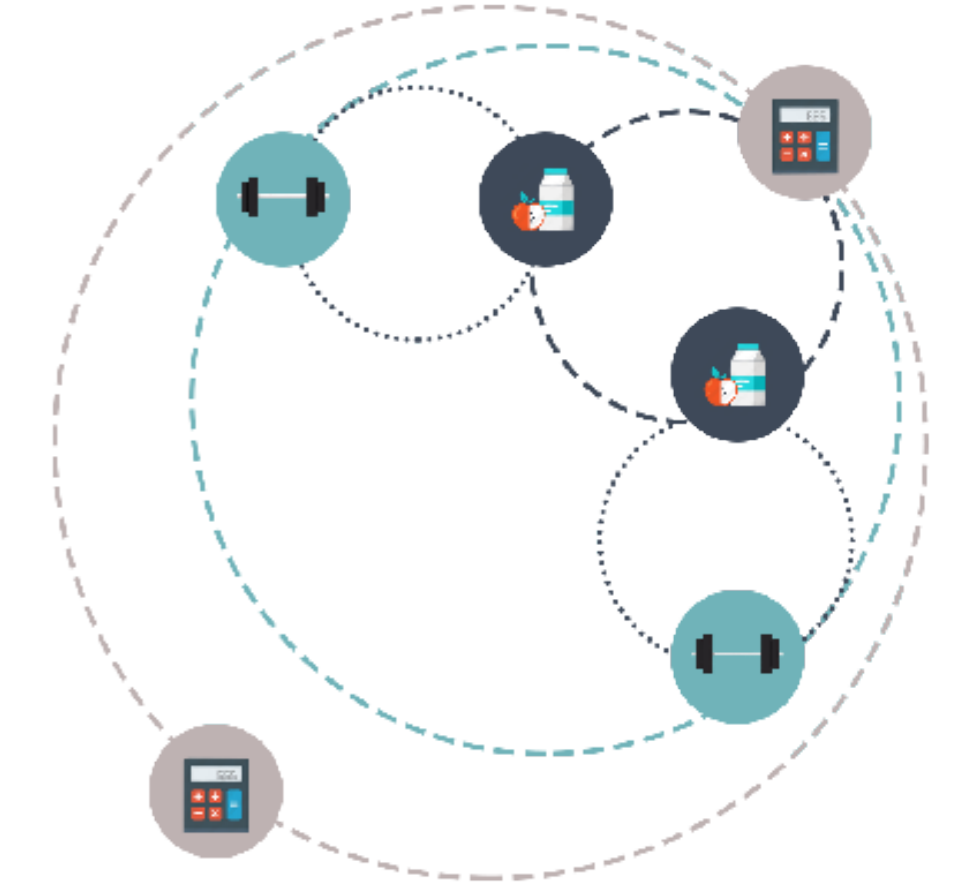
Our Vision

Our vision is to create a product-service combination that brings people together. The goal is to connect the ask and demand of different locations to one another. Users will be able to upload an advertisement on a board, which will be placed on multiple boards within a specific range. The boards will not only be placed at supermarkets but also in locations like the university and fitness center. Efficiency is also an important aspect of our board. Users will be able to use keywords to search for specific merchandises or services.

The Concept

The idea was to improve the current ask and demand boards placed at supermarkets. The current board is a simple plate on which people can place their advertisements for products and services. However the scope of it lacks to the demand of the users. In order to reach these demands we decided to take on the task to improve/perfect the current board. So the current board has its flaws. Flaws like the extend of being able to reach other users, and flaws like the fact it is unstructured and that it looks chaotic. We tried to find solutions and came up with the idea to have the system digitalized. In doing so we can eliminate the flaws.

The improved board is a touchscreen on which people can provide their messages. To improve its scale the individual boards are linked together. However the scale hasn't been upped too much. The product had to have a certain amount of cosiness to itself. For this reason the reachability is restricted. The product will be provided to three possible locations: supermarkets, high education and gyms. Each of these locations' board diverse from the other. And is only connected to other boards that stand in a specific range.



Higher education will be connected on a national scale. In spite of the large distances they remain many similarities. Students in these locations have the same ask and demand. The boards in these locations will provide the perfect opportunity of selling textbooks. Gyms all have the same type of audience. The necessities of these people are practically identical. That's why it is possible to use a relatively large scale to reach others. An urban scale is ideal for this target group.

Supermarkets have many costumers which diverse a lot from each other. The concerns of each individual also diverse a lot. So in order to keep it simple its reach will be relatively small. People have a large amount of other media to search in a bigger scale to find what they need. But the ask and demand service from their neighborhood is what connects the people. And this is what creates the cosiness. The user interface consists of the messages placed by people, but it also provides advertisements by big companies and a news bulletin which provides small messages of what's going on in the neighborhood. The advertisements are placed for profit. However the news bulletins are an extra service which can be provided by the location



The board where our idea originated from

Hardware & Software Products

A LCD tv in combination with an overlay to create a touchscreen will be used as the main hardware. The great advantage of this combination in comparison to an all in one touch screen is if something breaks down you don't need to repair the whole thing. You just have to replace one of the two things. The touch screen itself doesn't lose quality with this technique, so it is a good solution for a screen that will be in an public environment.

We also need some software components to keep our product service combination working. Things like webhosting and updates are required and are dispensable monthly costs in comparison to salaries. 15GB of datatraffic will not exceed the 10 Euros per month and we don't expect to exceed this amount of datatraffic in the start up fase of the company.

Sales product

Our advertisement board offers a different value for the location owners, businesses and customers.

Sales Product Consumer

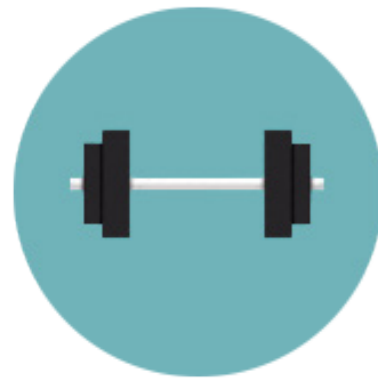
For consumers our board offers them an easy and efficient way of reaching out to a larger group of people on a local level. With the current system, customers must write down their advertisement on a note which will only be seen by people at the current location. Our product offers the consumers an added value by placing their advertisement automatically on more boards in a specific range and increasing the amount of potential clients. The board also allows users to search efficiently for products or services that they are looking for.

Sales Product Location Owners

For location owners this product will offer the location an additional value of potentially increasing the amount of people entering the facility and making use of the location's service. Location owners will be able to gather information from the board and take advantage of the needs of the people. Location owners will have a share in the profit if they install the board into their location. After a certain moment all the cost would have been paid off and pure profit can be made.

Sales Product Business

For businesses our product offers them a simple way of placing an advertisement and reaching out to a larger group of people. Businesses can upload their personal advertisement via our website, which will be shown on our boards at different locations. Business advertisements will be shown throughout the entire day while exchanging the spotlight with other business advertisements.



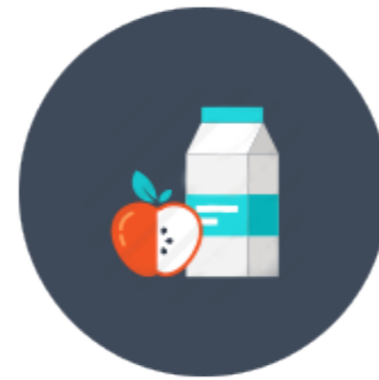
Fitness

A Fitness center is a great opportunity to reach a specific target group. The necessities of these people. They all need the same kind of equipment. So people are happy to have an opportunity to reach people that are more likely to have the same kind of interest so selling and buy equipment is a lot easier. Also, it is very interesting for a company to advertise directly to their target group.



Higher Education

Despite that these buildings are not as common as a fitness center or supermarket. It is a great location to reach a specific target group because these students all have the same necessities. They all need the same kind of equipment. So it is very interesting to upload advertisements specific for students. Students will know that there always are ask & demand advertisements which are specific content for them.



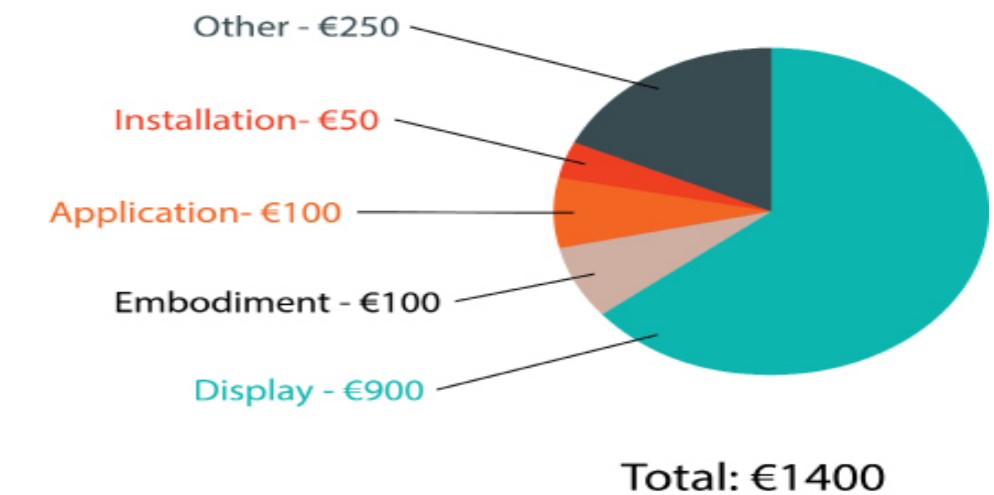
Supermarket

The current ask and demand board is a common thing in today's supermarket. So people are used to interacting with the board. With our product we introduce an update which will lead to more advertising opportunities. Everybody needs to do their groceries. So there will always be a lot of people in these locations. So it is an ideal location to advertise.

Cost Estimation

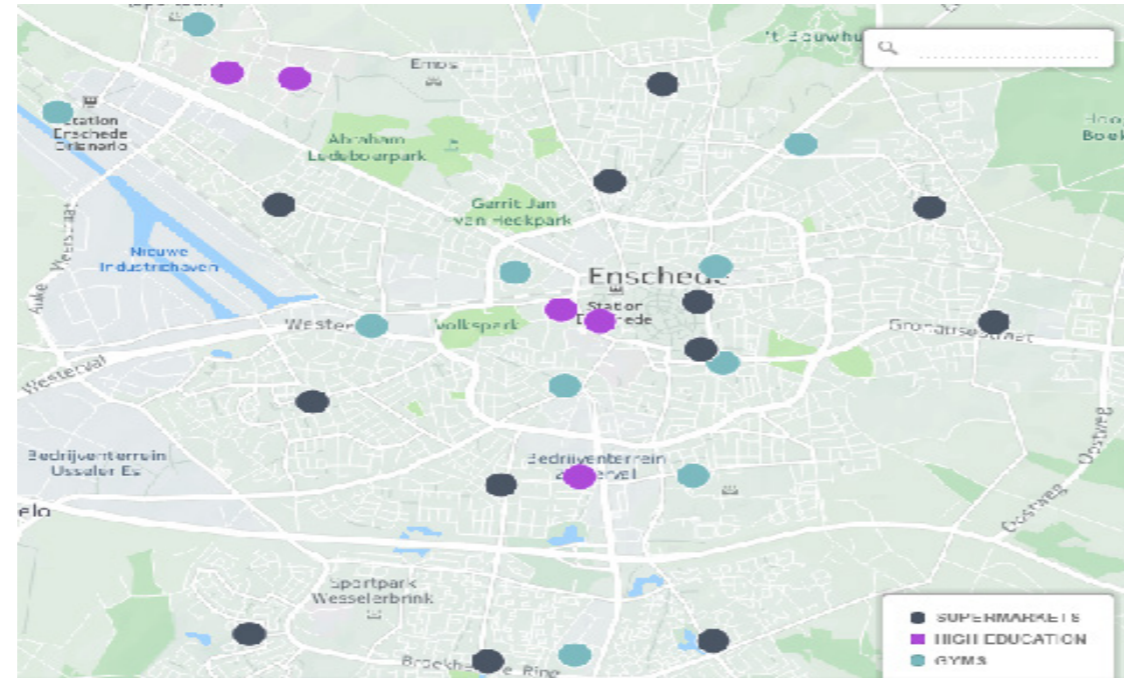
When it comes to an estimation of the costs, we can simplify the product itself to a few categories. The total estimation of costs for 1 screen is estimated at €1400. Most of the costs come from the touch screen. The touch screen consists of a 40" display and a screen overlay which registers the touch-input from the user. The display will cost about €500 and the screen overlay about €400. The embodiment consists of the casing around the screen, including the LED's at the back, the production of the casing was estimated at €100. The development costs of the application that will run on the product, was estimated at €10,000. If we are able to sell 100 AdBoards in the initial phase, the application cost will be about €100 for each AdBoard. Implementation costs are estimated at €50, as the AdBoard only has to be mounted on a wall, and installed on a computer (in this estimation, we assumed there would be a computer nearby that could run the application). We included 'other' costs, and estimated these at €250. Costs that include in this category are costs such as assembly and other unforeseen costs due to the simplification.

Cost estimation



Return Of Investment

Both we as a company and the local business owner who invests in our AdBoard, we both make an investment in our product. This investment will earn itself back through advertisements over time. The goal was a return of investment rate of 12 months for both parties. Each AdBoard will have to generate €1400 each year on advertisements, per month this comes down to €117 each month. In short, this comes down to a 35% share Based on an analysis on how profitable a advertisement board is on similar level, it can conclude that this is possible. By comparison, advertisement boards (found at bus stops and small scale billboards on the side of buildings) in cities like Enschede, averagely charge about €100 each week for advertising at 1 location. For €117 each month, which is roughly 4 times cheaper than current adverting options, we can offer advertisers to display at various locations for a broad (and in sometimes even a target group) audience. After the first year, the profit generated by the advertisement is extra profit for both the business owner and our company. As the AdBoard is estimated function up to about atleast 7 years, this can add up to some nice extra profit.



Spreading Strategy

How should the product be released upon the market at day one of release? Since the foundation of the concept is build on connectivity, the product should be placed in 'groups'. Placing a single screen for a big area would generally be a waste of effort.

One strategy for example, would be to place multiple screens within a larger city. From here the network of screens could expand to neighboring areas. But you could also start with multiple 'hubs' and make these slowly grow towards each other. The first strategy has the advantage that you can specifically focus on one area, test the product there, and expand it gradually. However, this strategy might cost you valuable time, the second strategy introduces your product to a wider audience in a smaller amount of time, however it brings more risks with it.

Yet due to possible competitor-danger, it might be wisest to choose for the more aggressive strategy. This way you can ensure a bigger share of the market by the time a competitor starts to imitate the product and service that comes with it. The strategy we initially start with, will be depended on the amount of seed money available.

Investment

There are multiple possibilities with potential seed money for the AdBoard. The biggest starting investment for the company will be the screens that we will offer for a low price to the customer of the screen. More seed money will result in lower costs for the customer for the screens. If we can offer the screens for a lower price it will be a better percentual share-out between the company and the customer. In this way we will earn more money with the advertisements and can distribute our screen faster to other places. See the business model for more information about the possible percentual share-out options. More seed money will therefore result in a faster growth because it is possible to introduce the screens faster to other places.

Of course the seed money will be used for developing the product and making it better. There is always room for improvement and new features to introduce in the product. Research for the userinterface, the right advertisements format and input for advertisements are examples where improvement is possible. Testing in more or other services or better technology are other examples that will improve the product but do cost a lot of time and money.

Business Model

The business model we intend to implement consists of several steps.

First to offer our product we will sell it far below the actual cost price. This will mean we will make no profit on the screen itself. This will make it very appealing for location managers to invest in the product. Over time, however we will make profit by earning money from the advertisements. When the product is sold to a certain location, that location would like to profit from the product as well. Since they invested a small amount for the screen they will receive a certain amount of the advertisements profit. In comparison we will earn a larger percentage of the advertisements profit since our costs for the AdBoard are higher. The return of investment will be equal to the investing company and us.

Once the AdBoards have both established successfully, and are profitable, we can make an adaption to the business model: we will distribute the AdBoards for free, as we now have the money from earlier investments with which we can use to accelerate our growth. Location managers won't have to pay for the AdBoard and will immediately profit from advertisements but instead will gain a smaller percentage of the profit made on advertisements. Once we reach this fase we can establish a large market share before we have any competition as it will be more attractive for a business owner to implement the AdBoard into his business.