

NEW VENTURE FEASIBILITY

“Fro Yo To Go”

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Author Note

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Executive Summary

This paper provides a feasibility analysis for a new business idea: low-calorie, freshly churned frozen yogurt vending machines. The business takes advantage of the current trends toward healthy eating and aims to reach health-conscious consumers. The concept, market feasibility, proprietary technology, and operational methods are all discussed in this overview, which ends with the economic viability and strategic operations.

The goal of the company is to launch a new type of vending machine that offers low-calorie frozen yogurt 24 hours a day, 7 days a week. We will combine quick service and health consciousness in environments such as college campuses, where there is a growing need for fast service and healthier dessert options. This device is special because it has an automated system that uses cutting-edge technology to offer freshly made frozen yogurt. As the need for better dessert options is rising, frozen yogurt stands out as a popular option. A trend in the population toward healthy eating, a desire for product personalization, and the demand for transparency in food ingredients are the driving forces behind this business. Although the frozen yogurt market has a lot of room to grow, there are also a lot of obstacles in the way. These factors, along with strong buyer and supplier power and a high risk of alternatives, make the market only moderately appealing overall. However, this business sets itself apart with superior operations and intense vending machine technology. The machines can make frozen yogurt on demand, guaranteeing product freshness, which is an important selling feature. Simplified production and distribution techniques can guarantee constant product quality. By combining the technology with effective logistical procedures, downtime is reduced and product availability is

increased, raising the bar for competitors. The business plan is made to be financially viable by using inexpensive ingredients and automated processes to save expenses and increase revenue.

In conclusion, the suggested frozen yogurt vending machine is well-positioned for success due the strong market presence, made possible by the technology and booming market. But in order to retain this success, the company needs to keep up its technological lead by expanding into new areas with high traffic levels from the target market, and constantly adjust to market trends. By concentrating on these areas, the business could surpass expectations while gaining a foundation in the market for health-conscious food options.

Market Assessment

Micro Level Market

The target audience for this company includes health-conscious individuals who choose low-calorie diets but still value dessert choices. This group generally consists of individuals living in metropolitan areas, frequenting gyms, college students, and those leading a healthy lifestyle. They prioritize both the nutritious value and convenience of fast food options. This product provides a solution by combining both pain points; convenience and health.

Willingness to Pay: The target consumer's desire to pay for healthier dessert options is supported by both direct surveys and market trends. Consumers have demonstrated a willingness to increase their spending on food products that cater to certain dietary requirements, such as those that are low in calories and sugar. According to this analysis, "customers are typically ready to pay a sizable price premium—on average, almost 30.7% more—for goods that are promoted as healthy, such as those that have more whole grains, less fat, fruits, and vegetables" (Deakin Research Online). A common pricing approach for frozen yogurt supplied in vending

machines suggests a per ounce rate of about \$0.50, based on current market information. A fair price per serving would be about \$3.60- \$4.00, since the average serving size is about 8 ounces. This pricing considers market norms for comparable health-conscious snack items (TurnkeyParlor) as well as production expenses. An additional \$0.30 will be added per topping. This pricing is subject to be changed when the markets rise and fall.

Advantages of the Product:

Convenience: Vending machines provide a convenient and efficient way to get frozen yogurt, attracting busy consumers who want immediate satisfaction without compromising their diet.

Health Benefit: Each portion is carefully designed to provide a delicious and diet conscious experience with fewer calories, made to meet the dietary requirements of the customers. “**FROZEN YOGURT** has such a healthful image: high in calcium, low in calories, low in fat” due to the ingredients of Greek Yogurts, fibrous toppings (such as bananas, cacao powder and berries) and probiotics (Tufts University **Health & Nutrition Letter**.) The emphasis on health not only appeals to a specific target audience but also aligns with the movement towards adopting healthier lifestyles.

Target market segment size and growth rates: Based on many sources, the frozen yogurt industry is “projected to increase from USD 1.75 billion in 2022 to around USD 2.39 billion by 2031,” showing a consistent compound annual growth rate (CAGR) of around 3.5% over this timeframe (Fortune Business Insights).

There are many opportunities for increasing the scale and expanding this business. Ways to expand could be done by offering a diverse range of flavor choices that cater to different

dietary allergies and preferences, such as sugar-free or vegan frozen yogurt. In addition, increasing the number of vending machines to other locations such as universities, business campuses, and heavily frequented public spaces.

The combination of convenience, health advantages, and market positioning not only ensures the fulfillment of present demand but also allows for adjustment to changing customer preferences.

Macro Level Market

The purpose of this macro market assessment is to investigate macro-trends that could impact future market growth and the desirability of the proposed vending machine business.

The frozen yogurt industry has experienced growth on a global scale, driven by the increasing demand for healthier dessert alternatives. The increase is mostly fueled by the rising diet concerns, such as obesity and diabetes. The overall market for health and wellness food, including low-calorie and nutritious options, is expected to increase from “\$939.9 billion in 2022 to almost \$1.4 trillion by 2027, with a compound annual growth rate (CAGR) of 8.5%” (BGL). Frozen yogurt is appealing as it delivers a smooth consistency and a pleasant taste, while also having lower calorie and fat content compared to ice cream.

The market is projected to have a huge growth rate, driven by new trends in health-conscious consumption. Market analysts expect a “compound annual growth rate (CAGR) of around 4-6% over the next five years,” indicating a fresh demand for this dessert choice (Grand View Research).

There is a notable trend towards increased desire for personalization in food goods as well. Consumers are becoming more likely to customize their food selections according to their

individual diets and tastes. According to Clarkston Consulting, “almost all food companies are implementing personalization strategies in an effort to increase market share and sales” (Tartalio, 2020). Already, frozen yogurt establishments offer buyers a wide selection of toppings and flavors and are taking advantage of this current idea. To achieve similar success on a larger scale, vending machines could possibly provide a variety of product options, such as low-sugar, dairy-free, and other flavors.

There is also an increasing need for transparency in food production. People exhibit a new awareness regarding the origin and production methods of the food that they eat. Based on the findings of the report "Transparency in an Evolving Omnichannel World" (TMI and NielsenIQ), “a substantial majority of consumers indicate a marked inclination towards brands that provide extensive product information, extending beyond basic labels”. To boost consumer trust and pleasure in the frozen yogurt vending machine business, we will provide clear information about the ingredients, calorie content, and nutritional information either on the machine itself or through a digital interface.

Industry Assessment

Macro Level Industry

In order to understand the viability and desirability of entering the frozen yogurt vending machine industry, we can utilize Porter's Five Forces framework. This tool helps with the evaluation of the competitive dynamics and can provide guidance for decision making by identifying the areas of opportunity and risk.

Level of Competitive Rivalry: Moderate. The market for frozen yogurt vending machines demonstrates a moderate degree of competitive rivalry. While the idea of a frozen yogurt

vending machine may be niche, the larger markets for frozen desserts and vending machines are filled with several options. This fosters a competitive environment where product quality, diversity, and machine technology differences are essential.

Overall Industry Attractiveness: Moderate: The industry is somewhat appealing due to the existence of established competitors which can provide the opportunity to share the market space with new innovation. The industry's reduced attractiveness comes from the power of buyers and suppliers, which puts pressure on pricing and profit margins.

Buyer Power: Moderate to High: Buyer power in the vending machine business is generally moderate to high. Consumers have a wide range of alternatives when it comes to choosing frozen yogurt businesses, as well as a variety of food choices. The extensive range of options available to consumers allows for them to have greater influence in terms of their expectations for quality, price, and convenience.

Supplier Power: High: As a newcomer in the vending machine industry, the business may encounter significant supplier power. This is a result of relying on a limited number of suppliers for crucial components, such as machinery, payment systems, exclusive software, and ingredients. The scarcity of low-calorie and high-quality ingredients could further enhance the influence of suppliers.

The level of difficulty for entering the vending machine market ranges from moderate to high. Although the initial investment in hardware and technology may be significant, the framework of vending machines enables easy expansion. The distinctive feature of the product could discourage direct competition, however, new competitors could find a way to imitate and improve upon our business model.

Implications for Industry Attractiveness: A moderate to high risk of new rivals shows a moderate level of industry desirability, requiring strategic measures to defend against possible competitors.

The frozen yogurt market faces a significant risk from replacements, as customers have a wide array of dessert choices, including many other frozen desserts. Other vending machine offerings have the opportunity to replace this as well.

Generally, the frozen yogurt vending machine industry is characterized by a combination of positive and negative factors. Although there is considerable opportunity for innovation and capitalizing on the popularity of healthier eating, there are many obstacles that could affect profitability and expansion. The market contains intense competition, strong bargaining power of buyers and suppliers, and a notable threat from alternatives and new entrants. These factors make the business hard, but also offer possible rewards if the proper strategic strategy is used.

Micro Level Industry

A niche market venture's ability to succeed is determined by the capabilities and model's efficacy. The following piece examines the business's unique organizational procedures, proprietary components, and financial sustainability.

Proprietary Elements: This venture's unique vending machine technology serves as its leverage. These vending machines can create frozen yogurt on demand, giving customers fresh, customized items, in contrast to standard vending machines that dispense pre-packaged snacks or drinks. These machines “feature sophisticated refrigeration technologies that not only minimize energy usage but also ensure consistent chilling temperatures—both of which are essential for prolonging the freshness of products” (*Frozen Food Vending Machine: American Vending &*

Coffee Service 2016). The machines are able to preserve the texture and freshness of the ingredients, which are important aspects of frozen yogurt quality. This not only increases customer satisfaction but also makes a big difference in the market, where convenience-focused goods frequently compromise freshness.

Superior Organizational Processes: The frozen yogurt vending machine industry depends on efficient logistics for both production and delivery. The business will implement practices that are intended to maximize both the efficiency of supply chain operations and the freshness of the ingredients. This entails forming alliances with producers of dairy products and other ingredients who can promptly and reliably supply high-quality products. In addition, each vending machine will be properly stocked thanks to our advanced inventory management systems that minimize waste and extend product shelf life. There will also be a well-picked staff that can check the vending machine for expired products and restock as frequently as needed.

Economic Viability: The business plan of this venture combines technology with cost-effective operations to produce a strong financial foundation. The company maintains a competitive price approach that can guarantee profitability by using inexpensive, high-quality ingredients and cutting labor expenses through automation. Compared to traditional retail storefronts, which typically require higher staffing and rent costs, the vending machines' operations allow for cheaper expenses. Because of the business model's scalability, it can expand gradually in response to rising market demand. The vending machines' design allows for quick positioning in several places and quick adaptation to shifting preferences and behaviors. These factors will significantly help the scaling of this product.

Team Assessment

A thorough examination of the team's goals, objectives, and risk-management strategy is essential for the frozen yogurt vending machine business. Knowing the team's execution skills and how they fit into the industry can offer insights into the ability to move the company to the next level.

Mission and Goals: The team behind the frozen yogurt vending machine idea wants to encourage customers to lead balanced lives by giving them easy access to healthier dessert options. The goal of this objective is to transform the dessert options available to consumers by emphasizing health without compromising convenience. The team wants to revolutionize the snack food market, especially in the dessert category, by combining cutting-edge vending technology with a healthy product.

“FroYo To Go: Delivering convenient, high-quality frozen yogurt through innovative vending solutions, anytime, anywhere.”

Propensity For Risk: The team's dedication to using skills in technology demonstrates a high chance they will take risks. In order to keep the company at the forefront of its industry, they are also prepared to innovate in order to adjust to shifting market dynamics, such as changes in consumer eating habits and technology improvements, while also putting freshness and purity at the forefront.

Execution of Success Factors: In the frozen yogurt business, a number of elements must come together for success: preservation of product freshness, the guarantee of accessibility, and consistent catering to customers needs. The organizational skills of the team are designed to tackle these obstacles. The team is expected to grow their knowledge in these aspects during the

time spent in college and reach out to mentors to further it. Combining technological understanding, industry experience, and strategic operations, the team can successfully carry out the company plan. The careful attention to details and customer service standards reflects the commitment to providing value to clients.

Connection Among Value Chain: The team's existing contacts significantly increase its efficacy. The group has established a network including influencers such as, creators of frozen meal products, beverages, and dispensers. These connections guarantee that the company can precisely and nimbly control its supply chain, which is essential for a corporation that depends on the availability and freshness of its product offerings.

Summary

In conclusion, this study of the frozen yogurt vending machine business indicates a strong chance of success in the growing market for health-conscious consumers. This venture uses many advantageous aspects that follow market patterns and consumer inclinations. There is a need for and readiness to pay for healthier dessert alternatives among the target market category that has been identified: health-conscious consumers looking for low-calorie dessert options. This is in line with more general macrotrends toward convenience and better eating, which the innovative vending machine technology is well prepared to take care of. With its round-the-clock availability of freshly churned, low-calorie frozen yogurt, the company fills a huge and expanding consumer demand for readily available, nutritious dessert options. Additionally, the project is backed by a solid staff with a goal and a strong desire to innovate in the food industry. There is an advantage in the competitive landscape due to risk-taking tendencies, especially when it comes to upholding high standards of product freshness and consumer needs. The team's

ability to manage operations and scale the product in response to market demands is enhanced by connectivity throughout many industries. The team must figure out the usual obstacles of the very competitive industry, such as intense rivalry, strong buyer and supplier power, and a threat from replacements. To keep a competitive edge, this team will pay constant attention to detail and will offer flexibility. Based on the mission of the team, this business offers a compelling prospect. The team can create a long-lasting position in the market if it stays focused on using its business approach and keeps adjusting to the changing market conditions. This venture is a relevant and strategic business strategy because it not only offers profitability but also coincides with the evolving consumer values towards healthier and more convenient food options.

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