BUSINESS PLAN

# GOZERO: A MARKETPLACE FOR LOCAL AND SUSTAINABLE COSMETICS AND HOME CARE

**gozero**

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MASTER THESIS

FOR

**MASTER IN CREATION AND MANAGEMENT OF INNOVATIVE AND TECHNOLOGY-BASED COMPANIES**

AT

UNIVERSITY OF BARCELONA

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# I. INTRODUCTION

Many conventional cosmetic and homecare products have seen to have a negative effect on the environment and on consumer health. Among other effects, the industry substantially contributes to global plastic pollution and greenhouse gas emission. It accounts for up to 27% of global palm oil use, which in turn is one of the key causes for deforestation, especially in Southeast Asia. Its global supply chain involves human and animal rights abuses and has a negative $CO_2$ footprint. Furthermore, many cosmetic and home care ingredients are questionable or unsafe for consumer health and can cause serious issues such as allergies, DNA alteration, nerve damage and cancer.

gozero has made it its mission to tackle those negative effects by **empowering consumers to consume more sustainably and healthy and by supporting sustainable and ethical producers to reach a wider customer base**. gozero is a new **marketplace** for cosmetics and home care products that differentiates itself through its focus on sustainability, transparency and through its innovative local delivery service that fosters regional trade.

gozero's concept and key focus can be summarised in four categories:



| **zero**km | **zero**waste | **zero**chemicals | **zero**cruelty |
| --- | --- | --- | --- |
| **Support your locals!** | **No to plastic!** | **Powered by nature!** | **No to abuse!** |
| Less transport, less emissions, more local trade. Find what you need from brands close to you. Fast, green-energy-powered and emission-free delivery. | Less plastic, less packaging, more recycling, more ocean life. Minimal packaging to help you keep your household plastic-free - for your health and for our ocean. | Just as effective, but all natural. Protect your health from hazardous ingredients and rely on Mother Nature - she offers all you need. | Less cruelty, more happiness. We say no to animal testing and labour abuse! Find products that have been produced and sourced fairly. |

Note: gozero, as a brand name, will be spelled with a lower-case 'g' throughout the document, even when it is used at the start of a sentence.

## 1. The Background: adverse effects of the cosmetics industry

In recent years, along with the increase of environmental and health consciousness, it has come more and more to awareness that many conventional cosmetic and home care products have a negative impact on the environment and on our health. Nonetheless, those products keep dominating the market and our supermarket and drug store shelves. Shifts in the industry have started happening: start-ups are increasingly focusing on more sustainable, natural and ecological alternatives and even the bigger chains have started launching more

sustainable product lines. However, consumers still seem to find buying conventional cosmetic products more convenient, which can be due to various reasons such as availability, awareness and price of alternatives.

In the following, I will outline the adverse effects of conventional cosmetic and home care products. Afterwards, the business plan will show how gozero aims to tackle them.

## 1.1 Environmental impact

The environmental impact of cosmetic products and their lifecycle can be summarised under three key factors:

1. Plastic pollution,
2. CO2 footprint,
3. Deforestation.

### 1.1.1 Plastic pollution

The cosmetics industry contributes to the planet's plastic pollution in two ways: macroplastics used for packaging and microplastics used in the products themselves. Microplastics are small plastic pieces of less than five millimetres of length that can be harmful to our ocean and to our health (National Oceanic and Atmospheric Administration, 2021). Their presence in cosmetic products can range from less than 1% to more than 90% depending on the product (United Nations Environmental Programme, 2015). For example, an exfoliating shower gel can contain as much microplastic in its formulation as is used to make its plastic packaging. Microplastics, unlike packaging, can hardly be recycled as they end up in the water system alongside the cosmetic products they come in. Due to their small size, they easily pass water filtration systems and end up in the ocean and lakes where they can cause harm to the aquatic life and ecosystem (National Oceanic and Atmospheric Administration, 2021).

Figure 1 and 2 show the estimated amount of accumulated macro- and micro-plastics in our oceans by 2050 depending on our continued waste production. If emissions stay
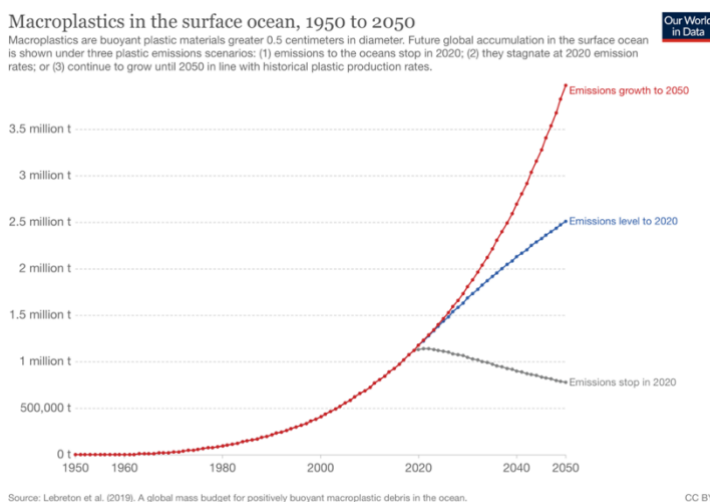


*Figure 1: Macroplastics in the surface ocean (Ritchie & Roser, Plastic Pollution, 2018)*

at 2020 levels (blue line), we will double the amount of plastic on the ocean's surface by 2050. If emissions keep increasing at the current speed, we will more than triple the amount of plastic by the same time.
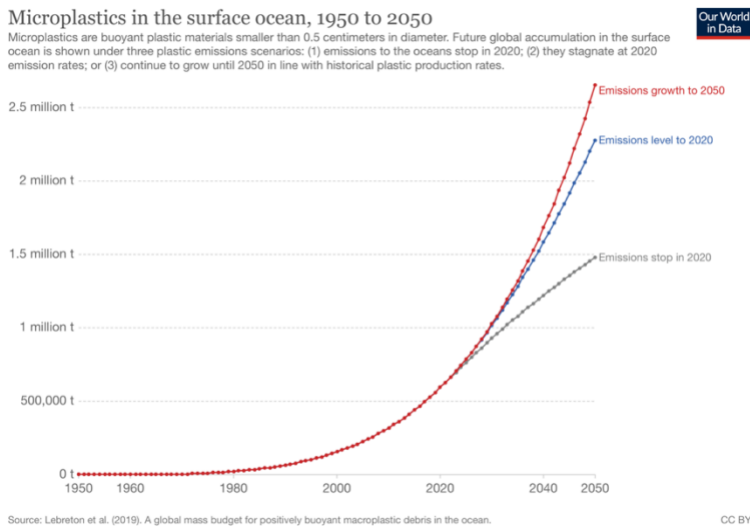


Figure 2: Microplastics in the surface ocean (Ritchie & Roser, Plastic Pollution, 2018)

The plastic accumulation is caused by a variety of industries, with packaging taking the largest share, producing 141 million tonnes of plastic waste per year as can be seen in figure 3.
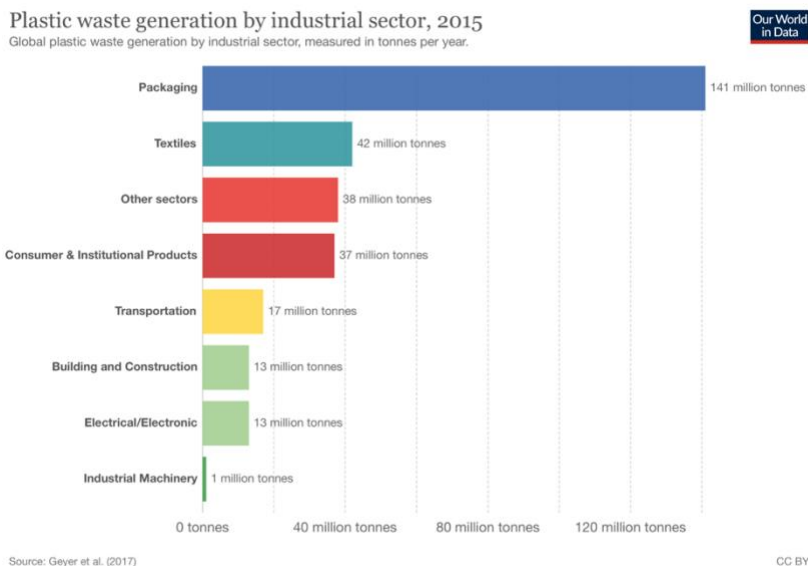


Figure 3: Plastic waste generation by industrial sector (Ritchie & Roser, Plastic Pollution, 2018)

Out of those 141 tonnes of packaging plastic waste, the beauty industry creates 120 billion units of packaging every year (Erdmane, 2019). Assuming an average weight of 100g per unit of packaging, the industry would account for around 10% of the total packaging waste

worldwide. While this percentage doesn't reach the impact of the food industry, for instance, it still accounts for a significant share of the overall impact and demonstrates a need for change.

Considering the above charts, even if levels of plastic waste would stagnate at 2020 levels, we would still double the amount of accumulated macroplastic and triple the amount of accumulated microplastic in the ocean.

The beauty industry, however, is not predicted to plateau at current levels but rather to grow further at an annual growth rate of 5%-7%. While today the industry is valued at US$532 billion, it's predicted to grow to more than US$800 billion by 2025 (Danziger, 2019). If this growth happens without a shift in plastic use, it will continue to contribute to an even more pessimistic prediction of plastic accumulation.

What could this shift look like? One way to address the plastic accumulation in the ocean is by improving our recycling system, utilizing recycled instead of new plastic to produce packaging and other plastic goods. Firstly, this reduces the amount of plastic that is disposed in the ocean and secondly it reduces the increase in overall existing plastic on the planet.

Looking at our target market Germany, it has a relatively strong recycling system compared to non-Western markets, as shown by a low percentage of inadequately managed plastic waste in figure 4.
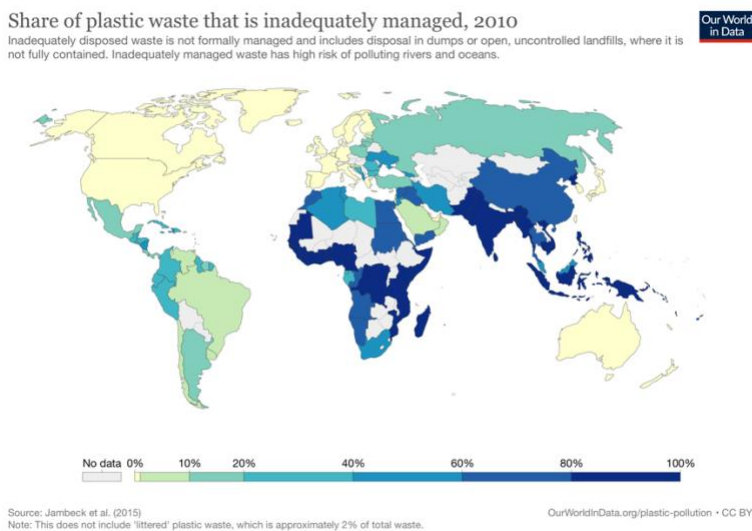


*Figure 4: Share of plastci waste that is inadequately managed (Ritchie & Roser, Plastic Pollution, 2018)*

Nonetheless, Germany is also one of the countries with the highest plastic production per capita, producing more than 400g of plastic per person every day as shown in figure 5.

*Figure 5: Plastic waste generation per person per day (Ritchie & Roser, Plastic Pollution, 2018)*

Out of the total plastic production, a part is exported and therefore not recycled in Germany. From Germany's own plastic use (excluding exports), 6.3 million tons of plastic waste were created in 2020. This is the equivalent of 76 kg of plastic waste per person, out of which 38 kg are coming from packaging (NABU, 2021). Out of that packaging waste, 55.2% are being recycled, 44.4% are burnt for energy generation and 0.4% are disposed or burnt without generating energy (NABU, 2021).

There are various incentives against recycling a larger share of plastic waste: firstly, many packages are not considered recyclable or cannot be identified as recyclable by the waste management systems. Secondly, due to Germany's rather elevated loan structure, recycling is considered expensive which is why the plastic is either exported to countries with low labour costs, creating additional $CO_2$ emissions, or it's burned together with landfill waste. The third reason is that the energy that is produced by burning waste is considered renewable energy and is therefore subsidised by the government, which yet again makes it a more attractive waste management option than recycling (Quarks, 2021).

By burning plastic instead of recycling it, we are polluting our atmosphere further with greenhouse gases (Royte, 2019), and we keep producing new plastic as the recycled amount doesn't cover the demand.

In order to combat this issue, governments, industries and consumers need to work together in order to diminish our plastic production and waste generation.

Applying this to the cosmetics industry, the goal would be for companies to reduce the amount of plastic in their products and their packaging to a minimum or to commit to exclusively using recycled plastic, that can be recycled again after its use.

From the consumer standpoint, consumers should make more conscious buying decisions in order to incentivize companies to act this way.

### 1.1.2 Palm oil

The production of palm oil has increased rapidly over the past 50 years. In 2018, 71.45 million tons of palm oil were produced world-wide, 35 times more than back in 1970 (Ritchie, Palm Oil, 2021). The majority of that palm oil is produced in Indonesia and Malaysia, together accounting for 84% of global palm oil production, followed by Thailand, Colombia and Nigeria (Ritchie, Palm Oil, 2021).
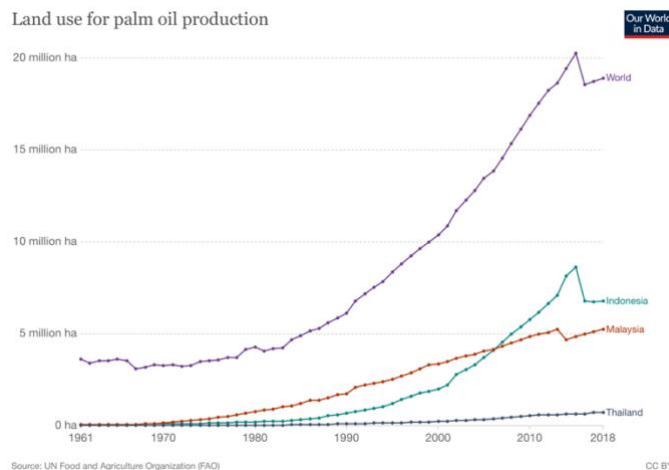
The increase in land use for palm oil production, as depicted in the following chart, has been one of the drivers of deforestation, especially in Southeast Asia.



*Figure 6: Land use for palm oil production (Ritchie, Palm Oil, 2021)*

This issue has increasingly come to the consumers' attention as NGOs like Greenpeace heavily advertised against the use of palm oil. Consequently, many companies in the food and beauty sector have already started to switch their food composition away from palm oil use to avoid consumer boycott.

Today, 68% of global palm oil is used in the food industry and 27% is used in industrial applications and consumer products such as soaps, detergents, cosmetics and cleaning agents (Ritchie, Palm Oil, 2021), leaving these two industries as the main demand drivers for palm oil production.

### 1.2 Consumer health

Besides plastic, many cosmetic and home care products contain substances that can not only be harmful for the environment but also to human health. The European Union has already put in place many restrictions on cosmetic products that are eligible for sale in the EU, including a long list of restricted and prohibited ingredients as well as the duty to disclose ingredients and recommended use on the packaging (European Commission, 2021).

Nonetheless, there are still many ingredients on the European cosmetic market that imply known or suspected health risks. Some examples are (Hoffmann, 2021):

1. **Aluminium chloride:** mainly used in deodorants to avoid transpiration but also present in toothpaste and lipsticks. Research connects aluminium to Alzheimer's disease and breast cancer; it can harm the nerves and cause skin irritation. The European Food Safety Authority (EFSA) recommends a maximum dose of 1mg per kg bodyweight per week. By applying deodorant with aluminium once per day, this tolerable amount is already exceeded.

2. **Scent:** in order to achieve a pleasant smell of the product, almost all cosmetic articles contain scent labelled as perfume or aroma. Many of these can be allergic, such as musk and ambra that both come from animal origin. Apart from their allergic potential, in animal tests they have also shown to cause cancer and to alter DNA.

3. **Nanoparticles:** these are small particles that are invisible to the human eye that are used in cosmetics such as toothpaste, lipstick or sun cream. Studies of the German Environment Agency *Umwelt Bundesamt* have shown evidence that nanoparticles might cause cancer (Umwelt Bundesamt, 2020), which is why the German government is considering prohibiting their use in cosmetics until their effect is properly investigated.

4. **Paraffin:** Paraffin is a hydrocarbon that is used in conventional body creams as it creates the desired consistency, is water-resistant and makes the skin look shinier. Paraffin is extracted from mineral oil. Aside from the negative environmental impact of the mineral oil industry, *Stiftung Warentest,* one of the most renown consumer testing and comparison foundation in Germany, found cosmetics with mineral oils to include critical substances, some of which potentially cause cancer (Stiftung Warentest, 2015).

5. **Surfactants/Emulsion:** surfactants such as alkylbenzolsulfonate, alkylpolygycoside, esterquats, sodium-lauryl-sulfate and PEG-derivate are used in cosmetics like shampoo to make them foam and to increase their ability to dissolve fats under water. However, they clean the skin to such a high extent that they remove an unhealthy amount of tallow from the skin. This causes the skin to lose its natural protective properties which makes it more susceptible to toxins.

6. **UV protection:** synthetic UV-filters, whose goal it is to protect our skin from the harmful effect of an excess of sunlight, include substances with hormonal activity. Those substances don't stay at the skin surface but enter the body and impact the hormonal balance, can cause nerve damage and alter DNA. Already in 2001, the institute of pharmacology and toxicology of the university of Zurich has found that synthetic UV-filters can have a similar effect as the feminine hormone oestrogen. Their use can, in the worst case, result in fertility problems, obesity, liver and kidney issues and cancer. The most common UV-filters with hormonal activity are Benzophenone 1, 2 and 3; 4-Methylbenzyliden camphor, 3-Benzylidencamphor, Homosalate,

Butylmethoxydibenzoylmethan, Ethylhexylmethoxycinnamat and Octyldimethyl PABA.

These are a few examples of many ingredients with questionable or proven serious risks for consumer health, especially at regular use which is the case for most cosmetic products that consumers use daily. Despite evidence or suspicion of serious health risks, the use of these substances is not fully prohibited: in some cases, the European Commission has imposed regulation on the maximum amount to be used in a product, in others they might speak out a non-obligatory recommendation of use limitations. However, the majority of consumers are not aware of the effects of these substances, and even if they are, it is very difficult to decipher ingredient lists on cosmetics. In order to protect consumers from these health risks, they need to be empowered to take informed decisions.

## 1.3 Animal rights

The cosmetic industry has been criticised for its animal testing for years: already in 1993 the 6th Amendment to the EU Directive 76/768/EEC passed a ban on the sale of cosmetic products that were tested on animal, to be effective in 1998. In the subsequent years, that ban was delayed several times, until coming into effect in 2004 and effectively banning the sale of cosmetic ingredients that were tested in- and outside the EU. In 2009 the practice of animal testing itself was banned in the EU, although with some exceptions for potential complex human health issues. Finally, in 2013 the full ban came into effect after which it is now illegal to market or sell cosmetics in the EU that have been tested on animals (European Animal Research Association, 2019).

Nonetheless, many cosmetics still include ingredients that are tested on animals. This is possible due to a conflicting EU legislation for chemicals called REACH. The goal of REACH is *"to protect people and the environment from hazardous chemicals"* (European Chemicals Agency (ECHA), 2020). It allows the testing of chemicals on animals if no alternative method is applicable. This is especially the case for tests to demonstrate long-term effects on human health (European Chemicals Agency (ECHA), 2020).

This regulation conflicts with the ban of animal testing for cosmetics, as the chemicals used in cosmetics equally fall under the REACH legislation. According to the ECHA, the testing is still necessary to protect workers in cosmetic laboratories that are exposed to higher concentrations, and more frequently, than end consumers (European Chemicals Agency (ECHA), 2020).

Therefore, the ban on animal testing for cosmetics still has the following exceptions (European Chemicals Agency (ECHA), 2020):

*"Overall, the testing and marketing bans in the Cosmetics Regulation do not apply to the following testing under REACH:*

- *for exposure of workers involved in producing or handling chemicals at industrial sites;*

- *for testing required for environmental endpoints; and*

- *for non-cosmetic uses of substances under REACH."*

If chemicals are not solely used for cosmetics, if they have the potential to cause environmental damage and if they may put laboratory workers at risk, they can still be tested on animals if no alternative testing method applies.

In the US alone, over 100 million animals die due to animal testing and experimentation each year, often after undergoing serious suffering and living in unnatural conditions (People for the Ethical Treatment of Animals (PETA), 2021).

## 1.4 Human rights

Both conventional and natural cosmetics often source their ingredients from low-wage countries where labour and human rights are not respected to the Western standard. Figure 7 shows the results of a study on how likely it is that the sourcing of the commodity puts environmental and human rights at risk.
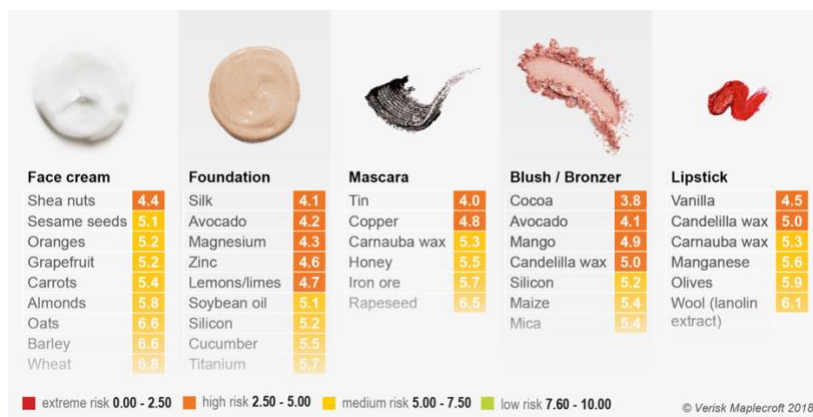


*Figure 7: Likelyhood of human rights violation and environmental hazard by commodity (Wischhover, 2018)*

Some companies already commit to ensuring that their supply chain does not involve any human rights violations, but this is not the case for the majority of mass consumer goods, as more responsible practices tend to increase production costs and thus either price or margin. Certifications such as FairTrade can help consumers chose fairly sourced and produced products.

# II. MARKET RESEARCH: THE SUSTAINABLE COSMETICS AND HOME CARE MARKET

Given the environmental and health risks that cosmetic and home care products carried as outlined in part one, gozero wants to empower consumers to take more conscious buying decisions and wants to support those producers that have created alternative and innovative products to battle those issues. In this section, firstly, it will be analysed how aware consumers are about the previously described issues and how willing they are to purchase alternative products to combat health and environmental issues. Secondly, the supply side of natural and sustainable cosmetics and home care products will be analysed. As a result, the target market size and its potential will be determined and gozero will be compared to and positioned against potential competitors.

## 2.1 The consumer

In order to understand whether consumers are aware of and care about the previously outlined issues, consumer attitudes, behaviour and tendencies will be analysed.

### 2.1.1 Consumer attitudes towards plastic usage and waste

In a European study from March 2020 consumers were asked about their perceptions and attitudes towards plastic. The survey was carried out with a nationally representative number of respondents in Austria (500), Denmark (350), Finland (350), France (1,000), Germany (1,000), Italy (1,000), Norway (350), Sweden (350) and the UK (1,000) (Two Sides Europe, 2020). In this study, 69% of Germans said they were actively taking steps to reduce their plastic use and **42% said they were willing to pay more for a product if it were packaged using sustainable materials** (Two Sides Europe, 2020).

In a different study by pwc in Germany, 85% of respondents claimed the sustainability of a packaging is important to them: 52% strongly agreed that for many products less packaging would be sufficient and 41% strongly agreed that many products would not need a packaging altogether. One third of respondents claimed they would refrain from buying a product because of excessive or non-sustainable packaging. **For cosmetics and home care specifically, 37% of respondents think that packaging material could and should be reduced** (pwc, 2018).

In terms of trend, 77% of respondents claimed that their consciousness towards sustainable packaging has increased compared to the past (pwc, 2018).

As shown in figure 8, when it comes to pricing sustainably packaged goods higher, 23% of all respondents said they would be willing to pay more for a sustainable package. Out of those,

25% would pay up to 5% more, 36% would pay 6-10% more, 23% would pay 11-20% more and 16% would pay more than 20% more (pwc, 2018).
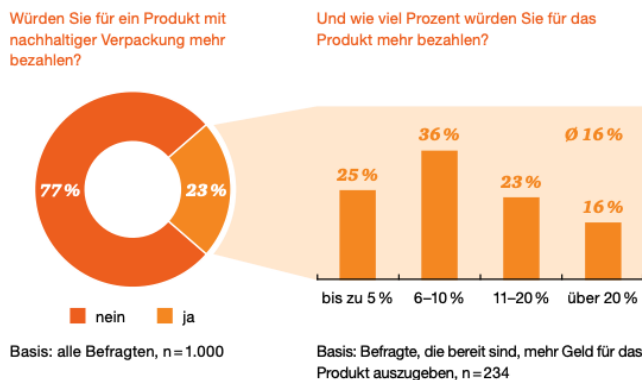


*Figure 8: Survey responses to the willingness to pay more for a sustainable package (pwc, 2018)*

### 2.1.2 Consumer online shopping behaviour

According to a pwc study from 2019, Europe-wide, already more consumers buy online daily than in-store (pwc, 2019). In Germany, 41% of consumers buy online once a month, 29% once a week and 8% daily. 74% of consumers think that free returns are crucial and 70% think that delivery speed is important. When it comes to delivery costs, 23% of Europeans say they are not willing to pay for delivery at all. Out of the remaining 77% that are generally willing to pay for delivery, **24% are only willing to pay if the delivery happens on the same day** (pwc, 2019).



*Figure 9: Shipping costs: willingness to pay on customer side (pwc, 2019)*

Apart from delivery and return policies, pwc identified **sustainability** as a key factor that is increasingly influencing shopping behaviour. German consumers are willing to pay on average **2.34€ more for an eco-friendly delivery**. **One third** of European consumers **prefer environmentally packaged goods** over plastic packaging. The same proportion chooses products that have a **traceable value chain and transparent origin** (pwc, 2019).

Due to the global COVID-19 pandemic, online shopping has been accelerated substantially in the last year. While part of the growth is due to stores closing and restricting access, the shift in consumer behaviour is expected to remain even after the pandemic. The European Commission released data from a survey conducted in the end of 2020 that analyses the impact COVID-19 had on shopping behaviour. The main findings relevant to this project are summarised in Figure 10.
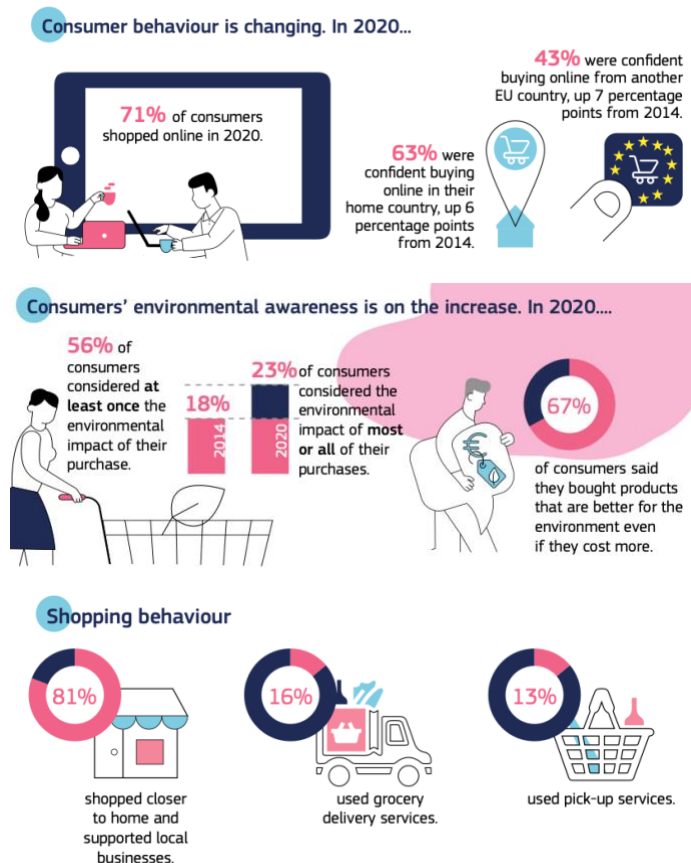


*Figure 10: Consumer behaviour change due to the COVID-19 pandemic (European Commission, 2021)*

The key trends to highlight from the study are:

1. Consumers increasingly shop online and use delivery services.
2. Consumers increasingly consider the environmental impact of their purchase, for example its origin, value chain and its packaging.
3. Consumers increasingly wish to buy local.
4. Between 30-70% of consumers are willing to pay more for more sustainable alternatives.

## 2.1.3 Consumer attitudes towards sustainable and healthy cosmetics

The German Cosmetics Association *VKE Kosmetikverband* conducted a Germany-wide study on sustainable cosmetics in March 2020, asking 2500 consumers of a nationally representative sample about their attitudes towards sustainable cosmetics. Among the 2500 contestants, they boosted the sample for consumers with a strong orientation towards sustainability (n=250) to get a read on the difference between this segment vs. the national representative. For the general national view, these people were weighted accordingly to not skew the results (VKE Kosmetikverband, 2020).

Out of all respondents, **74% see a need to act to improve the cosmetic industry's sustainability**. When asked which sustainability issues are especially present in the cosmetics industry, 65% selected animal testing, 63% the use of environmentally damaging ingredients and 61% excess packaging. 46% selected the use of ingredients that put consumer health at risk. While in the sustainably oriented group % are around 6-10 percentage points higher, the order of issues that are seen as the most prevalent is similar. All results can be seen in Figure 11.



*Figure 11: Consumer perception of the cosmetic industry's sustainability issues, survey results (VKE Kosmetikverband, 2020) (own translation)*

When asked whether they think it's possible to switch to more sustainable cosmetic products when making a purchase decision, 28% said it's always or usually possible, whereas **37% said it is seldomly or never possible**. **57% of respondents stated that they have at least once paid more for a more sustainable cosmetic product**.

When it comes to sustainable and healthy cosmetics, natural cosmetics have been on the rise in the last years, increasingly also showing in supermarket and drug store shelves, both from brands that purely focus on natural cosmetics as well as from well-known conventional cosmetic brands that launch natural product lines. In Germany, the natural cosmetic market has seen stronger growth than the overall industry, and the trend is expected to continue in the years to come as shown in Figure 12:
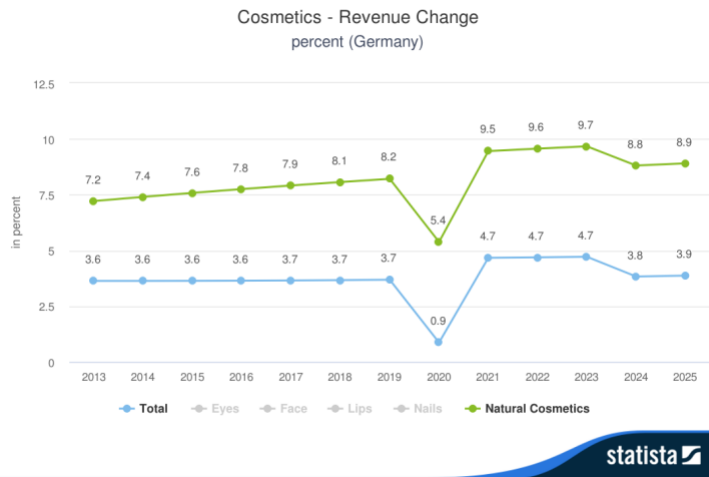
*Figure 12: (Expected) Revenue change of the natural cosmetic industry vs. the total cosmetics industry (Statista, 2021)*

When German **consumers of natural cosmetics** were asked why they choose to buy natural cosmetics, 87% replied that they do it to do their skin well, indicating that they perceive these products to be healthier and more effective. 81% say they do it to respect nature and the environment and **55% said that conventional products are not an option for them** (Statista, 2020).

## 2.2 The providers

In order to identify suitable providers for gozero, brands that suit the following four segments have been collected:

**Natural cosmetics**

 In order to get an idea of the size of the natural cosmetics market in Germany, a list of certified natural cosmetic brands has been consulted.

There are four major natural cosmetic certificates in Germany:

- BDIH: 111 brands in Germany (BDIH, 2021)
- Natrue: 32 brands in Germany (NATRUE, 2021)
- Ecocert: 106 cosmetic brands and 99 homecare brands in Germany (ECOCERT, 2021)
- Demeter: 9 cosmetic brands in Germany (Demeter, 2021)

**Local producers**

 To estimate the market size of local producers in Germany, the brands that one of the competitors, avocadostore, offers at a "made in Germany" filter. In total, there are more than 400 brands fulfilling this criterion.

**Plastic-free cosmetics**

On avocadostore, there are more than 400 brands offering products under the category "recycled and recyclable". Ecco Verde has 35 brands offering products marked as "plastic-free".

**Cruelty free**

Avocadostore offers vegan or "fair and social" products from over 400 brands. Ecco-verde offers vegan products from over 160 brands and certified fair-trade products from 9 brands. The fairtrade Germany product search also shows 9 brands with certified cosmetic products.

**Summary**

Based on the previously identified brands, the target market is estimated at around 150-400 brands, depending on the product category and depending on the strictness of the sustainability and health criteria. There are around 150 brands certified as natural cosmetics and therefore free of any ingredients that are questionable for consumer health. There are at least 400 brands that want to position themselves as sustainable and are already partnering with avocadostore to market their products to a sustainability-concerned audience. There are at least 35 brands that offer plastic-free products and more than 400 brands that use only recycled and recyclable materials to reduce waste. There are at least 400 brands that offer vegan products. There are at least 9 brands that offer fair trade certified cosmetic products.

Given the number of providers in the German market, it can be stated that the market is rather cluttered than centralized, which increases the value of a marketplace.

## 2.3 Target market size

Based on the consumer insights and the producers we can determine whether the target market reaches a sufficient size.

It has been identified that there is a critical amount of 150-400 eligible producers in a cluttered market in Germany. This means that there is a base for a marketplace to make sense to aggregate those brands and their products and thus make it easier for consumer to find what they are searching for.

On the consumer side, it has been shown above that 74% of consumers see the need to improve the cosmetic industry's sustainability, 30-70% of consumers are willing to pay more for a more sustainable alternative and 23% of consumers consider the environmental impact of most or of all of their purchases. Furthermore, the trend towards more sustainable shopping is increasing, so is the trend of online shopping which has been further accelerated

by the COVID-19 pandemic. These trends give confidence that the consumer market for gozero's offering is existing at a critical scale and expected to grow.

In terms of monetary value, the natural cosmetic market in Germany had a revenue of 1,380 million euros in 2019, up from 600 million euros in 2007 (Statista, 2020), reaching a market share of 18.5% of the total German cosmetics market (Redaktion FWHK, 2020). Taking the market growth trend and the consumer shift towards more sustainable products into consideration, it is fair to assume that the market can grow further in the years to come and is not stagnated yet.

The consumer data has shown that while the majority of consumers is wishing for a more sustainable cosmetics industry (74%), they still see hurdles in living up to their ideals. Only 28% said that it was always or usually possible to purchase a more sustainable alternative. This indicates that they perceive barriers to a better buying decision, which could be for instance price, availability and knowledge. gozero can help those consumers that are conscious and willing to buy more sustainably to overcome those barriers of knowledge and availability by presenting transparent product information and showing products that meet consumer values.

## 2.4 Competition

Having analysed demand and supply and market size, this section shall give an overview of the competitive environment. The biggest natural and sustainable cosmetic and home care market places in Germany have been analysed, namely avocadostore, Ecco Verde, Bio Naturel and najoba. In addition to that, the code check app has been included in the analysis as an indirect competitor.

Out of the analysed marketplaces, avocadostore and Ecco Verde are the biggest players.

 Avocadostore offers a wide range of products beyond cosmetics and home care and its main focus is clothing. There is little promotion of cosmetic and home care products on their homepage, however they offer a wide range of brands when entering the category in their marketplace. Its main focus is on sustainability, rather than on natural ingredients and health. This is also reflected in their filter options: *CO2 saving, cradle to cradle, fair and social, durable, made in Germany, recycled and recyclable, resource saving, organic ingredients, production with reduced contamination, vegan*.

 Ecco Verde in contrast is focusing specifically on cosmetic and home care products, as well as some nutritional products. Its focus is on consumer health, ethics and sustainability; however, its sustainability focus is mainly around ingredients and packaging and less about local products. This is reflected in the filters it offers consumers: *vegan, without nano technology, without perfume, pregnancy-safe,*

*plastic-free, plastic-reduced, free of palm oil, free of sulphate, gluten-free, alcoholic, non-alcoholic, halal, ayurvedic, free of fluoride*. Apart from that, it also offers filters for a wide range of eco, environmental, health, fair trade and animal rights certificates.

The other two marketplace competitors are najoba and BioNaturel, both of which are focused on cosmetics and home care products and also offer some nutritional products.

Najoba mainly focuses on natural cosmetics, not so much on sustainability. It does have for instance plastic-free products in its offering, but it doesn't advertise for it and it doesn't allow to filter for it specifically. The filters it offers are limited to *certified natural cosmetics, natural cosmetics and "close to natural" cosmetics*. Aside of that it offers the option to filter for different certificates such as vegan, ecological and gluten-free.

BioNaturel similarly focuses on natural cosmetics, but bases their filter options mainly on health, belief and lifestyle, the options being: *vegan, vegetarian, lactose-free, gluten-free, halal and carmine-free*. It also offers filter options for several vegan and organic certificates.

Apart from the marketplace competitors, one indirect competitor has been analysed:

Code Check is an application that can be used while shopping in a physical store. In contrast to the other competitors that have been analysed, it is not a marketplace and doesn't itself sell products, but it aims to empower consumers to take conscious purchase decisions and to live a healthier and more sustainable lifestyle. It can therefore be seen as a substitute for the previously analysed marketplaces, especially for consumers that prefer to buy in a physical store.

It shows you, by scanning its barcode, what is behind the ingredients in food and cosmetic products. It shows information on whether a product is vegan, vegetarian, gluten-free, lactose-free and whether it contains palm oil, microplastics, nano particles, parabens, paraffins or excess sugar. You can select your preferences in the profile which allows you to automatically see whether a product is suitable for you and it also suggests healthier and more sustainable alternatives.

Figure 13 shows where each of these competitors can be situated in the sustainable and natural cosmetic and home care market, and how gozero aims to position itself in comparison.

*Figure 13: Competitive positioning (own elaboration)*

gozero will differentiate itself from the competition by having a strong focus on sustainability while focusing on cosmetic and home care products. Out of its four key categories, zerochemicals, zerokm, zerowaste and zerocruelty, especially the zerokm option sticks out against the competition. Through its local delivery service that will be further explained in the business model and in the product part, it allows environmentally conscious consumers to buy directly from local producers or producers with local retail or storage to avoid additional contamination through shipping. As the delivery is carried out by gozero itself, as outlined later, the delivery can also be done packaging-free, using reusable cartons that will be opened, emptied and returned upon delivery. This gives consumers an additional opportunity to save excess packaging and underlines gozero's sustainable positioning. Furthermore, the local shipping option offers a faster and cost-efficient delivery compared to the competitors.

Apart from that, gozero will allow for a wide range of filter options to make it easier for users to find products that are in line with their values and preferences. Filter options can be saved in the user profile to automatically apply them to any search.

By making the user experience simple and smooth, and by taking a step further in local trade and sustainability, gozero aims to become the go-to shop for regular purchases of environmentally and health-conscious consumers.

# III. BUSINESS MODEL

After analysing supply and demand and elaborating gozero's competitive positioning, this section describes gozero's business model. The business model is summarised in figure 14.
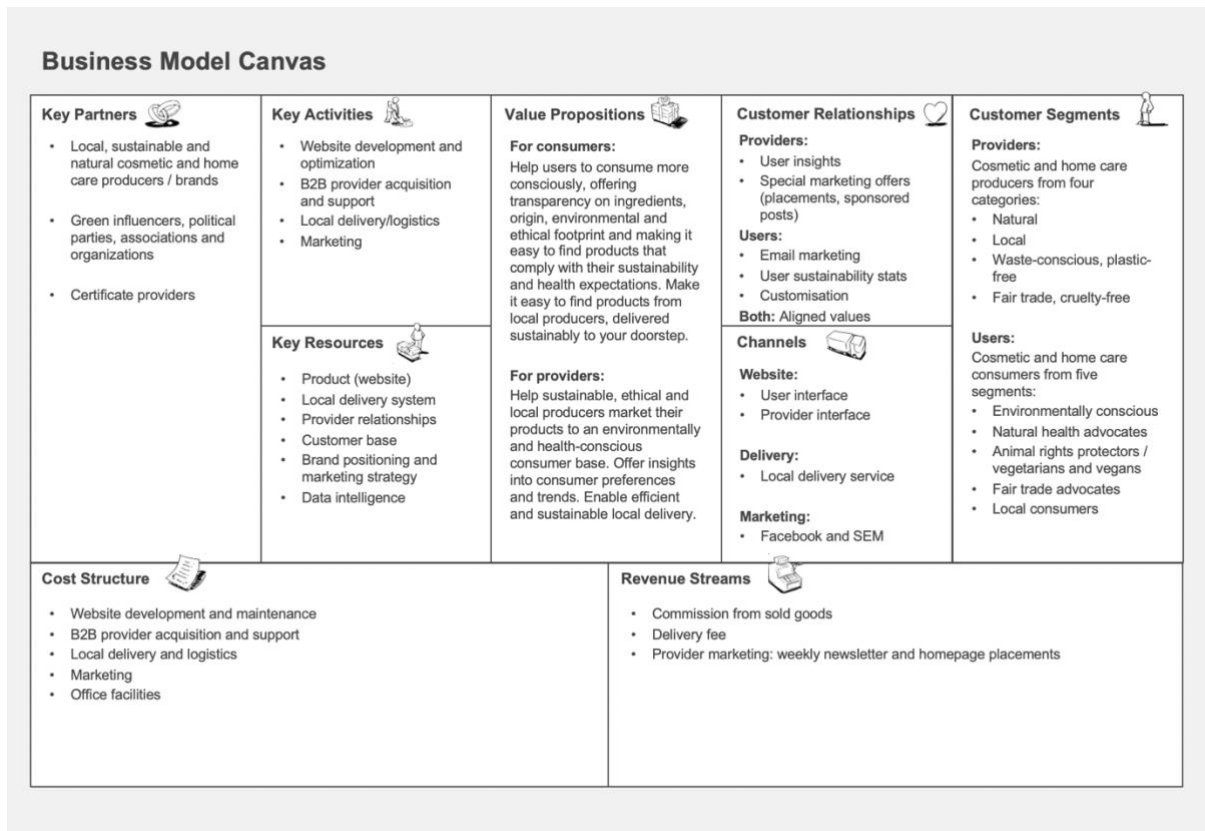


*Figure 14: gozero business model (own elaboration)*

## 3.1 Value Proposition

gozero's value proposition is divided into two parts in accordance with its two target customers: providers and consumers.

For consumers, gozero's value proposition is to help them to consume more consciously, offering transparency on ingredients, origin, environmental and ethical footprint and making it easy to find products that comply with their sustainability and health expectations. Furthermore, gozero makes it easy to find products from local producers and delivers them sustainably to your doorstep.

For producers, gozero's value proposition is to help sustainable, ethical and local producers market their products to an environmentally and health-conscious consumer base. Additionally, gozero enables them to deliver their products locally in an efficient and

sustainable way. Apart from that, gozero offers insights into consumer preferences and trends that help providers shape their marketing and product strategy.

## 3.2 Customer Segments

Due to the platform nature of gozero's business, it has two key customer groups that build the supply and the demand side of its marketplace: consumers and providers.

As for providers, gozero's target are cosmetic and home care producers of four categories:

- Natural cosmetic and home care producers,
- Local cosmetic and home care producers,
- Waste-conscious cosmetic and home care producers, for example producers of plastic-free or recycled products,
- Producers that operate in a fair trade and cruelty-free environment and don't violate human or animal rights.

The target providers and pre-requisites are described in detail in part 6.1.

As for consumers, gozero's target are cosmetic and home care consumers from the following segments:

- Environmentally conscious consumers that want to keep a low $CO_2$ footprint and care about the impact their purchases have on the environment;
- Consumers that are conscious about their health and rely on natural products to gain health benefits without risking negative effects from chemicals or other hazardous ingredients;
- Consumers that aim to protect animal rights and consider this in their purchase decisions, for example vegans and vegetarians;
- Consumers that are conscious about human right violations in global supply chains and prefer to buy fair trade or traceable products;
- Consumers that prefer to buy locally to save the environment and to support the local economy.

Section 6.2 details how this consumer segment will be targeted and attracted to gozero's website.

gozero will initially focus on providers and consumers in Germany (either from Germany or present in Germany), but has the potential to expand to other European markets as part of its growth.

## 3.3 Customer Relationships and channels

The base for the relationship with both providers and customers is the philosophy they share with gozero.

Apart from that, for providers gozero will have a dedicated B2B account manager that will onboard and support providers. This is detailed in section 6.1. Aside from the human connection, provider relations are based on the value gozero can offer them. The main touchpoint for providers is the dedicated provider interface on the gozero website, from where they can manage their supply, revise orders and access all additional information gozero provides. To offer value beyond the pure marketplace, gozero will provide them with insights from its users, such as their search behaviour, most frequently applied filters and average basket value. It will also provide insights into how competitive their products appear on the marketplace, based on consumer clicks, the ranking algorithm and average price compared to the competition. Beyond that, gozero also offers opportunities for dedicated marketing, that helps providers market specific products or their brand to gozero's customer and user base, for instance in gozero's weekly newsletter or in a custom placement on the homepage. This way, gozero aims to become not just a retailer but a true business partner to its providers.

For consumers, the first touchpoint with gozero happens through its acquisition marketing and brand messaging. Once acquired as a user or customer, gozero will use email marketing to retain and engage with its users and customers. This is detailed in section 6.2. Apart from that, gozero incentivises users to sign in on the website. With their profile, they can set default settings for their desired filters which makes their search and shopping experience faster and simpler. Furthermore, gozero shows logged-in customers statistics about their purchases and how they have a positive impact on the environment. The features and benefits for members are detailed in section 5.1. Lastly, as the local delivery is carried out by gozero itself and is distinctive from other delivery methods as it uses package-less delivery this will build a closer experience upon product delivery. Through these elements, gozero creates a tighter relationship with its consumers and incentivises them to keep using gozero regularly for their monthly or bi-monthly purchases.

## 3.4 Key activities and resources

gozero's key activities for its value creation are the following:

1. **Website development and optimization**: the website is gozero's main asset as it is the enabler of the marketplace. Both the consumer and the provider interfaces are the ground for gaining and growing a user base and sufficient supply from the provider side. It represents gozero's core value proposition and needs to be the company's first

priority. The details on the product development and optimization can be found in section 5.

2. **B2B provider acquisition and support**, detailed in section 6.1
3. **Marketing**, detailed in section 6.2
4. **Local delivery and logistics**: the local delivery is one of gozero's key differentiators compared to the main competitors. Therefore, besides the website, it is a key asset for the business. The local delivery is carried out by gozero's own driver and electric, sustainably powered vehicle. When customers select products under the zerokm option, their purchase will be eligible for zerokm delivery powered by gozero. The delivery happens on the same day if the order is placed before 11am, and on the next day if placed afterwards. Once all orders are in at 11, the system calculates the best way for the van to pick up the products. In the back of a van, there is a system with reusable cartons ordered with numbers. The system will show the delivery manager where to pick up the orders, calculating the shortest way, and in which cartons to place them. After that, it calculates the fastest delivery route. Reusable cartons are opened upon delivery so the products can be taken out and the carton can be taken back to the van for next day use. This way, boxing cost and excess packaging are saved. The consumer can opt out of this option in case they wish to receive a carton for potential returns. The zerokm concept is further explained in part 5 and its monetization is further detailed in part 9.

## 3.5 Monetization

gozero's key income comes from a commission on the products that are sold through its platform. For each purchase, gozero retains 25% of the price after subtracting the VAT. The remainder is paid out to the providers. For an average basket value of 30€ and a VAT of 19%, this leaves gozero with 6€ average revenue per customer.

In addition to that, gozero charges a delivery fee of 3.75€ for purchases under 40€. This delivery fee is in line with the lower end of the delivery fee range of the competitors that were analysed. There are two options for retaining the delivery fee:

1. Provider deliveries: for all deliveries that are not zerokm deliveries, the providers will take care of the delivery, its logistics and will carry the cost. Therefore, gozero pays out 2,25€ of the delivery fee to providers to cover part of their delivery cost. In addition to that, gozero provides all providers with gozero delivery boxes made from recycled carton that are sent out monthly or bi-monthly, depending on demand. The pay-out fee has been calculated as follows: 3.75€ - 0.25€ box price - 1.50€ gozero retention to cover free deliveries over 40€.

2. Zerokm deliveries: For zerokm deliveries, gozero keeps the entire delivery fee and covers the delivery cost. Providers only need to hand their products to the delivery manager upon pick-up.

As a third revenue stream, gozero offers special marketing opportunities to providers, in the form of placements in its weekly newsletter and on the homepage. Details can be found in part 6.1 and the financial details can be found in part 9.

gozero's cost structure is dominated by marketing cost followed by its overhead cost to cover website development, B2B account management and marketing. In addition to that, it needs to cover the costs associated with the zerokm delivery: investment in one electric transporter and one delivery manager per zerokm region.

Part 9 shows a detailed cost and revenue break-out and forecast.

# IV. STRATEGIC DIRECTION

gozero was created upon the idea that when it comes to sustainability and health in consumption, less is more. By choosing products with less harmful additives, less packaging and plastic, less animal and labour rights abuses and less transportation in the supply chain, we can achieve more for our environment and for our health.

## 4.1 Vision

gozero's vision is to create a greener and healthier life for ourselves and for future generations.

## 4.2 Mission

We connect responsible and forward-looking brands with conscious and sustainably- and health-oriented consumers. We enable consumers to find products that meet their needs, that are in line with their values and that help them contribute to a greener and healthier lifestyle for themselves and those close to them. We support sustainable, ethical and local brands in connecting them with new customers, optimizing their marketing efforts, in excelling in customer centricity and in growing their business.

# V. PRODUCT PLAN AND OPERATIONS

The following part details the product functionalities and its development plan.

## 5.1 Product plan and prototype

In this part the desired product functionalities will be specified and exemplified by a prototype.

The main product is a website which hosts the marketplace. This website will have two interfaces: one user interface for consumers and one for providers, where they can manage their product offering and orders.

The website needs to work on desktop and mobile devices.

In order to reflect the sustainable focus of gozero and to create a minimalist and modern image, the colour scheme will evolve around calm green nuances. The colour codes are specified in the brand section under Marketing in agenda point 6.

### 5.1.1 Consumer interface

The consumer interface needs to be simple and yet offer the consumer the desired transparency, in line with gozero's mission to *enable consumers to find products that meet their needs, that are in line with their values and that help them contribute to a greener and healthier lifestyle for themselves and those close to them.*

On the home page, the consumer will directly see the 4 current main themes of gozero, as well as a short explanation for each. By clicking on one, it will lead the consumer to a pre-filtered marketplace site that meets the needs of the corresponding criteria.
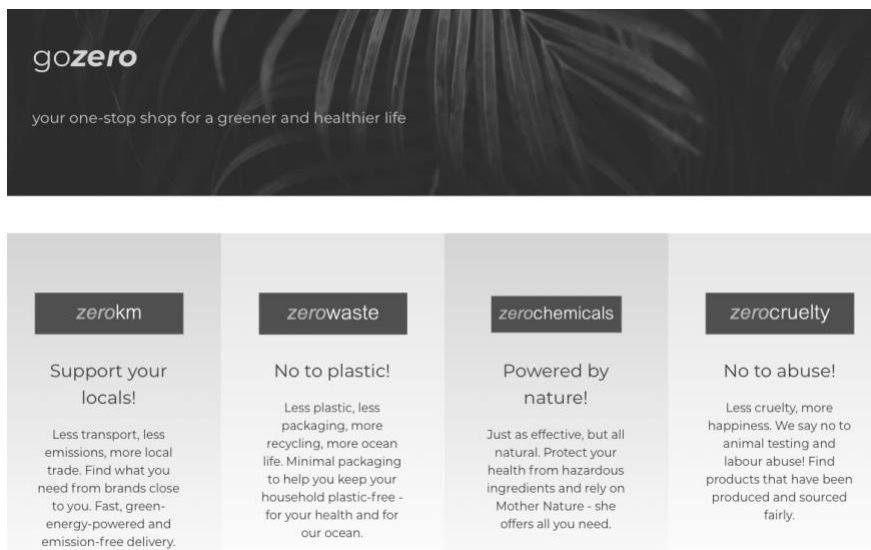


*Figure 15: Homepage prototype (own elaboration with draftium)*

For each pre-filtered page there will be a short explanation before the product list appears, with additional filter options so consumers can choose their sustainability and health criteria:
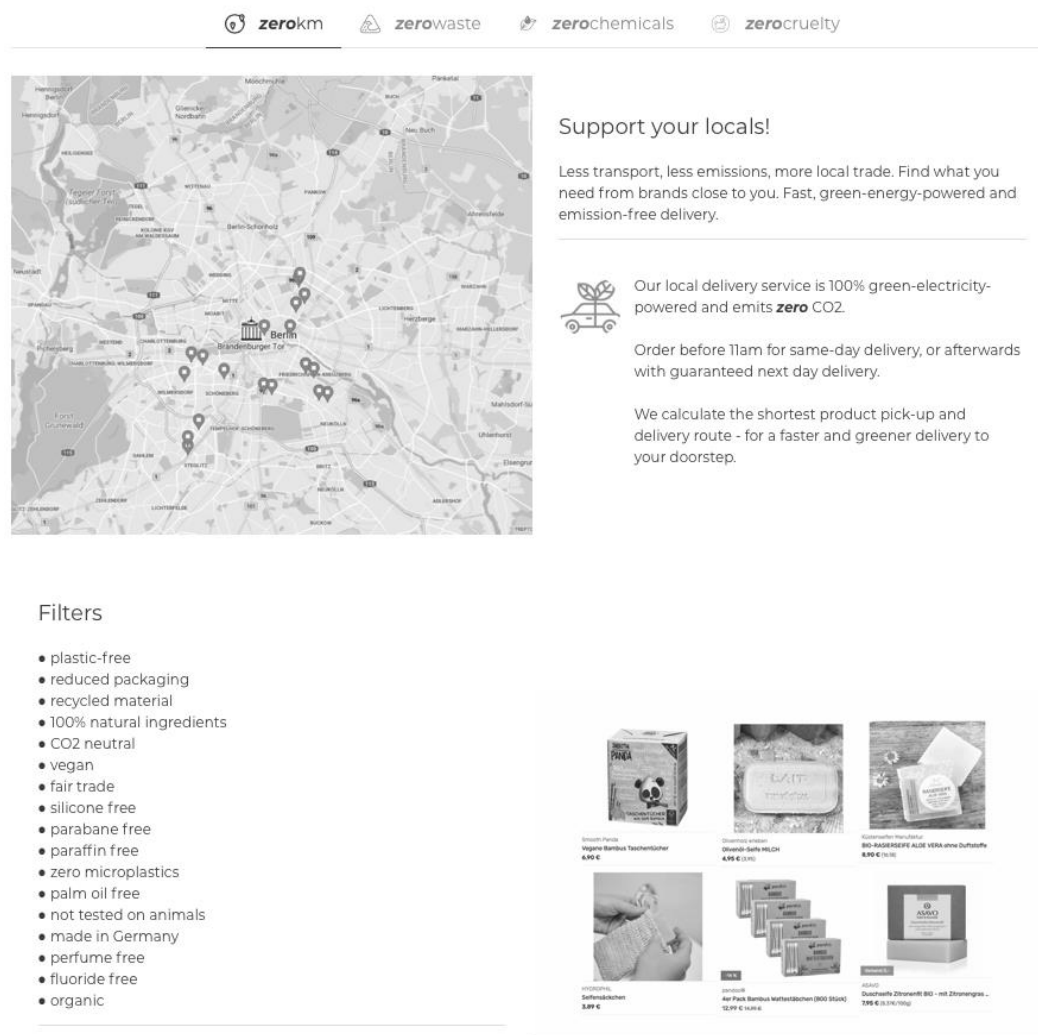


*Figure 16: Prototype (own elaboration with draftium)*

The products need to be shown in the full screen with the filters on the top, due to technical limitations the prototype doesn't reflect this properly and only serves as a general direction. It is important that filter options are on the top and easy to find, as the transparency is one of the key differentiating factors of gozero.

The products will each be displayed with a product photo, short description and price, with the option to directly add it to the basket or to click on it for more information. Prices will be shown including VAT, as it is common to do so in Germany.

Below the product, user ratings will be displayed in a 5-star ranking system, if available.

**zero**km    **zero**waste    **zero**chemicals    **zero**cruelty

## No to plastic!

Less plastic, less packaging, more recycling, more ocean life.
Minimal packaging to help you keep your household plastic-free
- for your health and for our ocean.

Unrecycled plastic waste poses a thread to our ocean wildlife and
ecosystem as well as to our atmosphere in case of being burnt
with landfill waste.
Furthermore, Microplastics in cosmetic products can enter your
body through the skin and have negative effects on your health.

Here you can find brands that use minimal and innovative
packaging to fight the thread that plastic waste poses on our
ocean, the environment and on our health.

**zero**km    **zero**waste    **zero**chemicals    **zero**cruelty

## Powered by nature!

Just as effective, but all natural. Protect your health from
hazardous ingredients and rely on Mother Nature - she offers all
you need.

Ingredients such as aluminium, perfume, nanoparticles, paraffin,
surfactants and synthetic UV filters can carry serious health risk
and cause for example skin irritation, hormonal imbalance, DNA
damage, nerv damage and cancer.

Here you can find products that rely on natural ingredients to
protect your health and that of your loved ones.

**zero**km    **zero**waste    **zero**chemicals    **zero**cruelty

## No to abuse!

Less cruelty, more happiness. We say no to animal testing and
labour abuse! Find products that have been produced and
sourced fairly.

Despite the ban for animal testing on cosmetic products in the
EU, many companies still test on animals when developing their
cosmetic products as there are several loop holes in the
legislation.

Apart from animal abuse, some common ingredients in cosmetic
are often related to labour abuse in the countries where they are
sourced, for example shea butter, silk, avocado, magnesium,
mango, vanilla and cocoa.

Here you can find products that were created and sourced fairly,
without abusing animal or human rights.

*Figure 17: Prototype (own elaboration with draftium)*

Apart from the home page and the marketplace product search interface, there will be a profile area, where users can log in and benefit from the following:



**Your Profile**

Sign in
Sign up

**Save your preferences**

Find products that live up to your preferences faster - you can save your preferred filter options and they will automatically be applied to your searches.

**Track your impact**

We show you stats about how your purchase decisions contribute to a greener planet

**Give feedback**

Rate your products to support brands that convince you and to help other users find what's right for them.

*Figure 18: Prototype (own elaboration with draftium)*

By saving the preferences and preferred filters, consumers can more easily find the right products each time they buy. Furthermore, gozero can recommend them products based on their preferences.

By gaining logged in members, gozero can make better product recommendations and thus improve user experience. Furthermore, the emails used for sign-up can be used for email marketing which is a very cost-efficient marketing channel for retargeting and customer retention.

To engage members to keep using gozero, under "Your Stats" they can see how their purchase decisions help to shape a greener planet. The user will be able to see monthly or total statistics on how their purchases impact the environment, compared to purchasing conventional comparable products. An example is shown in figure 19.

The carbon offset refers to a contribution gozero offers at check-out: brands that have sourced international ingredients can estimate the carbon footprint of the product and the consumer can opt-in to offset the carbon



**Your Stats**

This is how your behaviour helps change the world for the better

**Plastic saved**

300g of plastic saved

You've saved 300g of plastic with last month's purchases.
If all Germans bought like you, we would save 237kg of plastic in one year.

**Carbon offset**

4 trees planted

Our producers work hard to produce sustainably, but some ingredients are still imported as local production is hardly possible. You have offset transportation and production derived carbon with our carbon offset function, helping us plant 5 trees in deforested areas.

**Animals saved**

10 cruelty-free products

You've bought 10 fully vegan products that were never tested on animals, at no stage of the development process. Thank you for helping support brands that care about animal rights.

*Figure 19: Prototype (own elaboration with draftium)*

footprint when purchasing such a product. This option will also be displayed at product selection, so the consumer can take it into consideration when selecting a product. The income from the carbon offset opt-in will be collected by gozero and will be paid to tree planting organizations to offset the $CO_2$ emissions.

For payment, consumers will be able to pay by credit / debit card. Aside from that, gozero needs to offer alternative payment options, as many people in Germany don't have a credit card and the debit cards of traditional savings banks don't allow for online payments. Therefore, gozero needs to partner with *PayPal* and *SofortÜberweisung*, a service that offers consumers to make a direct online transfer to pay, instead of paying by card.

### 5.1.2 Provider interface

Aside from the consumer interface, the website needs to have another interface for providers. To make it easy to find the provider interface, there will be a link in the upper right of the website saying "You are a provider? Log on here".

It is important that the provider interface is intuitive to use. The interface should have the following areas:

- **Product manager**: space for providers to upload each of their products with the necessary information
    o Picture
    o Price
    o Criteria fit (gozero filter fit)
    o Location (to be available for zerokm)
    o Product description
    o Estimated lifetime (some sustainable alternatives, for example solid shampoo, are smaller in size as they will be added to water later compared to conventional shampoo that is already mixed with water in the packaging, so they last longer than their size suggests. An indication of the lifetime of a product vs. a conventional alternative can help consumers decide whether they are willing to pay the given price.)
- **Order manager**: area that shows all incoming orders with delivery instructions
- **Availability manager**: area to allow the providers to adapt product availability based on their sales on other platforms
- **Consumer insights**: insights from users that can help providers shape their product and marketing strategy
    o Most common filters applied
    o Most purchased products

o Average price paid for comparable products

o Regional demand comparison

It is important that gozero offers benefits to its producers beyond the marketplace, such as the consumer insights. This added value can easily be implemented by gozero and can be an incentive for producers to use the service and to be willing to pay the agreed commission.

## 5.2 MVP development plan and resources

For the MVP, a first version of the previously described website will be developed. The zerokm section will initially only be available for Berlin, taking Berlin as a launch focus market. The consumer insights section for providers will be added at a later stage as it only makes sense after reaching a critical customer base.

Based on general estimations for building a marketplace (Clockwise Software, 2021), I assume the following time resources needed for the development of the product MVP:

| Phase | Hours | Weeks |
|---|---|---|
| UX/UI design | 200 | 5 |
| quality assurance and bug fixing | 250 | 6,25 |
| MVP development | 500 | 12,5 |
| | 950 | 23,75 |

To realize the development, we will onboard a CTO to the project who will take care of the overall UX/UI design and who will co-develop the product. To help with the development, we will also hire one front and backend developer that should complement the technical knowledge of the CTO and that should have experience in quality assurance and bug fixing as well as website development.

The development process will be phased in the following way:

| Week | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CTO | UX / UI | | | | | MVP development and quality assurance and bug fixing | | | | | | | | |
| 1 developer | | | | | | | | | | | | | | |

Apart from the website development, to implement zerokm in Berlin, a delivery service needs to be launched. For the initial launch gozero will purchase one electricity powered transporter.

For other deliveries, gozero will order gozero branded sustainable packaging that can be distributed to producers so they can easily ship orders for gozero. It is important to offer different sizes of cartons to ensure the producers can send the products in a limited packaging. Otherwise, consumers will perceive an excess of packaging which, even though it is made from sustainable material, would go against gozero's mission.

## 5.3 MVP validation

To validate the MVP during its development, we will plan various testing and validation stages with predefined KPIs. The goal of this iterative testing and validation approach is to

- check whether assumptions on user experience are correct,
- consider the outside perspective, of both consumers and providers, in the development process to avoid a single-minded design,
- gain crucial feedback for both MVP and further product development,
- reduce the risk of failure and non-acceptance of the product.

The different testing stages and methods will be as follows:

| | Verifying assumptions | Testing UX design | MVP test | Continuous improvement |
|---|---|---|---|---|
| **Consumer tests** | Quantitative survey with 150 consumers | Qualitative study with a focus group of consumers | After provider onboarding – small marketing campaign to test MVP with real consumers | A/B test different features, analyse on-site user behaviour |
| | User research: needs, preferences, behaviour → | UX / UI: User experience and user interface design → | MVP development → | MVP launch |
| **Provider tests** | Qualitative study with at least 5 potential providers | Qualitative study with a focus group of providers | First provider acquisition and onboarding | Setup provider feedback loop with B2B team, analyse on-site user behaviour |
| *Outcome* | Assumptions verified or rejected | Feedback on UX design | User behaviour and site robustness data | Optimization potential detected |
| *Next Steps* | Adjust brief for UX | Prioritize and action feedback | Fix major bugs before launch | Prioritize and implement optimizations |

*Figure 20: MVP validation phases (own elaboration)*

## 5.4 General operations

gozero will be based in Berlin, its key launch market. It will operate out of a coworking space to allow for flexibility. As delivery will be done either by providers directly or by the zerokm concept, no warehouse will be needed.

The company will be registered as a GmbH, a German legal entity with limited responsibility. Apart from that, the brand name gozero will be registered as a trademark and the website domain gozero.com will be purchased.

# VI. MARKETING AND SALES

Due to the platform nature of gozero, the marketing and sales department entails two main areas: B2B provider acquisition and account management and B2C customer acquisition and consumer marketing. In the following, the strategic plan for both areas will be outlined.

## 6.1 B2B provider acquisition and account management

The provider acquisition and account management is a crucial part of the business as it builds and maintains the product offer on gozero.

In line with gozero's strategy, there are four segments of key target providers:

1. **Local cosmetic and home care producers:** they offer products that were sourced and produced primarily in Germany. They will be eligible for zerokm, once it becomes available in their region. As gozero will start with the zerokm offer in Berlin, the first focus will be on Berlin producers or German producers with a retail subsidiary or warehouse/stock in Berlin. The second regional focus will be on Hamburg and Munich, which are the second and third zerokm cities.

2. **Natural cosmetic and home care producers:** they offer cosmetics and home care products based on natural ingredients only and avoid ingredients with potential health risks.

3. **Waste-conscious producers:** they use plastic-free, recycled and reduced packaging options.

4. **Fair trade and cruelty-free producers:** they offer products with fair employee treatment along their value chain and avoid animal testing and ingredients from animal origin.

As outlined in the market research section, in Germany there are around 150 brands certified as natural cosmetics, at least 400 brands that want to position themselves as sustainable, at least 35 brands that offer plastic-free products and more than 400 brands that use only recycled and recyclable materials to reduce waste. There are at least 400 brands that offer vegan products and at least 9 brands that offer fair trade certified cosmetic products.

### 6.1.1 Unique Value Proposition for providers

gozero offers providers a chance to reach environmentally and health-conscious consumers, increase their brand salience and position themselves as a trusted, sustainable, social and healthy brand. Through the zerokm program, it offers producers a unique chance to deliver their products to consumers in their area and gain loyal customers. The zerokm delivery

option from gozero makes the local delivery easy, fast, and cost-efficient for them, as delivery costs and logistics for this option are covered by gozero.

Furthermore, gozero offers consumer insights from its users that can help especially small and medium-sized producers understand consumer needs and trends and thus shape their strategy moving forward.

Aside from their products appearing in the general search options, gozero also offers further marketing opportunities to its providers, such as email newsletter space and special placements on its homepage.

### 6.1.2 B2B Sales operations

The provider acquisition and account management will be handled through direct B2B sales. Initially, this will be taken care of by the CEO to gain trust with the first providers and build strong initial relationships. Onboarding the first providers during the early product development stage will be crucial as these will help shape the product and give valuable feedback and insights into the supply side. At a later stage, to help scale gozero further, a B2B sales manager will be hired to take care of producer acquisition and account management. To further automate the onboarding process, the website will also have a self-service tool for providers that want to sign up, either after direct acquisition or if they have heard of gozero organically.

### 6.1.3 Provider pre-requisites

gozero will set minimum standards for the providers that want to onboard, to make sure all products stay within its sustainability target. Therefore, they at least need to fit into one of the four target groups outlined above.

To upload their products, providers need to specify which requisites they fulfil, so their products can appear according to consumer filter options. The providers themselves are responsible for the truthfulness of the information they provide on their products, as gozero won't have the capability to verify all information. Nonetheless, gozero will give the option to upload sustainability, fair trade and other nationally and internationally adopted certificates so brands can increase their perceived trustworthiness.

### 6.1.4 Offers and pricing

The basic service gozero offers to its providers is selling their products on their behalf, using gozero's website and taking advantage of gozero's marketing efforts. In return, gozero keeps 25% of the revenue after VAT as a commission.

To further facilitate the dispatching and delivery, gozero provides shipping boxes in various sizes to its providers that are sent out once per month or every two months, depending on demand. The boxes are made of recycled carton and come in various sizes to avoid excess packaging.

If the provider is carrying out the delivery, it will cover its own delivery costs. In return, gozero pays out 2.25€ of the delivery fee, subtracting from the 3,75€ consumer delivery fee the box cost (0,25€) and a retainer for free deliveries over 40€ (1.50€ retainer). Further details can be found under the business model in point 3 and in the financial plan in part 9.

If gozero is doing the delivery through the zerokm offering, gozero covers the delivery cost and logistics and receives the delivery fee. gozero also covers the box cost for these orders and offers a box-free delivery using reusable boxes that are opened at delivery for the end-consumer to take out their purchase, and the box is directly returned by the delivery driver.

Aside from that, gozero offers two additional ways for providers to market their products:

1. Bespoke space in the weekly gozero newsletter, through which they can reach an audience that is already in market for products like theirs, as they have been purchasing or signing up on the gozero website. The CPM (cost per thousand send-outs) for this offer is 8€.
2. Highlight on the gozero homepage (entry page) in a bespoke banner, to show specific or new products, special offers or to increase the general brand presence on the website. This offer is priced at a CPM (cost per thousand impressions) of 15€.

## 6.2 B2C Marketing

For the demand side of gozero's platform business, we need to build out a strong marketing strategy to attract the right customers to our website and to generate a critical mass of customers and users in order to generate value for our providers.

Therefore, gozero's B2C marketing shall serve three main goals:

1. Attract our target consumer to our website and generate sales while maintaining a positive return on advertising spend.
2. Build and communicate gozero's brand identity to generate organic website traffic, lowering customer acquisition cost in the long term.
3. Retain gozero users to make gozero their first choice for regular purchases.

### 6.2.1 Target customer

Based on the previously conducted market research, gozero will focus on the following target segment, initially focused on the German market:

- Women
- Aged 16-60
- Interested in sustainability, natural cosmetics and local trade

This segment is targetable through online marketing such as Facebook or Google. Both the media buying strategy as well as the communication will be built with this audience in mind.

While the initial plan is based on this target audience, gozero will test different sub- or side-segments of the audience in order to find the best performing audience for its marketing and optimize continuously.

### 6.2.2 New customer acquisition

In order to attract consumers of the defined target audience to gozero's website and gain new customers, initially gozero will rely on two main marketing channels: Facebook (incl. Instagram) and Google Search Engine Marketing (SEM).

The marketing plan will be split into 3 phases that reflect the growth of gozero. As initially the provider number and therefore product supply will be smaller, phase one has a lower budget. As gozero develops on both supply and demand side, and the product is continuously improved, marketing spend will increase in phase two and three to reach a critical scale that allows gozero to be profitable. Apart from the change in marketing spend and effectiveness, the average basket value also increases from phase to phase. This is due to the expectation that with an increased product range, gozero will manage to increase the average purchase value. This will also be driven by the option to obtain a free delivery for orders over 40€. In the following the media plan and expected return for all three phases will be detailed for both Facebook and SEM.

Overall, as a result of those campaigns, we expect to see the following average cost per customer acquisition (COCA) and immediate marketing profit (without considering customer lifetime value) from our new customer acquisition marketing:

**Phase 1: January 2022 – June 2022**

| | |
|---|---|
| Average COCA | 2,03 € |
| Average revenue per custumor (after provider pay) | 6 € |
| Average marketing profit per customer | 4,04 € |

**Phase 2: July 2022 – December 2022**

| | |
|---|---|
| Average COCA | 2,02 € |
| Average net revenue per custumor (after provider pay) | 7 € |
| Average marketing profit per customer | 4,87 € |

**Phase 3: 2023**

| Average COCA | 2,26 € |
|---|---|
| Average net revenue per custumor | 7 € |
| Average marketing profit per customer | 5,24 € |

*6.2.2.1 Facebook*

The objective of the Facebook campaign is to generate visits and purchases on gozero, both through organic visits (by building brand awareness) and click-throughs (direct visits from the ad).

The target audience is defined as follows, based on targeting options from the Facebook advertising platform: women, aged 16-60 interested in sustainability and/or natural beauty and/or local products, Germany. According to Facebook, the total size of this targetable audience is 6.1 million.

**Phase 1: January 2022 – June 2022**

In phase one the campaign will be optimized for reach, leading to lower CPMs and helping gozero create initial broad awareness for its product among the target audience. The estimated CPM (cost per thousand impressions) for this optimization and target audience is 1,60€.

As a result, we expect the following monthly campaign plan for phase 1:

| | | |
|---|---|---|
| Daily budget | € | 100 |
| Monthly budget | € | 4.500 |
| Daily Reach | | 93.750 |
| Monthly Gross Reach | | 2.812.500 |
| Average monthly frequency | | 5 |
| Monthly Net Reach | | 562.500 |
| Conversion rate | | 1,0% |
| Site visits | | 28.125 |
| Visit to purchase rate | | 10% |
| Purchases | | 2.813 |
| COCA | € | 1,60 |
| Average basket value | | 30 € |
| Purchase Revenue | | 84.375 € |
| VAT | | 19% |
| Purchase Revenue excl. VAT | | 68.344 € |
| Margin | | 25% |
| Net Revenue | | 17.086 € |
| ROAS | | 380% |

**Phase 2: July 2022 – December 2022**

In phase 2, we will start excluding existing gozero customers from the Facebook targeting in order to reach more new customers. We will do this by building a custom exclusion audience on Facebook via the consumers email addresses. Facebook has a dedicated solution for this

which is GDPR compliant. The campaign will still be optimized for reach, but due to the additional exclusion we expect the CPM to increase to 1,90€.

As a result, we expect the following monthly campaign pan for phase 2:

| | | |
|---|---|---|
| Daily budget | € | 100 |
| Monthly budget | € | 7.000 |
| Daily Reach | | 122.807 |
| Monthly Gross Reach | | 3.684.211 |
| Average monthly frequency | | 5 |
| Monthly Net Reach | | 736.842 |
| Conversion rate | | 0,7% |
| Site visits | | 25.789 |
| Visit to purchase rate | | 15% |
| Purchases | | 3.868 |
| COCA | € | 1,81 |
| Average basket value | | 34 € |
| Purchase Revenue | | 131.526 € |
| VAT | | 19% |
| Purchase Revenue excl. VAT | | 106.536 € |
| Margin | | 25% |
| Net Revenue | | 26.634 € |
| ROAS | | 380% |

**Phase 3: 2023**

In phase 3 we will already have converted the most interested consumers from our Facebook audience, and thus we expect conversion to drop. Therefore, we will start optimizing the campaign for conversion in this phase, meaning the Facebook algorithm will optimize the campaign to reach people that are more likely to visit our website and to make a purchase. This helps us to slightly increase the expected conversion rate. However, the CPM for this campaign optimization is expected to be higher, around 2,60€.

As a result, we expect the following monthly campaign plan for phase 3:

| | | |
|---|---|---|
| Daily budget | € | 100 |
| Monthly budget | € | 16.500 |
| Daily Reach | | 211.538 |
| Monthly Gross Reach | | 6.346.154 |
| Average monthly frequency | | 5 |
| Monthly Net Reach | | 1.269.231 |
| Conversion rate | | 0,8% |
| Site visits | | 50.769 |
| Visit to purchase rate | | 15% |
| Purchases | | 7.615 |
| COCA | € | 2,17 |
| Average basket value | | 37 € |
| Purchase Revenue | | 281.769 € |
| VAT | | 19% |
| Purchase Revenue excl. VAT | | 228.233 € |
| Margin | | 25% |
| Net Revenue | | 57.058 € |
| ROAS | | 346% |

Aside from the Facebook campaign, we will use Google Search Engine Marketing (SEM) to attract consumers that are actively searching for healthy, natural and sustainable cosmetic and home care products. The campaign will initially target the following keywords: sustainable cosmetics, sustainable home products, plastic-free, natural cosmetics, natural (product type, e.g. make-up, shower gel…), sustainable (product type). During the campaign the bids as well as the keyword selection will be optimized according to their performance.

Like the Facebook campaigns, the SEM campaigns will be split in 3 phases with the following expected monthly spend and return:

| Phase 1: Jan 22 - Jun 22 | | |
| --- | --- | --- |
| Assumed cost per visit | € | 0,50 |
| Monthly budget | | 1.500 € |
| Monthly visits | | 3.000 |
| Visit to purchase rate | | 15% |
| Purchases | | 450 |
| Average basket value | | 30 € |
| Purchase Revenue | | 13.500 € |
| VAT | | 19% |
| Purchase Revenue excl. VAT | | 10.935 € |
| Margin | | 25% |
| Net Revenue | | 2.734 € |
| ROAS | | 182% |
| COCA | | 3,33 € |

| Phase 2: Jul 22 - Dec 22 | | |
| --- | --- | --- |
| Assumed cost per visit | € | 0,50 |
| Monthly budget | | 3.000 € |
| Monthly visits | | 6.000 |
| Visit to purchase rate | | 20% |
| Purchases | | 1.200 |
| Average basket value | | 34 € |
| Purchase Revenue | | 40.800 € |
| VAT | | 19% |
| Purchase Revenue excl. VAT | | 33.048 € |
| Margin | | 25% |
| Net Revenue | | 8.262 € |
| ROAS | | 275% |
| COCA | | 2,50 € |

| Phase 3: 2023 | | |
| --- | --- | --- |
| Assumed cost per visit | € | 0,50 |
| Monthly budget | | 6.000 € |
| Monthly visits | | 12.000 |
| Visit to purchase rate | | 20% |
| Purchases | | 2.400 |
| Average basket value | | 37 € |
| Purchase Revenue | | 88.800 € |
| VAT | | 19% |
| Purchase Revenue excl. VAT | | 71.928 € |
| Margin | | 25% |
| Net Revenue | | 17.982 € |
| ROAS | | 300% |
| COCA | | 2,50 € |

### *6.2.3 gozero brand identity and communication*

Apart from generating direct visits from marketing campaigns, gozero needs to build a brand identity and communicate it effectively to its target consumers. This way, consumers will have gozero on the top of their mind when they need to buy cosmetic or home care products and will visit gozero organically. In contrast to direct visits from marketing campaigns, organic visits don't have a cost for gozero. Therefore, building a strong brand is important to build a sustainable user base over the medium and long term. Due to the difficulty of prediction, the brand effect is currently not included in the financial forecast. Therefore, if brand building is successful, gozero can potentially expect a higher medium-term conversion from their marketing campaigns.

The gozero brand stands for three key attributes:

1. **Sustainability**: as its key value and core element of gozero's vision and mission, this element is enhanced throughout all brand communication and product design. The sustainability aspect is found in gozero's main colors as defined in figure 21. The colour green represents nature and the environment. The calm nuances of the colours portray a conscious, thoughtful lifestyle in equilibrium with the environment.



#2d6a4b

#a1c8b8

#fffeff
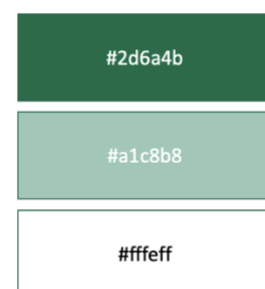
*Figure 21: brand colours*

2. **Transparency**: fairness, zerocruelty and transparency about product ingredients and origin are a key part of gozero's philosophy and need to be present in its communication and website design.

3. **Minimalism**: it's in the name – gozero wants to inspire people to get more out of less. Its minimalist nature is found in the brand design that relies on a simple and modern font and keeps the design straightforward. This also aligns with gozero's goal for its product design that shall aim to provide a simple user experience.

As for gozero's marketing communication, creative assets for Facebook will evolve around a problem-solution approach. gozero will reference one of the issues that were outlined in part one and will present how, by using gozero, consumers can tackle these. This approach will communicate gozero's positioning and unique value clearly. Furthermore, starting the communication assets with addressing the issue captures the target audience's attention in a cluttered online advertising environment.

In some instances, gozero can consider including one of its partnering brands in its marketing assets to offer additional value to providers and to have part of the marketing spend covered by the providers. As these would be opportunistic campaigns, they are currently not factored in the marketing predictions, but represent an additional opportunity for gozero to increase its marketing efficiency.

### 6.2.4 Customer retention

Aside from the product functionalities that aim at retaining customers and making them loyal users as outlined in part five, one part of marketing also aims at user retention. In order to keep retention marketing cost efficient, it will be focused on email marketing, leveraging the email addresses we will store after signing up on the website or after a purchase.

In order to generate sign ups, even for people that don't proceed to an immediate purchase when visiting the website, we will integrate Google one tab on the website. Google one tab generates a pop up when someone is visiting a website, asking whether the person wants to proceed with their Google account to sign up. If the user agrees, he/she is automatically signed in with his/her google-mail address. With this and with the member benefits gozero offers, we expect to get 10% of visitors signed up, in addition to those that check out and purchase. The breakout of email acquisition by month is detailed in the financial plan.

With the product functionalities and retention marketing in place, on average we expect a 20% user drop rate per month, taking both existing and new customers from the previous month as a base. The development of the user base and revenue from return users is detailed in the financial plan.

# VII. GOZERO DEVELOPMENT PLAN

Before giving insight into the financial forecast and gozero's cost and revenue structure, this section shall give a general overview of the initial launch timeline. Figure 22 illustrates the timeline and key launch milestones.
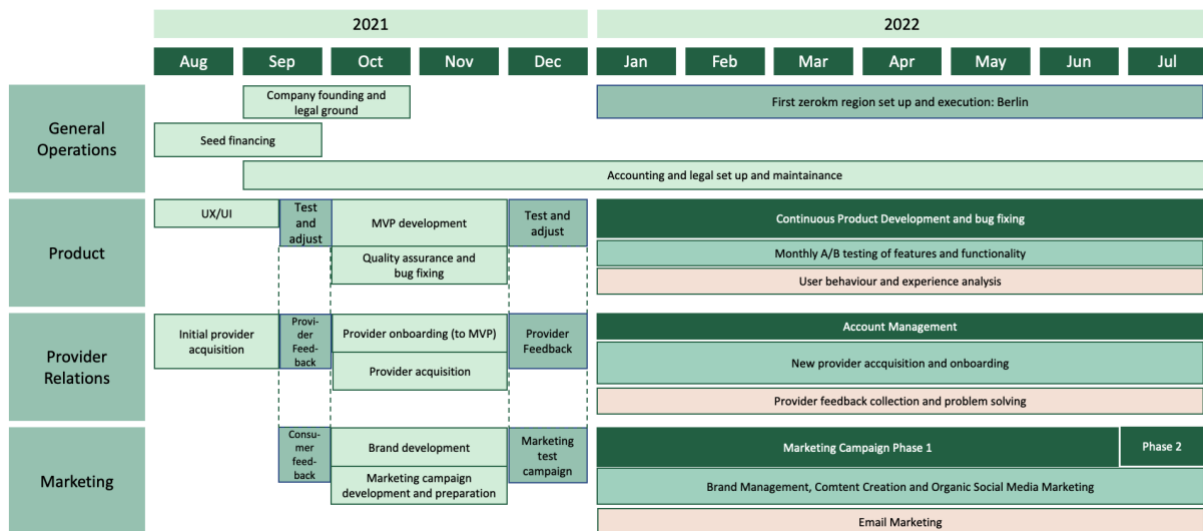


*Figure 22: gozero launch timeline (own elaboration)*

Initially, product development and provider acquisition will go hand in hand: the acquisition of initial providers gives gozero the chance to validate assumptions and to gain valuable feedback for the product development. The marketing function will support to obtain feedback from the consumer side. Furthermore, it will start working on the brand design, both to inform product design and to start developing marketing campaigns for the launch. The details on the product development and validation roadmap can be found in part 5.

In January 2022, the product will then launch fully with a validated MVP, and marketing campaigns will start with phase one as described in the marketing plan. With that, the first zerokm region, Berlin, will open. For that, a first electric delivery van will be purchased. In parallel, the product continues to be improved and the provider relations function continues their efforts to onboard more providers and to maintain strong relations with the same.

Lastly, marketing phase two will start in July 2022 and with that the second growth wave of gozero. The further development and growth prospects are detailed in the financial plan.

## VIII. HUMAN RESOURCES

The gozero team will be structured in the following way:
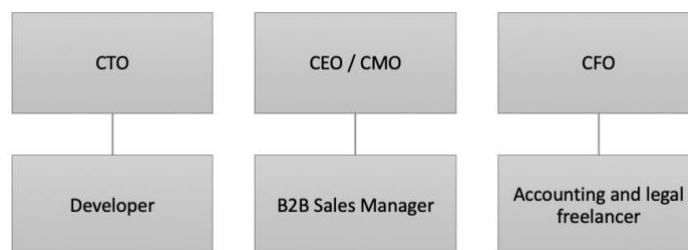


The CEO, CFO and CTO are co-founders of gozero. The founders will keep their salaries lower than market level at the beginning before gozero becomes profitable. The salary structure is outlined in detail in the financial forecast. Generally, the co-founders salary aims at covering their living cost as they will not be able to proceed in their current jobs as soon as full-time engagement is required. This will be the case for the CTO from the first month, for the CEO from January 2022 onwards and for the CFO from January 2023 onwards.

The CEO will be responsible for the general management of the company and will also take part of the marketing and sales department, to streamline the structure and keep the company size compact in the beginning. Once gozero has achieved significant growth, the CMO position can be broken out and given to a new hire. In his role, the CEO will initially be responsible for the acquisition of providers. This will generate additional initial trust which is needed to create key collaborative relationships with initial providers, that will help gozero develop the product by giving valuable feedback and insights. From December 2021 onwards, a B2B Sales Manager will be hired to support with the provider acquisition, as the CEO will have an increased workload on the marketing side from then on.

The CFO, together with the CEO, is responsible for funding and investor relations. Apart from that, he will take care of the general financial management and accounting and legal supervision. For that, he will collaborate with an accounting and legal freelancer that will advise gozero several hours per month.

The CTO will be responsible for managing the gozero product. He will initially design the user experience as outlined in the product development plan, and he will leas the development of the website as well as its testing and optimization. For development and optimization, he will be supported by a developer starting from September 2021.

# IX. ECONOMIC AND FINANCIAL FORECAST

This section aims at showing gozero's cost and revenue structure. It gives insight into our growth plan, expectations and assumptions and shows our financing needs.

## 9.1 Overhead costs

For the human resources as detailed in part eight, we expect the following monthly overhead costs:

| | Aug 21 | Sep 21 | Oct 21 | Nov 21 | Dec 21 | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CEO/CMO | - | - | - | - | - | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 | € 2.000,00 |
| CTO | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 | € 2.500,00 |
| CFO | | | | | | | | | | | | | | | | | |
| Freelance accounting and legal advisor | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 |
| Developer | | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 |
| B2B Sales Manager | | | | | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 | € 2.750,00 |
| Total Gross Salaries | € 2.800,00 | € 6.216,67 | € 6.216,67 | € 6.216,67 | € 8.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 | € 10.966,67 |
| Social Security | € 544,18 | € 1.208,21 | € 1.208,21 | € 1.208,21 | € 1.742,67 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 | € 2.131,37 |
| Total Salary Cost | € 3.344,18 | € 7.424,88 | € 7.424,88 | € 7.424,88 | € 10.709,34 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 | € 13.098,04 |
| Co-working space | € 840,00 | € 1.120,00 | € 1.120,00 | € 1.120,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 | € 1.400,00 |
| Hardware | € 4.500,00 | | | | € 1.500,00 | | | | | | | | € 4.500,00 | | | | |
| Software | € 4.500,00 | | | | € 1.500,00 | | | | | | | | | | | | € 1.500,00 |
| Total Overhead Cost | € 13.184,18 | € 8.544,88 | € 8.544,88 | € 8.544,88 | € 15.109,34 | € 14.498,04 | € 14.498,04 | € 14.498,04 | € 14.498,04 | € 14.498,04 | € 14.498,04 | € 14.498,04 | € 18.998,04 | € 14.498,04 | € 14.498,04 | € 14.498,04 | € 15.998,04 |

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CEO/CMO | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 |
| CTO | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 |
| CFO | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 | € 3.000,00 |
| Freelance accounting and legal advisor | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 | € 300,00 |
| Developer | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 | € 3.416,67 |
| B2B Sales Manager | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 | € 3.450,00 |
| Total Gross Salaries | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 | € 16.166,67 |
| Social Security | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 | € 3.141,99 |
| Total Salary Cost | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 | € 19.308,66 |
| Co-working space | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 | € 1.680,00 |
| Hardware | € 1.500,00 | | | | | | | € 4.500,00 | | | | |
| Software | € 1.500,00 | | | | | | | | | | | € 1.500,00 |
| Total Overhead Cost | € 23.988,66 | € 20.988,66 | € 20.988,66 | € 20.988,66 | € 20.988,66 | € 20.988,66 | € 20.988,66 | € 25.488,66 | € 20.988,66 | € 20.988,66 | € 20.988,66 | € 22.488,66 |

Initially, the co-founders will keep their salaries at a minimum, aiming to cover their living costs giving the hours they invest in the projects. The CTO will be working full-time on the project from the beginning, whereas the CEO and CFO can afford to start paying themselves out a salary later down the line. Their initial involvement will be part-time during their current job which allows them to cover living costs. They will start receiving a salary once their full-time engagement is required, in January 2022 and January 2023 respectively.

The hardware equipment is expected to have a lifetime of at least three years, whereas the software licenses are renewed annually. The co-woring space is calculated at a fee of 280€ per person per month. Social security costs are 19.44% of the gross salary to be covered by the employee as defined by the German law. The remainder of social security costs are covered by employees and included in the gross salaries.

## 9.2 Delivery costs

The delivery cost is calculated for zerokm deliveres, as those will be covered by gozero. Initially, these delievries are expected to make up 10% of total deliveries, given that they will only be available in Berlin. Afterwards, the share increases to 15% and 18% once gozero opens the zerokm option for more regions.

Based on this share, the number of gozero deliveries and the delivery income (from delivery fee, as explained previously) is calculated.

The margin gozero gains from its delivery operations is slightly negative in some months, but positive in most months. Overall, it doesn't make up a significant part of gozero's return. This is intended, as the delivery is a key differentiator from the competition, but making it more expensive would make it less attractive for consumers and providers alike.

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Electric transporter van (net) | 12150 | | | | | | | | | | | |
| VAT | 2850 | | | | | | | | | | | |
| Local delivery manager | | | | | | | | | | | | |
| 1 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| Electricity fuel | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 | € 75,00 |
| Parking | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 | € 60,00 |
| Monthly depreciation | | | | | | | | | | | | |
| Transporter 1 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 |
| Transporter 2 | | | | | | | | | | | | |
| Transporter 3 | | | | | | | | | | | | |
| gozero monthly delivery cost | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 | € 2.103,75 |
| gozero zerokm delivery share | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| gozero zerokm deliveries | 326 | 362 | 391 | 414 | 433 | 447 | 640 | 709 | 765 | 809 | 845 | 873 |
| gozero deliveries per day | 13 | 14 | 16 | 17 | 17 | 18 | 26 | 28 | 31 | 32 | 34 | 35 |
| provider deliveries | 2.936 | 3.260 | 3.519 | 3.727 | 3.893 | 4.025 | 5.757 | 6.382 | 6.882 | 7.282 | 7.602 | 7.858 |
| Boxing cost | 815,625 | 905,625 | 977,625 | 1035,225 | 1081,305 | 1118,169 | 1599,140463 | 1772,733423 | 1911,607791 | 2022,707286 | 2111,586881 | 2182,690557 |
| Delivery cost per gozero delivery | € 6,45 | € 5,81 | € 5,38 | € 5,08 | € 4,86 | € 4,70 | € 3,29 | € 2,97 | € 2,75 | € 2,60 | € 2,49 | € 2,41 |
| Delivery fee | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 |
| Delivery Income | € 12.234,38 | € 13.584,38 | € 14.664,38 | € 15.528,38 | € 16.219,58 | € 16.772,54 | € 23.987,11 | € 26.591,00 | € 28.674,12 | € 30.340,61 | € 31.673,80 | € 32.740,36 |
| gozero share | € 1.957,50 | € 2.173,50 | € 2.346,30 | € 2.484,54 | € 2.595,13 | € 2.683,61 | € 3.837,94 | € 4.254,56 | € 4.587,86 | € 4.854,50 | € 5.067,81 | € 5.238,46 |
| provider share | € 10.276,88 | € 11.410,88 | € 12.318,08 | € 13.043,84 | € 13.624,44 | € 14.088,93 | € 20.149,17 | € 22.336,44 | € 24.086,26 | € 25.486,11 | € 26.605,99 | € 27.501,90 |
| gozero delivery margin | -€ 961,88 | -€ 835,88 | -€ 735,08 | -€ 654,44 | -€ 589,92 | -€ 538,31 | € 135,05 | € 378,08 | € 572,50 | € 728,04 | € 852,47 | € 952,02 |

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Electric transporter van (net) | 12150 | | | | | 12150 | | | | | | |
| VAT | 2850 | | | | | 2850 | | | | | | |
| Local delivery manager | | | | | | | | | | | | |
| 1 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 |
| 2 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 |
| 3 | | | | | | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 | € 1.800,00 |
| Electricity fuel | € 150,00 | € 150,00 | € 150,00 | € 150,00 | € 150,00 | € 225,00 | € 225,00 | € 225,00 | € 225,00 | € 225,00 | € 225,00 | € 225,00 |
| Parking | € 120,00 | € 120,00 | € 120,00 | € 120,00 | € 120,00 | € 180,00 | € 180,00 | € 180,00 | € 180,00 | € 180,00 | € 180,00 | € 180,00 |
| Monthly depreciation | | | | | | | | | | | | |
| Transporter 1 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 |
| Transporter 2 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 |
| Transporter 3 | | | | | | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 | € 168,75 |
| gozero monthly delivery cost | € 4.207,50 | € 4.207,50 | € 4.207,50 | € 4.207,50 | € 4.207,50 | € 6.311,25 | € 6.311,25 | € 6.311,25 | € 6.311,25 | € 6.311,25 | € 6.311,25 | € 6.311,25 |
| gozero zerokm delivery share | 15% | 15% | 15% | 15% | 15% | 18% | 18% | 18% | 18% | 18% | 18% | 18% |
| gozero zerokm deliveries | 2.086 | 2.257 | 2.394 | 2.504 | 2.591 | 3.194 | 3.261 | 3.315 | 3.358 | 3.393 | 3.420 | 3.442 |
| gozero deliveries per day | 83 | 90 | 96 | 100 | 104 | 128 | 130 | 133 | 134 | 136 | 137 | 138 |
| provider deliveries | 11.819 | 12.790 | 13.567 | 14.188 | 14.685 | 14.550 | 14.857 | 15.103 | 15.299 | 15.456 | 15.582 | 15.682 |
| Boxing cost | 3476,314389 | 3761,820742 | 3990,225825 | 4172,94989 | 4319,129143 | 4436,072545 | 4529,627267 | 4604,471044 | 4664,346066 | 4712,246084 | 4750,566098 | 4781,222109 |
| Delivery cost per gozero delivery | € 2,02 | € 1,86 | € 1,76 | € 1,68 | € 1,62 | € 1,98 | € 1,94 | € 1,90 | € 1,88 | € 1,86 | € 1,85 | € 1,83 |
| Delivery fee | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 | € 3,75 |
| Delivery Income | € 52.144,72 | € 56.427,31 | € 59.853,39 | € 62.594,25 | € 64.786,94 | € 66.541,09 | € 67.944,41 | € 69.067,07 | € 69.965,19 | € 70.683,69 | € 71.258,49 | € 71.718,33 |
| gozero share | € 10.776,57 | € 11.661,64 | € 12.369,70 | € 12.936,14 | € 13.389,30 | € 15.614,98 | € 15.944,29 | € 16.207,74 | € 16.418,50 | € 16.587,11 | € 16.721,99 | € 16.829,90 |
| provider share | € 41.368,14 | € 44.765,67 | € 47.483,69 | € 49.658,10 | € 51.397,64 | € 50.926,11 | € 52.000,12 | € 52.859,33 | € 53.546,69 | € 54.096,59 | € 54.536,50 | € 54.888,43 |
| gozero delivery margin | € 3.092,76 | € 3.692,32 | € 4.171,97 | € 4.555,69 | € 4.862,67 | € 4.867,65 | € 5.103,41 | € 5.292,02 | € 5.442,90 | € 5.563,61 | € 5.660,18 | € 5.737,43 |

## 9.3 Marketing cost and revenue

The following tables will show the planned marketing campaigns and expected returns. The marketing plans and assumptions are detailed in part 6.2.

## 9.3.1 New customer acquisition cost and revenue

**Facebook & Instagram**

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spend | € 4.500 | € 4.500 | € 4.500 | € 4.500 | € 4.500 | € 4.500 | € 7.000 | € 7.000 | € 7.000 | € 7.000 | € 7.000 | € 7.000 |
| Gross Reach | 2812500 | 2812500 | 2812500 | 2812500 | 2812500 | 2812500 | 3684210,526 | 3684210,526 | 3684210,526 | 3684210,526 | 3684210,526 | 3684210,526 |
| Net Reach | 401.786 | 401.786 | 401.786 | 401.786 | 401.786 | 401.786 | 526.316 | 526.316 | 526.316 | 526.316 | 526.316 | 526.316 |
| Conversion rate | 1% | 1% | 1% | 1% | 1% | 1% | 0,007 | 0,007 | 0,007 | 0,007 | 0,007 | 0,007 |
| Visits | 28.125 | 28.125 | 28.125 | 28.125 | 28.125 | 28.125 | 25.789 | 25.789 | 25.789 | 25.789 | 25.789 | 25.789 |
| Visit to purchase rate | 10% | 10% | 10% | 10% | 10% | 10% | 15% | 15% | 15% | 15% | 15% | 15% |
| Purchases | 2.813 | 2.813 | 2.813 | 2.813 | 2.813 | 2.813 | 3.868 | 3.868 | 3.868 | 3.868 | 3.868 | 3.868 |
| Average basket value | 30 € | 30 € | 30 € | 30 € | 30 € | 30 € | 34 € | 34 € | 34 € | 34 € | 34 € | 34 € |
| Purchase Revenue | 84.375 € | 84.375 € | 84.375 € | 84.375 € | 84.375 € | 84.375 € | 131.526 € | 131.526 € | 131.526 € | 131.526 € | 131.526 € | 131.526 € |
| VAT | 16.031 € | 16.031 € | 16.031 € | 16.031 € | 16.031 € | 16.031 € | 24.990 € | 24.990 € | 24.990 € | 24.990 € | 24.990 € | 24.990 € |
| Purchase Revenue after VAT | 68.344 € | 68.344 € | 68.344 € | 68.344 € | 68.344 € | 68.344 € | 106.536 € | 106.536 € | 106.536 € | 106.536 € | 106.536 € | 106.536 € |

**SEM**

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spend | 1.500 € | 1.500 € | 1.500 € | 1.500 € | 1.500 € | 1.500 € | 3.000 € | 3.000 € | 3.000 € | 3.000 € | 3.000 € | 3.000 € |
| Cost per visit | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 |
| Visits | 3.000 | 3.000 | 3.000 | 3.000 | 3.000 | 3.000 | 6.000 | 6.000 | 6.000 | 6.000 | 6.000 | 6.000 |
| Visit to purchase rate | 15% | 15% | 15% | 15% | 15% | 15% | 20% | 20% | 20% | 20% | 20% | 20% |
| Purchases | 450 | 450 | 450 | 450 | 450 | 450 | 1.200 | 1.200 | 1.200 | 1.200 | 1.200 | 1.200 |
| Average basket value | 30 € | 30 € | 30 € | 30 € | 30 € | 30 € | 34 € | 34 € | 34 € | 34 € | 34 € | 34 € |
| Purchase Revenue | € 13.500,00 | € 13.500,00 | € 13.500,00 | € 13.500,00 | € 13.500,00 | € 13.500,00 | € 40.800,00 | € 40.800,00 | € 40.800,00 | € 40.800,00 | € 40.800,00 | € 40.800,00 |
| VAT | € 2.565,00 | € 2.565,00 | € 2.565,00 | € 2.565,00 | € 2.565,00 | € 2.565,00 | € 7.752,00 | € 7.752,00 | € 7.752,00 | € 7.752,00 | € 7.752,00 | € 7.752,00 |
| Purchase Revenue after VAT | € 10.935,00 | € 10.935,00 | € 10.935,00 | € 10.935,00 | € 10.935,00 | € 10.935,00 | € 33.048,00 | € 33.048,00 | € 33.048,00 | € 33.048,00 | € 33.048,00 | € 33.048,00 |

**Marketing Total**

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Marketing Purchase Revenue after VAT | 79.279 € | 79.279 € | 79.279 € | 79.279 € | 79.279 € | 79.279 € | 139.584 € | 139.584 € | 139.584 € | 139.584 € | 139.584 € | 139.584 € |
| Pay to providers | 59.459 € | 59.459 € | 59.459 € | 59.459 € | 59.459 € | 59.459 € | 104.688 € | 104.688 € | 104.688 € | 104.688 € | 104.688 € | 104.688 € |
| Revenue after provider pay | 19.820 € | 19.820 € | 19.820 € | 19.820 € | 19.820 € | 19.820 € | 34.896 € | 34.896 € | 34.896 € | 34.896 € | 34.896 € | 34.896 € |
| Total marketing cost | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 10.000 € | 10.000 € | 10.000 € | 10.000 € | 10.000 € | 10.000 € |
| Marketing Margin | 13.819,69 € | 13.819,69 € | 13.819,69 € | 13.819,69 € | 13.819,69 € | 13.819,69 € | 24.896,08 € | 24.896,08 € | 24.896,08 € | 24.896,08 € | 24.896,08 € | 24.896,08 € |

**Facebook & Instagram**

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spend | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 | € 16.500 |
| Gross Reach | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 | 6346153,846 |
| Net Reach | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 | 1.269.231 |
| Conversion rate | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 | 0,008 |
| Visits | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 | 50.769 |
| Visit to purchase rate | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% | 15% |
| Purchases | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 | 7.615 |
| Average basket value | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € |
| Purchase Revenue | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € | 281.769 € |
| VAT | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € | 53.536 € |
| Purchase Revenue after VAT | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € | 228.233 € |

**SEM**

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Spend | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € | 6.000 € |
| Cost per visit | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 | 0,5 |
| Visits | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 | 12.000 |
| Visit to purchase rate | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Purchases | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 |
| Average basket value | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € | 37 € |
| Purchase Revenue | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 | € 88.800,00 |
| VAT | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 | € 16.872,00 |
| Purchase Revenue after VAT | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 | € 71.928,00 |

**Marketing Total**

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Marketing Purchase Revenue after VAT | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € | 300.161 € |
| Pay to providers | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € | 225.121 € |
| Revenue after provider pay | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € | 75.040 € |
| Total marketing cost | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € | 22.500 € |
| Marketing Margin | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € | 52.540,27 € |

## 9.3.2 Revenue from return customers

As detailed in part 6.2, the customer retention is calculated based on an expected drop rate of 20% per month. This means that the return customer for each new month equal 80% of the new and existing customer of the previous month. Returning customers are expected to make bi-monthly purchases on average. This is reflected in the average basket value which is half of the expected value for one check-out (compare: new customer acquisition). With that base, expected revenue from return customers is calculated.

**Return customers**

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New customers | 450 | 450 | 450 | 450 | 450 | 450 | 1.200 | 1.200 | 1.200 | 1.200 | 1.200 | 1.200 |
| Cumulative customers | 450 | 900 | 1.350 | 1.800 | 2.250 | 2.700 | 3.900 | 5.100 | 6.300 | 7.500 | 8.700 | 9.900 |
| Retention | | 360 | 648 | 878 | 1.063 | 1.210 | 1.328 | 2.023 | 2.578 | 3.022 | 3.378 | 3.662 |
| Average monthly purchase | 15 € | 15 € | 15 € | 15 € | 15 € | 15 € | 17 € | 17 € | 17 € | 17 € | 17 € | 17 € |
| Revenue from return customers | | € 5.400,00 | € 9.720,00 | € 13.176,00 | € 15.940,80 | € 18.152,64 | € 22.578,39 | € 34.382,71 | € 43.826,17 | € 51.380,94 | € 57.424,75 | € 62.259,80 |
| VAT | | € 1.026,00 | € 1.846,80 | € 2.503,44 | € 3.028,75 | € 3.449,00 | € 4.289,89 | € 6.532,72 | € 8.326,97 | € 9.762,38 | € 10.910,70 | € 11.829,36 |
| Revenue after VAT | - | € 4.374,00 | € 7.873,20 | € 10.672,56 | € 12.912,05 | € 14.703,64 | € 18.288,50 | € 27.850,00 | € 35.499,20 | € 41.618,56 | € 46.514,05 | € 50.430,44 |
| Pay to providers | | € 3.499,20 | € 6.298,56 | € 8.538,05 | € 10.329,64 | € 11.762,91 | € 14.630,80 | € 22.280,00 | € 28.399,36 | € 33.294,85 | € 37.211,24 | € 40.344,35 |
| Revenue after provider pay | | € 874,80 | € 1.574,64 | € 2.134,51 | € 2.582,41 | € 2.940,73 | € 3.657,70 | € 5.570,00 | € 7.099,84 | € 8.323,71 | € 9.302,81 | € 10.086,09 |

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Return customers** | | | | | | | | | | | | |
| New customers | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 | 2.400 |
| Cumulative customers | 12.300 | 14.700 | 17.100 | 19.500 | 21.900 | 24.300 | 26.700 | 29.100 | 31.500 | 33.900 | 36.300 | 38.700 |
| Retention | 3.890 | 5.032 | 5.946 | 6.676 | 7.261 | 7.729 | 8.103 | 8.402 | 8.642 | 8.834 | 8.987 | 9.110 |
| Average monthly purchase | 19 € | 19 € | 19 € | 19 € | 19 € | 19 € | 19 € | 19 € | 19 € | 19 € | 19 € | 19 € |
| Revenue from return customers | € 71.962,65 | € 93.090,12 | € 109.992,10 | € 123.513,68 | € 134.330,94 | € 142.984,75 | € 149.907,80 | € 155.446,24 | € 159.876,99 | € 163.421,59 | € 166.257,28 | € 168.525,82 |
| VAT | € 13.672,90 | € 17.687,12 | € 20.898,50 | € 23.467,60 | € 25.522,88 | € 27.167,10 | € 28.482,48 | € 29.534,79 | € 30.376,63 | € 31.050,10 | € 31.588,88 | € 32.019,91 |
| Revenue after VAT | € 58.289,75 | € 75.403,00 | € 89.093,60 | € 100.046,08 | € 108.808,06 | € 115.817,65 | € 121.425,32 | € 125.911,46 | € 129.500,36 | € 132.371,49 | € 134.668,39 | € 136.505,91 |
| Pay to providers | € 46.631,80 | € 60.322,40 | € 71.274,88 | € 80.036,86 | € 87.046,45 | € 92.654,12 | € 97.140,26 | € 100.729,16 | € 103.600,29 | € 105.897,19 | € 107.734,71 | € 109.204,73 |
| Revenue after provider pay | € 11.657,95 | € 15.080,60 | € 17.818,72 | € 20.009,22 | € 21.761,61 | € 23.163,53 | € 24.285,06 | € 25.182,29 | € 25.900,07 | € 26.474,30 | € 26.933,68 | € 27.301,18 |

## 9.4 Other revenue streams

As detailed in part 6.1. gozero offers additional marketing opportunities to providers which serve as an additional revenue stream. The expected availability and income are as follows:

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Weekly Newsletter** | | | | | | | | | | | | |
| Reach | 3.863 | 4.313 | 4.763 | 5.213 | 5.663 | 6.113 | 7.679 | 8.879 | 10.079 | 11.279 | 12.479 | 13.679 |
| CPM | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Advertiser spaces | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Newsletter Revenue | € 309,00 | € 345,00 | € 381,00 | € 417,00 | € 453,00 | € 489,00 | € 614,32 | € 710,32 | € 806,32 | € 902,32 | € 998,32 | € 1.094,32 |
| **Homepage Banner** | | | | | | | | | | | | |
| Reach | 31.125 | 31.485 | 31.773 | 32.003 | 32.188 | 32.335 | 33.118 | 33.812 | 34.367 | 34.812 | 35.167 | 35.452 |
| CPM | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 13 | 13 | 13 | 13 |
| Advertiser spaces | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| Banner Revenue | € 933,75 | € 944,55 | € 953,19 | € 960,10 | € 1.448,45 | € 1.455,08 | € 1.490,29 | € 1.521,54 | € 1.787,11 | € 1.810,22 | € 1.828,70 | € 1.843,49 |

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Weekly Newsletter** | | | | | | | | | | | | |
| Reach | 19.777 | 22.177 | 24.577 | 26.977 | 29.377 | 31.777 | 34.177 | 36.577 | 38.977 | 41.377 | 43.777 | 46.177 |
| CPM | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Advertiser spaces | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Newsletter Revenue | € 1.582,15 | € 1.774,15 | € 1.966,15 | € 2.158,15 | € 2.350,15 | € 2.542,15 | € 2.734,15 | € 2.926,15 | € 3.118,15 | € 3.310,15 | € 3.502,15 | € 3.694,15 |
| **Homepage Banner** | | | | | | | | | | | | |
| Reach | 66.659 | 67.801 | 68.715 | 69.446 | 70.030 | 70.498 | 70.872 | 71.172 | 71.411 | 71.603 | 71.756 | 71.879 |
| CPM | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Advertiser spaces | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Banner Revenue | € 4.332,84 | € 4.407,07 | € 4.466,46 | € 4.513,97 | € 4.551,97 | € 4.582,38 | € 4.606,70 | € 4.626,16 | € 4.641,73 | € 4.654,18 | € 4.664,15 | € 4.672,12 |

## 9.5 Treasury Forecast

Putting together all previously detailed elements, we obtain the treasury forecast. This forecast aims at identifying our financing needs and serves as a guidance for monthly cash flow control. The liquidation of yearly VAT factored in for December. Overall, except for the initial months, gozero expects to achieve a positive monthly cash balance in most months. In the months of VAT liquidation gozero will have a negative cash flow, but gozero will retain the VAT for this purpose, and given the cumulative cash balance these negative cash flow months are not concerning.

| | Aug 21 | Sep 21 | Oct 21 | Nov 21 | Dec 21 |
|---|---|---|---|---|---|
| Total Sales Income | € - | € - | € - | € - | € - |
| VAT | € - | € - | € - | € - | € - |
| Revenue after VAT | € - | € - | € - | € - | € - |
| Pay to Providers | € - | € - | € - | € - | € - |
| gozero Sales Income | € - | € - | € - | € - | € - |
| | | | | | |
| Other Revenue Streams | € - | € - | € - | € - | € - |
| | | | | | |
| Delivery Income | € - | € - | € - | € - | € - |
| Provider Share | € - | € - | € - | € - | € - |
| gozero delivery income | € - | € - | € - | € - | € - |
| | | | | | |
| Marketing Cost | € - | € - | € - | € - | € - |
| | | | | | |
| Electric transporter | € - | € - | € - | € - | € - |
| VAT | € - | € - | € - | € - | € - |
| Delivery Overhead | € - | € - | € - | € - | € - |
| Electricty Fuel | € - | € - | € - | € - | € - |
| Parking | € - | € - | € - | € - | € - |
| | | | | | |
| Salary Cost | € 3.344 | € 7.425 | € 7.425 | € 7.425 | € 10.709 |
| Office | € 840 | € 1.120 | € 1.120 | € 1.120 | € 1.400 |
| Hardware | € 4.500 | € - | € - | € - | € 1.500 |
| Software | € 4.500 | € - | € - | € - | € 1.500 |
| Total Overhead | € 13.184 | € 8.545 | € 8.545 | € 8.545 | € 15.109 |
| | | | | | |
| VAT liquidation | | | | | |
| | | | | | |
| Total | -€ 13.184 | -€ 8.545 | -€ 8.545 | -€ 8.545 | -€ 15.109 |
| | | | | | |
| Cumulative | -€ 13.184 | -€ 21.729 | -€ 30.274 | -€ 38.819 | -€ 53.928 |

| | Aug 21 | Sep 21 | Oct 21 | Nov 21 | Dec 21 |
|---|---|---|---|---|---|
| VAT retained | € - | € - | € - | € - | € - |
| VAT paid-out | € - | € - | € - | € - | € - |
| VAT liquidation | | | | € | - |

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Sales Income | € 97.875 | € 103.275 | € 107.595 | € 111.051 | € 113.816 | € 116.028 | € 194.905 | € 206.709 | € 216.152 | € 223.707 | € 229.751 | € 234.586 |
| VAT | € 18.596 | € 19.622 | € 20.443 | € 21.100 | € 21.625 | € 22.045 | € 37.032 | € 39.275 | € 41.069 | € 42.504 | € 43.653 | € 44.571 |
| Revenue after VAT | € 79.279 | € 83.653 | € 87.152 | € 89.951 | € 92.191 | € 93.982 | € 157.873 | € 167.434 | € 175.084 | € 181.203 | € 186.098 | € 190.015 |
| Pay to Providers | € 59.459 | € 62.740 | € 65.364 | € 67.463 | € 69.143 | € 70.487 | € 118.405 | € 125.576 | € 131.313 | € 135.902 | € 139.574 | € 142.511 |
| gozero Sales Income | € 19.820 | € 20.913 | € 21.788 | € 22.488 | € 23.048 | € 23.496 | € 39.468 | € 41.859 | € 43.771 | € 45.301 | € 46.525 | € 47.504 |
| | | | | | | | | | | | | |
| Other Revenue Streams | € 1.243 | € 1.290 | € 1.334 | € 1.377 | € 1.901 | € 1.944 | € 2.105 | € 2.232 | € 2.593 | € 2.713 | € 2.827 | € 2.938 |
| | | | | | | | | | | | | |
| Delivery Income | € 9.176 | € 10.188 | € 10.998 | € 11.646 | € 12.165 | € 12.579 | € 16.791 | € 18.614 | € 20.072 | € 21.238 | € 22.172 | € 22.918 |
| Provider Share | € 6.607 | € 7.336 | € 7.919 | € 8.385 | € 8.759 | € 9.057 | € 12.953 | € 14.359 | € 15.484 | € 16.384 | € 17.104 | € 17.680 |
| gozero delivery income | € 2.569 | € 2.853 | € 3.080 | € 3.261 | € 3.406 | € 3.522 | € 3.838 | € 4.255 | € 4.588 | € 4.854 | € 5.068 | € 5.238 |
| | | | | | | | | | | | | |
| Marketing Cost | € 6.000 | € 6.000 | € 6.000 | € 6.000 | € 6.000 | € 6.000 | € 10.000 | € 10.000 | € 10.000 | € 10.000 | € 10.000 | € 10.000 |
| | | | | | | | | | | | | |
| Electric transporter | € 12.150 | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| VAT | € 2.850 | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| Delivery Overhead | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 | € 1.800 |
| Electricty Fuel | € 75 | € 75 | € 75 | € 75 | € 75 | € 75 | € 75 | € 75 | € 75 | € 75 | € 75 | € 75 |
| Parking | € 60 | € 60 | € 60 | € 60 | € 60 | € 60 | € 60 | € 60 | € 60 | € 60 | € 60 | € 60 |
| | | | | | | | | | | | | |
| Salary Cost | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 | € 13.098 |
| Office | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 | € 1.400 |
| Hardware | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| Software | € - | € - | € - | € - | € - | € - | € - | € 4.500 | € - | € - | € - | € 1.500 |
| Total Overhead | € 14.498 | € 14.498 | € 14.498 | € 14.498 | € 14.498 | € 14.498 | € 14.498 | € 18.998 | € 14.498 | € 14.498 | € 14.498 | € 15.998 |
| | | | | | | | | | | | | |
| VAT liquidation | € - | | | | | | | | | | | € 368.686 |
| | | | | | | | | | | | | |
| Total | € 4.795 | € 22.245 | € 24.212 | € 25.793 | € 27.547 | € 28.574 | € 56.010 | € 56.687 | € 65.588 | € 68.939 | € 71.639 | -€ 296.367 |
| | | | | | | | | | | | | |
| Cumulative | -€ 49.133 | -€ 26.889 | -€ 2.677 | € 23.116 | € 50.663 | € 79.237 | € 135.247 | € 191.933 | € 257.521 | € 326.460 | € 398.100 | € 101.732 |

| | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22 | Aug 22 | Sep 22 | Oct 22 | Nov 22 | Dec 22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| VAT retained | € 18.596 | € 19.622 | € 20.443 | € 21.100 | € 21.625 | € 22.045 | € 37.032 | € 39.275 | € 41.069 | € 42.504 | € 43.653 | € 44.571 |
| VAT paid-out | -€ 2.850 | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| VAT liquidation | | | | | | | | | | | | € 368.686 |

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Sales Income | € 442.532 | € 463.659 | € 480.561 | € 494.083 | € 504.900 | € 513.554 | € 520.477 | € 526.015 | € 530.446 | € 533.991 | € 536.827 | € 539.095 |
| VAT | € 84.081 | € 88.095 | € 91.307 | € 93.876 | € 95.931 | € 97.575 | € 98.891 | € 99.943 | € 100.785 | € 101.458 | € 101.997 | € 102.428 |
| Revenue after VAT | € 358.451 | € 375.564 | € 389.255 | € 400.207 | € 408.969 | € 415.979 | € 421.586 | € 426.073 | € 429.661 | € 432.533 | € 434.829 | € 436.667 |
| Pay to Providers | € 268.838 | € 281.673 | € 291.941 | € 300.155 | € 306.727 | € 311.984 | € 316.190 | € 319.554 | € 322.246 | € 324.399 | € 326.122 | € 327.500 |
| gozero Sales Income | € 89.613 | € 93.891 | € 97.314 | € 100.052 | € 102.242 | € 103.995 | € 105.397 | € 106.518 | € 107.415 | € 108.133 | € 108.707 | € 109.167 |
| | | | | | | | | | | | | |
| Other Revenue Streams | € 5.915 | € 6.181 | € 6.433 | € 6.672 | € 6.902 | € 7.125 | € 7.341 | € 7.552 | € 7.760 | € 7.964 | € 8.166 | € 8.366 |
| | | | | | | | | | | | | |
| Delivery Income | € 33.894 | € 36.678 | € 38.905 | € 40.686 | € 42.112 | € 43.252 | € 44.164 | € 44.894 | € 45.477 | € 45.944 | € 46.318 | € 46.617 |
| Provider Share | € 26.594 | € 28.778 | € 30.525 | € 31.923 | € 33.041 | € 32.738 | € 33.429 | € 33.981 | € 34.423 | € 34.776 | € 35.059 | € 35.285 |
| gozero delivery income | € 7.300 | € 7.900 | € 8.379 | € 8.763 | € 9.070 | € 10.513 | € 10.735 | € 10.913 | € 11.055 | € 11.168 | € 11.259 | € 11.331 |
| | | | | | | | | | | | | |
| Marketing Cost | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 | € 22.500 |
| | | | | | | | | | | | | |
| Electric transporter | € 12.150 | € - | € - | € - | € - | € 12.150 | € - | € - | € - | € - | € - | € - |
| VAT | € 2.850 | € - | € - | € - | € - | € 2.850 | € - | € - | € - | € - | € - | € - |
| Delivery Overhead | € 3.600 | € 3.600 | € 3.600 | € 3.600 | € 3.600 | € 5.400 | € 5.400 | € 5.400 | € 5.400 | € 5.400 | € 5.400 | € 5.400 |
| Electricty Fuel | € 150 | € 150 | € 150 | € 150 | € 150 | € 225 | € 225 | € 225 | € 225 | € 225 | € 225 | € 225 |
| Parking | € 120 | € 120 | € 120 | € 120 | € 120 | € 180 | € 180 | € 180 | € 180 | € 180 | € 180 | € 180 |
| | | | | | | | | | | | | |
| Salary Cost | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 | € 19.309 |
| Office | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 | € 1.680 |
| Hardware | € 1.500 | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - | € - |
| Software | € 1.500 | € - | € - | € - | € - | € - | € - | € - | € 4.500 | € - | € - | € 1.500 |
| Total Overhead | € 23.989 | € 20.989 | € 20.989 | € 20.989 | € 20.989 | € 20.989 | € 20.989 | € 25.489 | € 20.989 | € 20.989 | € 22.489 |
| | | | | | | | | | | | | |
| VAT liquidation | | | | | | | | | | | | € 1.150.667 |
| | | | | | | | | | | | | |
| Total | € 121.550 | € 148.709 | € 156.074 | € 162.004 | € 166.787 | € 154.914 | € 173.070 | € 171.132 | € 177.721 | € 179.430 | € 180.836 | -€ 970.168 |
| | | | | | | | | | | | | |
| Cumulative | € 223.283 | € 371.991 | € 528.065 | € 690.069 | € 856.856 | € 1.011.771 | € 1.184.840 | € 1.355.973 | € 1.533.693 | € 1.713.123 | € 1.893.959 | € 923.792 |

| | Jan 23 | Feb 23 | Mar 23 | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| VAT retained | € 84.081 | € 88.095 | € 91.307 | € 93.876 | € 95.931 | € 97.575 | € 98.891 | € 99.943 | € 100.785 | € 101.458 | € 101.997 | € 102.428 |
| VAT paid-out | -€ 2.850 | € - | € - | € - | € - | -€ 2.850 | € - | € - | € - | € - | € - | € - |
| VAT liquidation | | | | | | | | | | | | € 1.150.667 |

## 9.6 Financing

As seen in the treasury forecast, gozero needs an initial investment of 54,000€ to cover initial investments and product development costs. To cover this financing need and provide for a buffer, gozero aims to raise a seed financing of 90,000€.

The three co-founders will contribute 20,000€ each, and the remaining 30,000€ will be covered by a credit.

## 9.7 Expected profit and loss statement

Finally, out of those expected costs and returns we expect the following profit and loss statement for a three-month period.

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| gozero income | € - | € 467.006,90 | € 1.437.208,17 |
| Cost of sales | € - | € 23.220,00 | € 59.985,00 |
| Marketing Cost | € - | € 96.000,00 | € 270.000,00 |
| Gross Margin | € - | € 347.786,90 | € 1.107.223,17 |
| Amortization | € 2.666,67 | € 10.025,00 | € 15.231,25 |
| Overhead | € 41.928,15 | € 173.976,46 | € 251.863,90 |
| EBITDA | -€ 44.594,81 | € 163.785,44 | € 840.128,02 |
| Taxes (30%) | € - | € 35.757,19 | € 252.038,41 |
| Net Profit | -€ 44.594,81 | € 128.028,25 | € 588.089,62 |

For the amortizations, the electric vans are depreciated over a period of six years, employee hardware is depreciated over three years and employee software over one year.

# X. CONCLUSION

Many conventional cosmetic and homecare products have seen to have a negative effect on the environment and on consumer health. Its use of macro- (for packaging) and micro-plastics (in ingredients) contributes substantially to the global plastic pollution, which in turn leads to a destruction of the oceanic ecosystem and wildlife and to greenhouse gas emissions. The cosmetic and homecare industry furthermore accounts for up to 27% of global palm oil use, whose increased production has been a main driver of deforestation especially in Southeast Asia. Many cosmetic ingredients are sourced globally and are closely connected to human rights abuses. Apart from that, the global sourcing increases the products' CO2 footprint. Lastly, despite EU regulations on animal testing, many cosmetic ingredients are still tested on animals, with over 100 million animals dying annually due to animal testing in the US alone, after undergoing serious torture.

Apart from its environmental and social issues, the cosmetic industry also poses risks to consumer health. Many common ingredients such as aluminium, synthetic UV-filters or perfume have shown to have serious negative effects on human health, for example altering DNA and hormonal balance, causing allergic reactions, damaging nerves and even causing cancer.

gozero is a new marketplace for sustainable and natural cosmetics and home care products that wants to tackle these issues with its mission:

*We connect responsible and forward-looking brands with conscious and sustainably- and health-oriented consumers. We enable consumers to find products that meet their needs, that are in line with their values and that help them contribute to a greener and healthier lifestyle for themselves and those close to them. We support sustainable, ethical and local brands in connecting them with new customers, optimising their marketing efforts, in excelling in customer centricity and in growing their business.*

Its key focus can be summarized in four main categories:

| zerokm | buy from producers in their region and get it delivered fast and emission-free. Orders are delivered in reusable boxes to further avoid excess packaging; |
|---|---|
| zerowaste | products that are plastic-free and/or rely on recycled materials to fight excess waste; |
| zerochemicals | cosmetic and home care products that fully rely on natural ingredients to protect consumer health and avoid water pollution through harmful nanoparticles; |
| zerocruelty | fair trade and cruelty-free products to respect human and animal rights. |

The zerokm service, the focus on sustainability and the variety of filter options clearly differentiates gozero from competing marketplaces. Furthermore, gozero differentiates itself by giving users the option to customize their shopping experience through their profile and by giving them insights on how their purchases contribute to a more sustainable future.

To attract consumers, gozero will initially rely on social media marketing and SEM. It will build a strong and consistent brand image based on sustainability, transparency and minimalism to remain top of consumers' minds and to build a returning customer base. To further enhance user retention, gozero will use email marketing, using emails collected from sign-ups and at purchase check-out.

On the supply side, gozero will focus on producers that fulfill at least one of the above criteria and that align with gozero's sustainable philosophy. By focusing on those brands, gozero will gain consumer trust and can stay true to its values. gozero retains 25% of the revenue (excl. VAT) from products sold through its website. This is gozero's main revenue stream. For an additional revenue stream, gozreo offers bespoke marketing opportunities to its providers so that they can advertise their brand or specific products to gozero's audience.

In order to launch the product, the first five months will be concentrated on website development and provider acquisition. The website or MVP development will be validated along various stages. Both providers and consumers will be considered for the validation in order to build an effective two-sided platform. In January 2022, the first product version is expected to launch, alongside the zerokm service for the launch market Berlin. The launch will be accompanied by a marketing campaign.

By the end of 2022, gozero is expected to generate a total income of €467,007 and a net profit after taxes of €128,028. For 2023, after further growth efforts and the expansion of the zerokm service to two further regions, gozero expects to generate €1.4 million of income and a net profit after taxes of €590K.

As for its cash flow, gozero expects to break even in April 2022. Its treasury forecast shows an investment need of €54K which gozero will top up to €90K in its seed investment round. €60K of those will be provided by the three co-founders and the remaining €30K will be covered by credit.

Overall, the market and growth prospects for gozero look promising. Market data predicts a further growth of the overall cosmetic industry of 4% per year, whereby natural cosmetics are expected to grow more rapidly, at around 9% annually. Furthermore, the COVID-19 pandemic has boosted both online shopping behaviour and environmental consciousness: in 2020, 71% of all European consumers shopped online and 67% of consumers stated they bought products that were better for the environment even if they cost more. 18% of consumers shopped closer to home and increasingly wanted to support local businesses. With

these market trends in mind and the competitive positioning as well as expected profitability of gozero, its launch and future development and growth can be regarded with optimism.

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