

**RAMEN KINGS**

Business Plan

**COMPANY-** MForward Inc.

**LOCATION-** New York, U.S.

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Contents

[**EXECUTVE SUMMARY** 2](#_Toc108849854)

[**PRODUCTS AND SERVICES** 3](#_Toc108849855)

[COMPANY DETAILS 3](#_Toc108849856)

[THE PROBLEM 3](#_Toc108849857)

[THE SOLUTION 4](#_Toc108849858)

[PRODUCT ILLUSTRATION 6](#_Toc108849859)

[VISION AND MISSION 8](#_Toc108849860)

[COMPETITIVE ADVANTAGES 8](#_Toc108849861)

[**MARKET OVERVIEW** 9](#_Toc108849862)

[SEGMENTATION AND DEMOGRAPHICS 9](#_Toc108849863)

[MARKET OVERVIEW 10](#_Toc108849864)

[VEGAN FOOD MARKET 12](#_Toc108849865)

[MARKET OPPORTUNITY ANALYSIS 15](#_Toc108849866)

[COMPETITIVE LANDSCAPE 16](#_Toc108849867)

[**SWOT ANALYSIS** 17](#_Toc108849868)

[**OPERATIONS AND MARKETING** 20](#_Toc108849869)

[VALUE CHAIN ANALYSIS 20](#_Toc108849870)

[RISK MANAGEMENT 21](#_Toc108849871)

[MARKETING STRATEGY 22](#_Toc108849872)

[**FINANCIAL SUMMARY** 24](#_Toc108849873)

[FUNDING REQUIREMENT 24](#_Toc108849874)

[REVENUE PROJECTIONS 25](#_Toc108849875)

[INCOME PROJECTIONS 26](#_Toc108849876)

[CASH FLOW PROJECTIONS 27](#_Toc108849877)

[PROJECTED BALANCE SHEET 28](#_Toc108849878)

[BUSINESS RATIOS 29](#_Toc108849879)

# **EXECUTVE SUMMARY**

Ramen Noodles is a type of Asian noodles that is wheat-based, the off-white noodle is very popular all over the world and is available in straight rods or crinkled into brick shapes. It is sold fresh, dried, frozen and in instant form, which generally includes a flavor packet. In its instant form, ramen becomes a ready to use ingredient for soups, salads, and side dishes. In recent years the demand for instant noodles and convenience food such as Ramen Kits has increased in the U.S. due to factors such as hectic lifestyle, changing preferences in tastes, and the affordability of the product.

At the same time, vegetarianism and veganism is also on a rise in western countries such as the U.S. furthermore, people are getting increasingly conscious of consuming gluten-free food, both vegetarianism and gluten-free food is considered healthier alternatives over meat by a large number of consumers. Simultaneously, many consumers also consider vegetarian food products to be more eco-friendly. However, when it comes to Ramen Noodles, finding vegetarian options is very difficult as most are meat based or contain some ingredient that is not considered fully vegetarian.

Ramen Kings is a Packaged Food startup that has come up with an exclusive menu of 100% vegetarian and gluten-free Ramen Noodles that the company sells as Ramen Kits online through its own website. The menu is prepared exclusively for the company by top rated chefs and enables the company to offer a wide range of preparations and flavors to consumers. Once ordered online, the company ships the Ramen Kits via a third-party logistics provider that delivers the same to the customers’ doorsteps within 3 days. All customer has to do is mix all ingredients from the box in a pan and boil for 10 minutes, thereafter, delicious and nutritious Ramen Noodles are ready to eat.

The company being an early-stage startup is seeking seed funding in the amount of approx. USD 1 million. The market is underpenetrated and the potential for growth is quite high.

# **PRODUCTS AND SERVICES**

## **COMPANY DETAILS**

‘Ramen Kings’ is a brand owned and operated by MForward Inc. a company registered in the United States and headquartered in New York. The company prepares and distributes a wide menu of ramen noodles in the form of ‘Ramen Kits’, which is a semi-cooked form of the preparation. The company is an early-stage startup founded by Dragon Yamamoto, a restaurateur in New York with food service establishments. He will head the company as its Managing Director and his domain expertise in food service industry will drive the company toward success. The purpose of the Business Plan is to raise funds from private investors as well as organizations such as VCs if possible.

## **THE PROBLEM**

Ramen is a Japanese noodle dish. It consists of Chinese-style wheat noodles often flavored with soy sauce or miso, and other toppings, this is one of the most popular types of noodles consumed all over the world including western countries such as the United States.

* **Access to Quality Ramen-** The problem that Ramen Kings wants to address is two-fold, one is related to the availability of high-quality Ramen Noodle preparations, many consumers living in the country side and even in urban areas do not have access to authentic, high quality Ramen Noodles. As a result, they are either deprived of or have to substitute the same with lower quality noodles.
* **Access to Vegetarian, Gluten-Free Ramen-** The second part of the problem is related to ‘Vegetarianism’ and the practice of consuming ‘Gluten-Free’ food. According to a 2018 Gallup poll, 5% of U.S. adults consider themselves to be vegetarian. In the wake of public health issues such as morbid obesity that leads to several health complications including cardiovascular disorders and the increasing awareness for animal rights and the environment have propelled the growth of vegetarianism and as a result, adults are increasingly resorting to strict vegetarian and gluten-free diets. However, certain food items such as Ramen Noodles are mostly served with meat and other non-vegetarian ingredients and it is very difficult to find 100% vegetarian, gluten-free ramen noodles in the market.

## **THE SOLUTION**

The solution to the aforementioned problem is ‘Ramen Kings’, a 100% vegetarian Ramen Noodles company that prepares and home delivers ‘Ramen Kits’ to the customer’s doorstep once they order any specific Ramen Kits via the online platform- ramenkings.com. Apart from one-time purchase options, the company also offers weekly delivery service, where customers can book timely and regular delivery of Ramen Kits to their doorstep as per the number of days in a week, they wish to consume Ramen Noodles from Ramen Kings.

A Ramen Kit is a semi-cooked Ramen Meal, where each key ingredient is packed separately in a sachet or a packet and then packed together in the Ramen Kit, which the customer can open, mix and bring to a boil for approx. 10 minutes to have delicious, authentic and high-quality Vegetarian and Gluten-Free Ramen Noodles.

The company has exclusive partnership with Deno Matsuhiro and Jiro Anama, the winners of the ‘Japan Fes New York Ramen Contest’. The entire menu of Ramen Kings is designed by the duo to ensure the company is able to sell the highest quality of Ramen preparations. The nature of contract between the company and the duo is exclusive, therefore, customers can get the Ramen Kings’ signature meals only on Ramen Kings and nowhere else.

Marketing/Positioning Statement



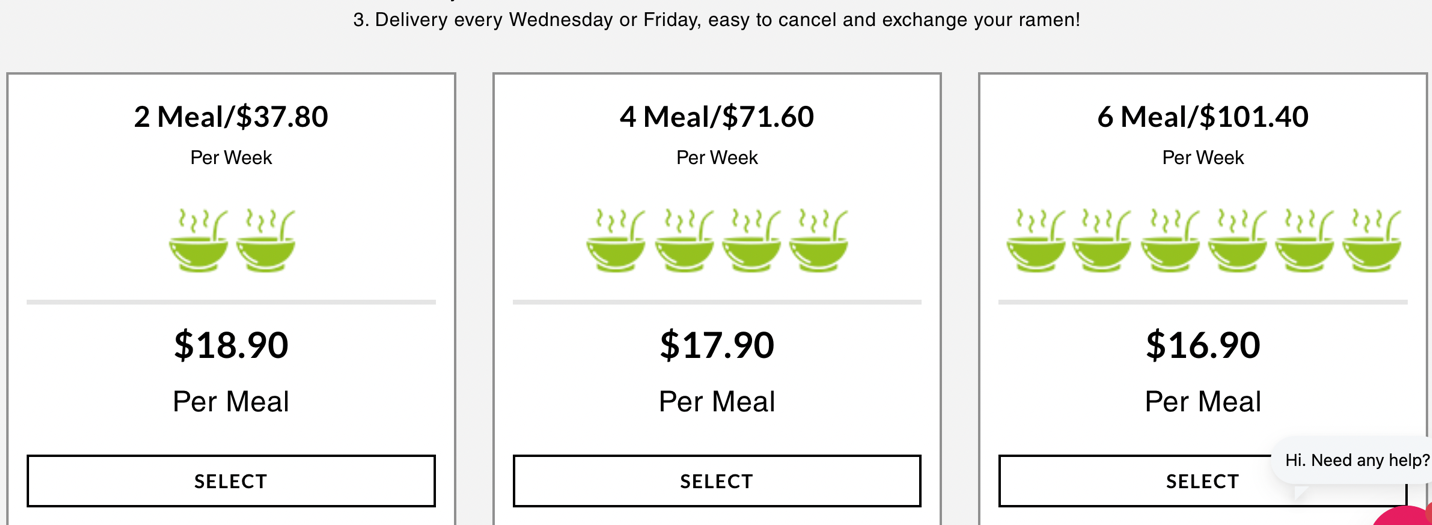
**Our Passion: Sharing Healthy Ramen with the World**

*In a world where going vegan or vegetarian is more popular than ever before, we decided to do things a little differently. By creating the healthiest, yummiest, and easiest meat-free ramen meal kits, we’ve put the taste and flavor back into healthy eating.*

*It’s about being kind to your body, doing the right thing by the environment, and doing our bit to make the world a better place to be. That’s why as part of our mission we’ve partnered with our friends at One Tree Planted so we can take a mindful approach to the environment. Just what you want to hear when it’s time to take a healthier, kinder approach to life in more ways than one.*

## **PRODUCT ILLUSTRATION**

As aforementioned, Ramen Kings has its own website- ramenkings.com, where customers from anywhere in the United States can order their preferred Ramen Kits and have the same home-delivered within 1-3 days. The company also offers subscription style delivery weekly delivery service, where customers can choose their preferred Ramen Kits to be delivered every week on a specified number of days as one can see in fig 2.1. below.



**Fig 2.1. Subscription Packages for Home-Delivery**

Environmental Benefits

Opting for a meat-free diet is not only healthy, but enables human beings to save water at the same time. By not using or eating meat, they will be playing a part in reducing greenhouse gas emissions such CO2. Ramen Kings’ Ramen Kits are meat-free, healthy, and does not contribute to any sort of pollution.

Customer Journey



**Fig 2.2. Customer Onboarding Process**

Fig 2.2. illustrates the entire Customer Journey, which is quite simple and straightforward. The customers can easily log in to the web platform-ramenkings.com, thereafter, they can browse through the menu, which consists of a wide range of Ramen Noodle Meals they can choose from. The customer can either purchase a few Meal Kits in one instance or subscribe to a weekly delivery service, where Meal Kits are delivered on select days of the week on a regular basis. The company delivers through a third-party logistics (3PL) provider such as UPS.

## **VISION AND MISSION**

* **Vision-** The vision is to emerge as a household brand of high-quality authentic Ramen Noodles in the US that can be consumed on a regular basis with health benefits as the product is 100% vegetarian and gluten-free.
* **Mission-** The mission is to become the market leader in Ramen Noodle Kits and/or Instant Ramen Noodles segment in the US and distribute the product exclusively through its own online channel combining eCommerce with Food Services.

## **COMPETITIVE ADVANTAGES**

The core competitive advantage of Ramen Kings lies in its Product Differentiation, where the company is able to provide high quality of authentic Japanese Ramen Noodles from an exclusive menu prepared by top chefs. Though there are other enterprises in the U.S. that offer Ramen Kits but none have an exclusively prepared menu that only they can prepare for the customers. This gives the company an edge over its competitors and may enable the business to acquire more customers.

# **MARKET OVERVIEW**

## **SEGMENTATION AND DEMOGRAPHICS**

The customer segment the company serves is Business to Consumer (B2C), where individuals and households within middle to high income groups are targeted that either prefer Noodles as a food item for regular or occasional consumption or as convenience food due to hectic lifestyle and other reasons.

|  |  |
| --- | --- |
| Category | Description |
| Segment Type | Business to Consumer (B2C) |
| End-Consumer Type | Individuals and Households |
| Income Group | Middle to High-Income (with Middle Income having more Customers) |
| Age Groups | Highest Consumption- 9-18 Years followed by 19-50 and above |
| Gender Type | In all age groups, increasing number of Males were found to consume Noodles than Females |
| Ethnicity Type | More Non-whites consume Noodles as compared to White Population |

Last but not the least, the customer segmentation above is for the U.S. customers only and is based on the research “Noodle consumption patterns of American consumers”.[[1]](#footnote-1)

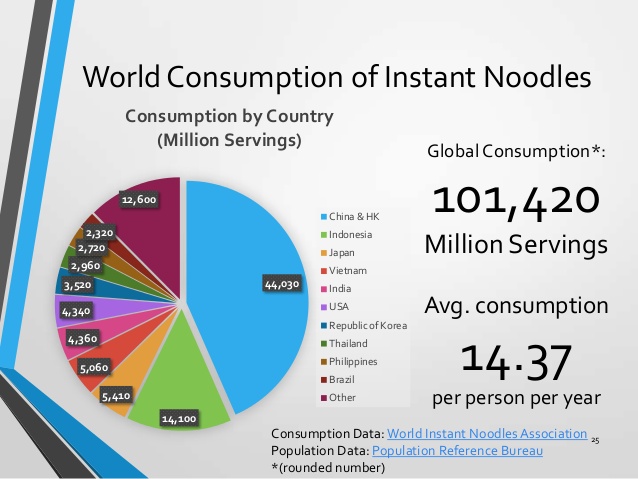
## **MARKET OVERVIEW**

Global Instant Noodles Market

**Fig 3.1. Global Instant Noodle Market Size and Growth**

The global instant noodles market (which also includes Ramen Noodles) size was valued at USD 51.65 billion in 2021. The market is anticipated to surge from USD 54.60 billion in 2022 to USD 81.84 billion by 2029 at a 5.95% CAGR during the forecast period as seen in fig 3.1. According to a study, a notable surge in the middle-class population will encourage leading companies to expand their penetration across the developing and developed regions.

Besides, the prevalence of the COVID-19 pandemic could have a notable influence on the industry as people tend to stockpile ‘Convenience Food’ such as Instant Noodles in anticipation of lockdowns and risk of infection. **(Source: Globe News Wire)**



**Fig 3.2. World Consumption Data of Instant Noodles**

As seen in fig 3.2. the United States is the 6th largest consumer with more than 4K Million servings of Instant Noodles annually after all the other 5 nations, which are all Asian countries. Therefore, its safe to assume that the U.S. is one of the major markets.[[2]](#footnote-2)

Ramen Noodles Market

Each year more than a 100 billion servings of Ramen Noodles are consumed across the world and about 100+ billion packs of Ramen Noodles are eaten every year, where North America including the United States represents one of the major and a steady market for Ramen Noodles accounting to changing lifestyles and increasing demand by the middle-income category of consumers.

As per research every day, as many as 280 million servings are consumed in the United States and the market in the U.S. is estimated at USD 8.4 Billion in the year 2020.[[3]](#footnote-3) Rising demand for easy-to-prepare food items aided by high-affordability of instant noodles has boosted the sales in the region. Introduction of popular brands from Asian countries in the region has fueled the demand. Increasing rate of female employment in the region and easy availability of instant noodles and Ramen Noodles will continue to spur the demand in the upcoming years.[[4]](#footnote-4)

## **VEGAN FOOD MARKET**

**Fig 3.3. Global Vegan Food Market Size and Growth**

As seen in fig 3.3. The global vegan food market is projected to grow from USD 26.16 billion in 2021 to USD 61.35 billion in 2028 at a CAGR of 12.95%. An increased awareness regarding the health and the benefits of vegetarianism has led to a growth in the market. The younger generation is becoming conscious about the climate and the association of the climate change with meat consumption. Therefore, there is a steady rise in the demand for vegan products. North America is the largest consumer of the vegan food products across the globe. There has been a spike in the adoption of Asian vegan diet in the consumers in the United States that includes products such as Ramen Noodles.[[5]](#footnote-5)

**Fig 3.4. Global Packaged Vegan Food market**

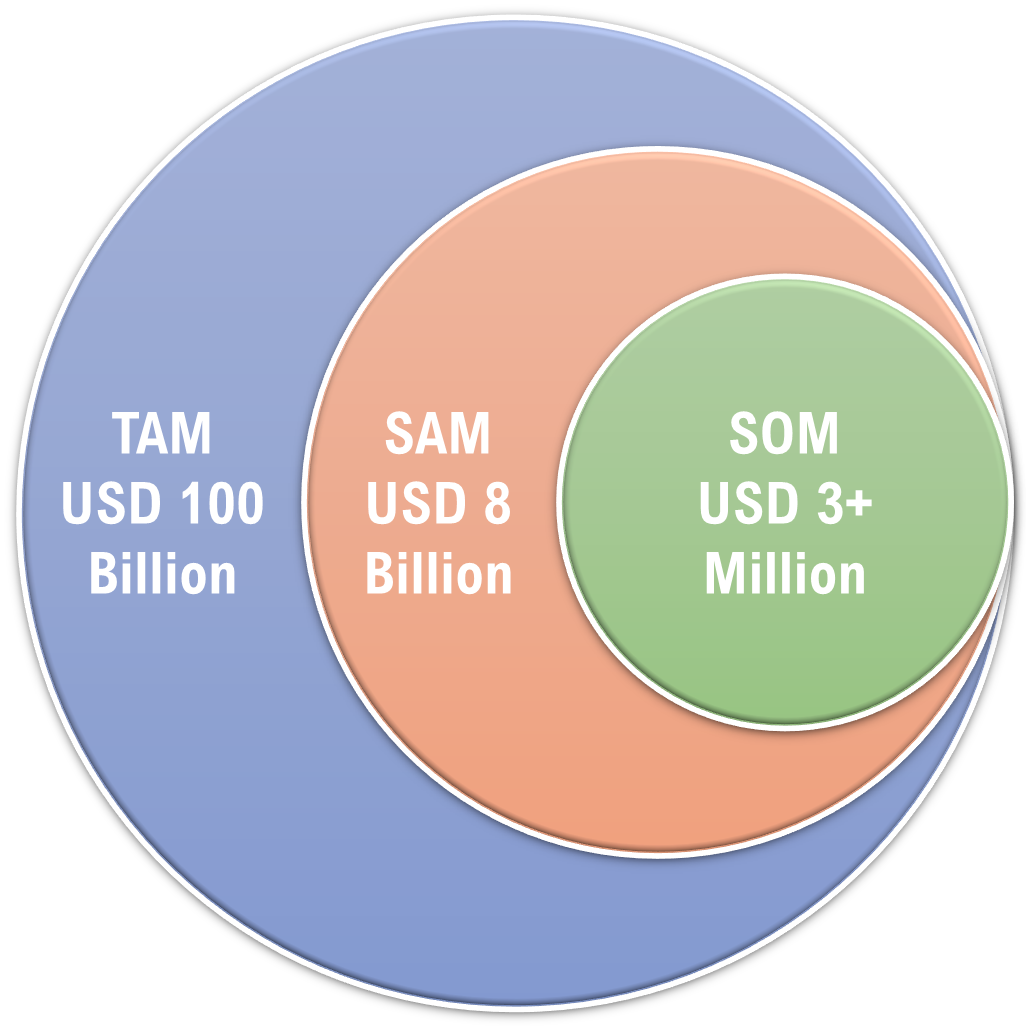
On the other hand, Packaged Vegan Food Market size was reported to be approx. USD 12 billion in 2019 and is projected to grow at a CAGR of 9.5% as seen in fig 3.4.[[6]](#footnote-6)

The Vegan Ramen Noodles Kit sold by Ramen Kings is a subset of the Vegan Packaged Food Market which is valued at multi-billion dollars around the globe as well as in North America, indicating that the potential market size for vegan ramen noodles can easily be in hundreds of millions of dollars in the coming few years.

Key Trends

* **Demand for wheat-based noodles to increase-** Based on raw material, the market is segregated into wheat, rice, oats, and others. The wheat segment is likely to witness a significant CAGR from 2022 to 2029. The growth is mainly linked to the easy and abundant availability of wheat flour and its richness in calcium, iron, vitamins, and other nutrients. As Ramen Noodles are wheat-based, this growth will reflect in this segment as well.
* **Demand for vegetarian and gluten-free noodles to increase-** The market for instant noodles is projected to witness a rising penetration of vegetarian, gluten-free, sun-dried and air-fried products that have created a wave of innovations. The instant noodles market share will witness a notable gain against the backdrop of soaring demand for ready-to-eat food products. Convenient foods have become highly sought-after owing to upsides, such as longer shelf-life, instant appetizers and easy availability.
* **Rise in middle-income segment and personal disposable income-** The United States has witnessed a significant increase in the number of middle-income households in the recent years and the numbers are projected to keep increasing. Furthermore, the levels of disposable income have risen significantly and therefore, demand for convenience food such as instant noodles is also increasing.

## **MARKET OPPORTUNITY ANALYSIS**



**Fig 3.3. Market Opportunity Illustration**

* **Total Available Market (TAM)-** The total available market is the global market for Ramen Noodles as average price of a pack is around USD 1, therefore, the total value is approx. USD 100 billion.
* **Serviceable Available Market (SAM)-** The serviceable available market is the total market for Ramen Noodles in the United States, which is estimated at around USD 9 billion.
* **Serviceable Obtainable Market (SOM)-** The serviceable obtainable market is the total value of revenue that the company can realistically obtain within a 3 to 5-year period and it’s potentially more than USD 3 million.

## **COMPETITIVE LANDSCAPE**

While talking about the overall market for Ramen Noodles in the U.S. the landscape is a bit consolidated with some major players having substantial market share, however, on a broader level, the market is fragmented and is characterized by the presence of a large number of foreign and national brands.

However, when we speak of Ramen Kits, where a specific Ramen preparation is packed semi-cooked for the customer to purchase, the market is quite new and lacks dominant competition as there are only a few companies offering the product, one of which is Ramen Kings. There are other players such as Ramenhero, RealEats, BlueApron, etc. that might compete with Ramen Kings for the share of the U.S. market but for now the competition is quite moderate.

# **SWOT ANALYSIS**

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| * Skilled top management * Exclusive special menu * Strong partnerships * High quality of product | * Inexperienced kitchen staff * High initial customer acquisition cost |
| **Opportunities** | **Threats** |
| * Ramen noodle market growing in the U.S. * Access to capital investment * Lack of competition in the East | * Competition from existing players and new entrants * Pandemic outbreak |

**Fig 4.1. SWOT Canvas**

* **Strengths-** The top management at the company is quite skilled with domain expertise which will enable the enterprise to grow in the right direction of revenue growth and profitability.

Ramen Kings can boast of an exclusively prepared menu by a duo of top-class chefs that have an exclusive contract with the company. This will enable the company to acquire more customers.

The company as a startup has established strong partnerships with various stakeholders such as suppliers, logistics companies, technology companies, etc. This will enable the company to run its day-to-day operations smoothly.

Ramen Kings has partnered with a supplier of high-quality ingredients from Japan that supplies the desired quality and authentic ingredients so the company is able to serve the promised quality and authentic Ramen Noodles to the U.S. customers.

* **Weaknesses-** As the company is an early-stage startup, the kitchen staff is somewhat inexperienced in the business and operational practices of Ramen Kings’ specific business model. However, with time, gradually the kitchen staff will gain enough experience and expertise to perform better and increase productivity.

Being a start, the company will have to invest substantial amount of capital in business setup and operational expenditures including marketing and promotion. Therefore, the initial cost of customer acquisition will be higher, however, it will significantly come down in the future as the company starts growing organically.

* **Opportunities-** The overall market for Instant and Ramen Noodles in the U.S. is projected to grow significantly due to increase in middle income households and other factors such as increasing disposable income.

The startup scene in the U.S. is bustling with the presence of private investors who are keen on investing in high growth startups. This will make it comparatively easier for the company to raise funds.

Eastern United States does not have any competition in terms of Ramen Meal Kits. Ramen Kings can leverage this to secure substantial market share in the region.

* **Threats-** Competition from existing players as well as new entrants in the Ramen Meal Kits segment will be a threat that the company will have to face and withstand by developing sustainable competitive advantages.

The Chinese Virus also known as COVID-19 has wreaked havoc on the world before. Despite the subsiding situation, another possibility of a mass outbreak cannot be denied that can be detrimental for the business in terms of operations as lockdowns and regulations might prevent people to gather outside their homes.

# **OPERATIONS AND MARKETING**

## **VALUE CHAIN ANALYSIS**

**Fig 5.1. Value Chain Components**

* **Inbound Logistics-** The raw materials and other input products will be supplied to the company at its location by the suppliers themselves. This will include food items, ingredients, and packaging material. All material will be stored in the company warehouse and freezers as required.
* **Operations-** The raw material and ingredients will then be processed in the company kitchen and then packed as Ramen Kits ready to be sold online and stored in the warehouse as finished product.
* **Outbound Logistics-** The company has contracted UPS as a 3PL provider to pick up, ship and deliver the purchased product to customers’ location across the U.S.
* **Marketing and Sales-** The company mostly will engage in marketing and promotional activities through the digital channels as it sells the product online through its website. A third-party digital marketing company will be hired to take care of all related activities.
* **Service-** The customer service will be handled by the owner themselves or a small team hired to resolve customer issues and answer queries.

## **RISK MANAGEMENT**

|  |  |  |
| --- | --- | --- |
| Risk Category | Risk Type | Mitigation |
| Internal Risks | Cash Flow  Low operating cash flow and liquidity might hamper ongoing performance | The company will maintain a permanent contingency fund. In addition, there will be special arrangements with the investors to aid crucial cash-related contingencies |
| Employee Turnover  Sudden or abrupt departure of key employees will cause pressure and might result in lost competencies and performance issues | Robust employee contracts will prevent key employees from quitting abruptly. |
| Quality Control  An unhappy customer could be problematic for a business, lackluster quality control will diminish brand reputation and business performance | Regular customer feedback and survey system to monitor quality will be there. Regular quality checks by supervisors will also be implemented |
| External Risks | Intellectual Property  Lack of IP protection and enforcement may result in passing off and hurt brand equity | All trademark and brand will be registered and protected under IP laws of the U.S. as well as international conventions. Unique Internal know-how and best practices will remain trade secrets. Strict legal action will be taken against infringers to set examples |
| Law Suits  An expensive lawsuit can be the demise of a startup. | An able legal officer or a contracted law firm will liaise and coordinate with the aggrieved parties to manage and resolve disputes amicably |
|  |  |

## **MARKETING STRATEGY**

Above-the-Line Marketing

* **Search Engine Marketing-** Google AdWords will be used for search engine marketing to enhance the visibility of the website ramenkings.com. in search results.
* **Search Engine Optimization-** SEO will further help optimize the visibility of the website and help bring organic traffic on the website.
* **Social Media Marketing-** Company’s pages will be set up on major social media platforms such as Facebook, Instagram, Twitter, etc. Thereafter, social media marketing will be done to gain a following and spread the word.

Below-the-Line Marketing

* **Email Marketing-** Bulk email marketing will be done, where promotional messages and newsletters will be sent to acquire and retain new and existing customers.
* **Events and Seminars-** The company may participate in local events such as food festivals and startup events to promote the brand.

# **FINANCIAL SUMMARY**

## **FUNDING REQUIREMENT**



**Fig 6.1. Funding Requirements and Allocation**

Fig 6.1. illustrates the company’s funding requirements in the early stages, which is approx. USD 300K. All funds will be appropriated in meeting major expenses in the first year.

## **REVENUE PROJECTIONS**

**Fig 6.2. Projected Revenue**



**Fig 6.3. Projected Revenue Statement**

As seen in fig 6.2. and 6.3. the business is projected to grow at a CAGR of 75% in the five-year period post fundraising.

## **INCOME PROJECTIONS**

**Fig 6.4. Projected Income**



**Fig 6.5. Projected Income Statement**

Fig 6.4. and 6.5. illustrates the company’s income performance for the five-year period. As one can see, the company is projected to break even in the third year.

## **CASH FLOW PROJECTIONS**



**Fig 6.6. Projected Cash Flow Statement**

Fig 6.6. illustrates the company’s cash position for the forecasted period. There is constant increase in cash balance after the third year due to increasing profits.

## **PROJECTED BALANCE SHEET**



**Fig 6.7. Projected Balance Sheet**

Fig 6.7. shows the balance sheet as per the financial projections in the five-year period.

## **BUSINESS RATIOS**



**Fig 6.7. Business Ratios**

Fig 6.7. shows the business ratios based on the five-year projections.

1. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2895706/> [↑](#footnote-ref-1)
2. <https://ramen480a.wordpress.com/connotations-of-ramen/> [↑](#footnote-ref-2)
3. <https://finance.yahoo.com/news/global-instant-noodles-market-report-121300779.html> [↑](#footnote-ref-3)
4. <https://www.delightedcooking.com/how-much-ramen-is-consumed-annually.htm> [↑](#footnote-ref-4)
5. <https://www.fortunebusinessinsights.com/vegan-food-market-106421> [↑](#footnote-ref-5)
6. <https://www.marketdataforecast.com/market-reports/packaged-vegan-food-market> [↑](#footnote-ref-6)