CASE SOLUTION FOR "DEVELOPING A NEW SMARTPHONE APPLICATION: URBANBABY"

GMBC

20th Batch

Situation analysis:

Application overview: This case focuses on the development of an app, called Urban Baby. The app started off as user friendly application to help parents spend quality time with their children, but later evolved into a smartphone application that would help parents from newly born up with newly born children to young teenagers.

Mobile operating system:

- Developed on IOS

Target market:

- New Parents
- Conscious urban Parents
- Social network savvy

Problem identification:

Naturally the inexperience of the developers and their limited knowledge about the market gave birth to some problems. The problems have been arranged **in terms of their importance:**

1. *Setting the Target Group (TG):* This is the most important issue at hand because if the TG is not defined, the developers cannot decide on what sort of content to generate, what to name the app, how to market it etc. Without this all efforts would be misdirected.

2. *Lack of content*: For an app that is based on providing information, lack of a proper and complete database would be nonsensical. So content generation comes second after setting the TG. The initial database would be made by them, but to cover the larger Metropolitans they would need much more data. Their main plan was to expand to America though they were based out of Canada.

3. *The MOS dilemma*: This issue comes third as it would require a significant foresight and planning from the developers who had developed the app on iOS only. Due to lack of expertise in Android, Lebedzeu and Petrenko were not sure how they would accomplish this task. Developing the app on Android platform would require 9 months – a long time in a dynamic industry like applications.

4. *Marketing - Pricing, Positioning, and Promotion*: After building a successful app, the developers need to know how to market the app effectively which they are quite unsure of. The developers are also not sure how to price and engage the users of the app. Hence this problem needs to be tackled after developing the product.

5. *Naming issues:* Though the developers thought of this as issue, that is the app being mistaken for the restaurant review app from which it was inspired, UrbanSpoon suing UrbanBaby because of similar names, could arise into a serious issue when the app enters the US market.

Solution to Problem 1 & 4: Setting the TG, and Marketing

(i)   *Not target other segments:* By targeting other segments like young adults looking for recreation, UrbanBaby will lose its focus and more importantly, generating content for a broader audience will constrain the developers' limited resources. Targeting other segment will also mean the app will have to shed the developers' original vision which will then make changing the name, UrbanBaby, mandatory.

(ii)   *Positioning:* Because the target group is limited to young tech-savvy parents, we position ourselves as the first app that solves the age old problem of finding fun and educational activities for children.

(iii)   *Promoting:* UrbanBaby can use: (i) sponsored ads in Facebook; (ii) native advertising and customer testimonials in parenting blogs, forums, app review sites; and (iii) use app store optimization to push UrbanBaby to the top of an app store search page. For promotion in US, UrbanBaby's partnership with UrbanBaby.com (discussed later) will get the initial word out.

(iv)   *Pricing:* It is a well-known fact in the app industry that free apps get the most downloads as it overcomes the initial cost hurdle for the customer. And being the first of its kind app, UrbanBaby can score a good number of downloads. Because UrbanBaby has a very niche focus (young tech-savvy parents) advertisers for child products (diapers, toys etc.) will very much be interested in advertising with UrbanBaby. Banner ads on the app, and sponsored search results can be the avenue for UrbanBaby to raise revenue. The revenue figures are however difficult to project as it will dependent on the number of users UrbanBaby can attract.

Solution to Problem 2: Lack of Content

(i)   *Buy database from getClarity***:** Because the app industry is such a dynamic industry, moving swiftly will be rewarding for Lebedzeu and Petrenko. The total cost will be $12,744.90 and there are options to separate the data according to provinces. While it may have been achieved by hiring workers who could have filled up the database, agility would have been lost. By quickly rolling out the app in Canada, UrbanBaby can gain significant credibility before entering the US market.

(ii)   *Build the US database using yellow pages, local city guides, online search engines, personal experience:* Lebedzeu and Petrenko can hire two employees from the two most densely populated cities in the US (New York and Los Angeles) because of their personal experience. These two employees will work to build the initial database for the US. They should work on the cities with the highest population densities first and then the subsequent cities. So New York city, Los Angeles city, Chicago city, Philadelphia city will be the first five to have their databases built.

(iii)   *Partner up with UrbanBaby.com then move into US:* UrbanBaby.com has a popular web presence that targeted urban parents and supported a large and active online community that discussed parenting issues, especially in New York and San Francisco. Partnering up with UrbanBaby.com and developing a pool of beta-users out of the active user base by offering the app for beta-testing exclusively for the users of

UrbanBaby.com. The beta-testers can also invite their friends to try out the app. Exclusivity works well to create a hype in the tech sector. However, the dispersion of the pool of beta-testers must reflect the population dispersion of the US. The beta-testers will verify the database built by the two employees and update it accordingly. This will get the ball rolling for Lebedzeu and Petrenko, who can, after UrbanBaby has gained momentum, start distributing the app via Apple iTunes and Android Marketplace. UrbanBaby will then be following UrbanSpoon's model where much of the new content and all of the reviews and personalized information were generated by users of the app.

Solution to Problem 3: MOS Focus

(i) *Android cannot be ignored:* According to Exhibit 1, Android has gained 20% in just one quarter to reach 56% of the world's new smartphone's! Such performance cannot be ignored. Android is catching up in North America and, importantly, was much more popular than Apple in the rest of the world due to the release of numerous smartphones across many different brands that all used Google's Android OS.

(ii) *Respond quickly and outsource the Android development to India:* Lebedzeu and Petrenko predicted that it'll take them six months to learn Android and another three months to roll out the app. Nine months is a long time in the application industry and hence it would make most sense to outsource the development to India where the app could be developed at the fraction of the cost.

Solution to Problem 5: Naming Issues

(i) *UrbanSpoon is unlikely to sue:* Since the names, UrbanSpoon and UrbanBaby, are quite different and UrbanBaby is an original production so allegations based on copyright laws or infringement of intellectual property rights won't hold. Furthermore, there are many cases where

(ii) *"UrbanBaby" name can still be changed:* Since the app still has not been launched to the public, the name can still be changed. Should the developers, Lebedzeu and Petrenko, feel any qualms, we suggest using the name "**Happy Baby**". This name is highly relevant to the target group and suggests to the parents an easy solution to find recreational activities for children.

Implementation Challenges

i. *Financing:* Buying the database from getClarity will cost the developers $12,744.90. Since the developers are financially constrained, taking out a bank loan can be a possible solution. Interest rate in Canada in 2012 was 1%, so for a small loan of $12,744.90, UrbanBaby would incur only ***$127.4 interest***.

ii. *Number of employees:* It'll depend on the actual workload and has to be adjusted accordingly.