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Irina Timofeeva

EXPANSION OF THE CARROT KITCHEN APP TO LONDON
CASE COMPANY: CARROT REVOLUTION OY

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Tikkarinne 9
FI 80200 JOENSUU
FINLAND
Tel. +358 13 260 600 (switchboard)

Author
Irina Timofeeva

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Abstract

Childhood obesity is considered one of the most serious public health challenges globally for the 21st century. There are several factors that contribute to its increase, and one of them is children's unhealthy relationship with food.

Carrot Revolution, a start-up company from Finland, has created a solution that can contribute to the positive development of children's eating habits worldwide. The Carrot Kitchen app was recently launched on the domestic market and it is positioned as "the world's first mobile cooking buddy for kids". The app aims to educate children about healthy eating and teaches them cooking skills in a fun and easy manner.

The purpose of the thesis is to study the potential for the Carrot Kitchen app's expansion to London. Due to the complexity of the issue, the following will be examined: the background of childhood obesity and internationalization theories, target market and business environment analysis, mobile application industry analysis and the marketing strategies.

The results of the research indicate that due to the recent industry and market trends, the British market shows great potential for introducing the Carrot Kitchen app to local customers.

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1 INTRODUCTION

1.1 Company profile

Carrot Revolution is a Finnish start-up company based in Helsinki. The company's product is the Carrot Kitchen app. Carrot Kitchen is a mobile application designed as a cooking guide with the game-like features for kids. The company was founded in 2017 with the intent to help rise a happier and healthier generation of children. Before app concept development, the company gathered valuable insight on children's perceptions on cooking by holding offline cooking lessons. Currently, the Carrot Kitchen app is the core product produced by the company. However, Carrot Revolution sees the business potential expanding to a media sphere, kitchen tools and partnerships with brands and institutions.

At the moment, the company has six employees from the fields of gaming, technology, education, business and journalism. The team is united with the idea of providing an easy solution to a global issue: the threat of children's rising obesity levels.

Carrot Revolution decided to launch the app on the Finnish market first. The Carrot Kitchen app was launched in mid-October 2020 in Finland. Between October 18 and November 30, the app was installed 1,431 times, and 547 accounts were created (Freese 2020).

The company see expansion possibilities in the near future to foreign countries. Carrot Revolution plans to enter the Swedish market and then to expand to English-speaking countries. Before officially launching the app, a Carrot Kitchen beta version was tested in the British market during the summer 2020. The company saw promising results with a good conversion rate. Therefore, the United Kingdom was chosen as the market for the research purposes of this report.

1.2 Research Aim

Despite the fact that Carrot Kitchen beta version was tested in the UK, the market remains practically unknown to the company. Therefore, the main aim of the report is to analyse the market potential for introducing the Carrot Kitchen app to the UK.

The UK and London, as the main target area, will be thoroughly studied. The study analysis will be based on several factors, such as the situation of the business environment, an industry analysis, the product potential, and the marketing and distribution channels.

1.3 Research Methodology

The report aims to provide Carrot Revolution with the most contemporary information regarding launching the app in the new market. The implementation of the research is conducted by applying both primary and secondary data. A qualitative research method is used to obtain primary data.

The primary data is collected through online video interviews and email communication with Olli Freese, Carrot Revolution's founder. This qualitative research method is used to gain a better understanding of the company's operations and examine its perceptions on the expansion. The online video interviews and email communication are similarly used to communicate with Allyson Stewart-Allen, CEO of International Marketing Partners Consulting Agency from the UK, Stephanie Sinclair-Lappi, a business coach from Business Joensuu, and Jussi Tähtinen, Nitro Games' founder. The purpose of this method is to further examine the scene of the target market and to gain expertise in the mobile game and application industry.

In addition to the primary data used in the report, secondary data is carefully collected and utilized for the research purposes. The secondary data was gathered from existing statistical data sources, articles and reports found online. The information gathered from those sources supports the primary data with a substantial background in order to provide the most comprehensive results.

1.4 Outline of the research

The report consists of four major parts, which are a market and business environment analysis, an analysis of the mobile application industry, a marketing strategy, and a final conclusion. The business environment analysis of the UK is carried out with the application of the PEST method, reflecting on political, economic, socio-cultural and technological factors of the market.

The mobile application industry attractiveness is examined from the perspective of market opportunities, product potential, the competitive situation and customer segments. The marketing strategy section is focused on setting a clear marketing mix and identifying marketing goals. The final section summarizes the findings of the study and gives recommendations for further actions.

2 LITERATURE REVIEW

Carrot Revolution aims to help with the prevention of childhood obesity cases worldwide. In order to better understand why the company is concerned about the issue, it is necessary to study the background on the disease. As the company strives to be ethical in its decisions, it is crucial to recognize the obesity problem from every angle. Taking into consideration the causes of the childhood obesity and the ways COVID-19 affects the public, governments and private institutions, the assumptions about the market potentiality can be made.

The main purpose of the literature review is to find out more about the childhood obesity threat and in which ways the recent world events affect the situation with the disease. Above all, the review aims to provide knowledge about internationalization for the Carrot Kitchen app.

2.1 Childhood obesity is a threat

In the past decades, a noticeable threat has emerged among the children. The prevalence of childhood obesity has increased worldwide. Childhood obesity is considered by the World Health Organization (WHO) to be one of the most serious public health challenges globally for the 21st century. Being overweight and obesity are characterized as the accumulation of abnormal or excessive fat that may affect health. (WHO 2020.)

Obesity has long been identified as a major public health problem, both internationally and within the UK. Over 340 million children and adolescents aged 5-19 years were overweight or obese in 2016 globally (WHO 2020). According to The Health Survey for England (HSE), in 2018, 28% of children aged 2 to 15 years were overweight or obese including 15% who were obese (National Health Service Digital 2019).

Being overweight or obese is associated with an increased risk of a number of common diseases and causes of premature death, including diabetes, cardiovascular disease and some cancers. In addition to these problems during childhood, being an obese child can have long-term consequences to health in adulthood. (WHO 2020.) Obese children are

also more likely to suffer from psychological problems, such as depression, low self-esteem and dissatisfaction with their bodies. An association between obesity and behavioral problems is also evident from a young age (National Health Service Digital 2019.)

2.2 The Causes for Childhood Obesity

An increased intake of energy-dense foods that are high in fat and sugar and an increase in physical inactivity were established as the factors contributing to obesity (WHO 2020). Over the recent years, researches all over the world wondered why childhood obesity cases have skyrocketed.

The question led a few researches to consider the effect of time spent attending school and that outside of it. The research was performed among American children attending educational institutions to investigate this theory. The researchers found out that overweight and obesity prevalence grows faster when children on a school leave than when they attend school. The findings have shown that from the fall of kindergarten to the spring of second grade, the prevalence of obesity increased by 2.6%, and the prevalence of overweight increased by 5.4%. The increase in prevalence occurred during the two summer vacations, with zero increase occurred during any of the three school years. This result indicates that the key risk factors for childhood obesity lie outside of schools. (von Hippel & Workman 2016, 1.)

Despite the reasons behind the obesity problems that have been present for many years, recently another tremendous problem has emerged. The world cannot ignore the effect of the following disease on obesity.

2.3 The Impact of COVID-19

COVID-19, which began at the end of 2019, has had far-reaching health, social and economic consequences, and, as a matter of fact, has led to the closure of school districts. The pandemic has caused the biggest disruption in the history of education systems, affecting around 1.6 billion students in more than 190 countries. (WHO 2020.)

In his article, Andrew Rundle, calls people's attention to the pandemic's long-term effects on children's health. Through school closures, COVID-19 may intensify the childhood obesity problem and increase obesity risk disparities. (Rundle, Park, Herbstman, Kinsey, & Wang (2020, 1). It is said that the fundamental cause of obesity and overweight is an energy imbalance between calories consumed and calories expended (WHO 2020). For many children worldwide, the lockdown caused by the pandemic is likely to double the out-of-school time for the near future. This will further intensify the risk factors for weight gain associated with the summer break. (Rundle et al. (2020, 1.) As von Hippel proved in his research conducted in 2016, children are indeed likely to be exposed to the risk of gaining weight during a school leave; therefore, in the modern world the outcomes may become severe.

In contrast to a regular summer school leave, children now are strongly asked to be at home, with spending little to no time outside. The school closures and the lockdown orders create a food environment and physical activity challenges for children. In Italy, a study of 41 children and adolescents with obesity was conducted. It found that three weeks into social lockdown, participants showed less time exercising and increased intake of unhealthy foods in comparison with data collected in 2019. (Pietrobelli, Pecoraro, Ferruzzi, Heo, Faith, Zoller, Antoniazzi, Piacentini, Fearnbach, & Heymsfield (2020.) This result correlates with the researches made by von Hippel and Rundle. It proves that children's health is in danger due to the enormous time spent indoors, consuming fast foods and being inactive.

Due to the pandemic, it became difficult not to overconsume calories. Cheap, sugar-sweetened beverages and ultra-processed foods high in salt, sugar, and saturated fat became a way to cope with the stress caused by the pandemic. Moreover, the instability of supply chains and panic buying might reduce access to fresh food, leading to a growing dependency on unhealthier options with longer shelf lives (Tan, J He & MacGregor (2020, 1.) Therefore, it can be assumed that during the pandemic, many kids undergo higher-calorie diets. The responsibility to positively impact the change in food habits belongs not only to parents, but on a larger scale to companies and food retailers. Some businesses are having trouble adjusting to the current market's demand for a more ethical approaches.

2.4 Businesses' Response

The aggressive promotion of unhealthy food has already been an integral part of online communication for a long time. The global food industry's widespread marketing of junk food to children rises the ethical issue alongside with health concerns. Since 2010, the WHO has consistently stated that the overall exposure of children to the advertisement of fast food needs to be minimized (WHO 2010).

Unfortunately, since the beginning of the pandemic, the food industry has initiated a number of campaigns and corporate programs, often with thinly disguised strategies that use the pandemic as a marketing chance to facilitate the excessive consumption of junk food. (Tan et al. (2020, 1.) The issues accelerated in April, when a picture was posted online of 1,500 Krispy Kreme doughnuts being delivered to hospital clinical teams in Barnet, north London. This case became public and turned people against the initiative, referring to the nature of the donation and its bad message to the public. (Oliver 2020, 1.) Articles by both Tan and Oliver showcased the public's negative response to the junk food advertising during the pandemic. The results make it clear that people are longing for healthier alternatives and ethical ways of promotion during these times. Therefore, companies that promote and contribute to shaping healthy eating habits and active lifestyles can have a positive effect on the issue and be in favor of the consumers.

2.5 Carrot Revolution Internationalization Model

Carrot Revolution and the Carrot Kitchen app originate from Finland. However, starting from the initial stages of the company's operations, it was certain that the product is going to be needed worldwide.

The previous findings stated in Tan and Oliver's articles (2020) give an idea about people being sensitive towards food promotion and their concern about health issues. The demand for solutions tackling childhood obesity is growing in the UK. Therefore, such mobile application as Carrot Kitchen are needed to be present on the market. In order to present the product in a new market successfully, the company needs to determine which internationalization strategy to apply.

Three internationalization theories are considered: the Uppsala model, the network model and the born global model. More traditional internationalization theories include the Uppsala internationalization model and the network model. Due to the world rapidly changing towards more digitalized environments, a new method of internationalization emerged – the born global model.

The Uppsala internationalization model highlights that organizations tend to obtain an international presence gradually. Firstly, this is done by expanding to the neighboring markets and gradually expanding worldwide and showing increasing geographic diversification. Secondly, organizations following this model show an increase in market commitment by setting up sales and production subsidiaries in foreign markets. (Hollensen 2011.)

The network model is an internationalization theory stating that organization ensures geographic expansion through establishing relationships and networks with independent parties in one or several foreign markets. The networks are established through different types of connections, which can be personal, legal, economical, and technical. (Hollensen 2011.)

Born global is an internationalization theory that represents companies being global from birth. Such companies start thinking and acting globally, as well as utilizing international markets and resources from the very beginning or soon after establishment. Born global companies can adapt faster and are more flexibly to environments. Even though these companies may lack resources (i.e. human, financial and tangible), they know how to appropriately utilize innovativeness, knowledge and capabilities early in their evolution. (Hollensen 2011.)

In recent years, the number of born global companies has risen due to the high speed of digital development. New fields of markets that were established have contributed to the increase in born global companies. Mobile application market is one of the new fields that have appeared, giving companies an easy access to the global market place. Thus, the businesses from the digital sector internationalize more quickly than the competitors occupying the physical product market.

2.6 The Conclusion

By reviewing the literature, it was discovered that childhood obesity is a worldwide threat. The disease affects millions of children, and governments are constantly looking out for new possibilities to tackle it.

With the “new normal” approach to living that people are experiencing now, many businesses are trying to launch new ways of appealing to the public. 2020 has opened new possibilities for businesses to lead their operations; however this depends on each company individually and how they are going to handle the situation.

As the demand for solutions in tackling childhood obesity grows worldwide, the Carrot Kitchen app has an opportunity to step in and serve the need. Being a born global company, Carrot Revolution’s strategy is to specialize in a market with its unique product that is identified to be missing or in high demand on the marketplace. Carrot Revolution has already shown responsible behavior towards world-class issues. The company chose to support the problem solving agenda and is planning to distribute its high value globally.

3 THE UK AS THE TARGET MARKET

Carrot Revolution has chosen the UK to be the target market. As the report focuses on determining whether the country has potential for the Carrot Kitchen app, this chapter is needed to demonstrate the British market according to its peculiar features.

3.1 Overview of the UK market

According to data from 2019, The United Kingdom has over 66 million inhabitants, with more than 83% of population living in urban areas. In the past ten years, the working age population, aged 16 to 64 years increased by 3.2%. As of 2020, around 75.3% of the country's population are employed. (Office for National Statistics 2019.) Household final consumption expenditure exceeded 1.344 trillion pounds in 2019 (The World Bank 2019).

In 2019, the United Kingdom GDP (Gross Domestic Product) was 2.827 trillion US dollars. The economy of the UK is the sixth largest economy in the world and the second largest in Europe. (The World Bank 2019.)

The lockdown that was implemented in the UK to slower the spread of the COVID-19 pandemic has influenced the economic situation in the country. Since the start of the lockdown, hundreds of thousands of people have already lost their jobs amid the pandemic. The unemployment rate in the UK increased to 4.8% by September, which is 0.9% higher than a year earlier. (The Office for National Statistics 2020.)

The unemployment and the overall instability have caused the consumption to shrink during the first half of 2020. However, as the restriction eased, production and spending began to pick up again (The Bank of England 2020). During the summer, the Bank of England reported a recovery in sales of consumer goods, highlighting faster growth in online sales (The Bank of England, 2020). Household consumption increased by 18.3% in Quarter 3 2020, although it still remains at 12.4%, below where it was in Quarter 4 2019. (The Office for National Statistics 2020.)

The British government has taken actions to increase spending and supports the local households and businesses through this difficult time. The new national restrictions released on the November 5 2020 are expected to lead to a slower recovery (Department of Health and Social Care 2020).

Brexit remains a major source of uncertainty for businesses in the UK. On January 31 2020, the UK left the EU with a deal called the withdrawal agreement. Once the 11-months transition ends, the UK will be dropped out of the EU's main trading arrangements, which include the single market and the customers' union. (The Bank of England 2020.)

3.2 Choice of the market of operations inside the country

The United Kingdom was chosen as the possible destination for expansion due to several factors. The launch of the beta version of the Carrot Kitchen app showed promising results in the country. Moreover, the local language, English, is already implemented into the app interface. Carrot Revolution is willing to test the market starting from one location. London, being the capital of the United Kingdom and the largest city, is the focus area of this report.

London is by far the largest metropolitan area in the United Kingdom, with a population of 8.9 million. The high level of migration to the city indicates that there is a high proportion of the population aged 16 to 44 compared to the rest of the UK. The statistical data shows that the mean age of women at birth of the first child in the country remains to be around 30 years old (Eurostat 2020).

In the United Kingdom, the number of children aged under 16 years increased by 8% to 12.7 million. Areas neighbouring London, Manchester and Birmingham in England, and a few cities in Wales and Scotland have a higher proportion of children aged under 16 years than the national average. (The Office for National Statistics 2020.) Therefore, London with the increasing population of Carrot Kitchen's primary target group, children, is suitable as the target destination.

4 BUSINESS ENVIRONMENT ANALYSIS

A PEST analysis is utilized to investigate various factors in the United Kingdom that might influence a business, such as political, economic, social, and technology factors. The impact of the factors will be measured against the product and the company's situation.

4.1 Political factors

The United Kingdom's withdrawal from the European Union is a large and complex process. The situation in the country remains unstable as the Brexit agreement has not been reached yet as of writing this thesis.

The process for importing goods from the EU is likely to change due to the withdrawal. However, the new regulations will not affect current plans of Carrot Revolution to manage the app in London due to the product's intangible nature.

Carrot Revolution has the possibility to take part in government-supported initiatives. The British Government plan for action to tackle childhood obesity was published in August 2016 (Department of Health and Social Care 2017). One of the focus initiatives is to create healthier environments and get primary school children to eat healthier and stay active. Long before that, in March 2003 the Department of Health and Social Care initiated the "Five a day" campaign encouraging people to raise their consumption of fruits and vegetables to at least five portions every day. The initiative aims to lead the population to healthier lifestyle. (NHS 2018.)

The Department of Health and Social Care, together with partners, works towards promoting mobile apps to help with the national issue. According to Allyson Stewart-Allen (2020), these governmental initiatives have established strong awareness among people in the country about the need to eat healthy and maintain healthy lifestyles.

4.2 Economic factors

There are currently several factors that influence the economic environment of the United Kingdom. The main one is the COVID-19 crisis, which shows little recession at the time of writing. Financial stress caused by the unemployment caused by the pandemic has emerged. People tend to spend less and be more mindful with their purchases. The situation showed the dependency on the lockdown regulations: as the restrictions ease, the consumption of goods and services increase. In line with the situation in the country, the government issues new regulations on the pandemic regularly. New regulations were released on November 5, which were intended to lead the country to recovery (The Bank of England 2020).

The withdrawal from the European Union is the second factor. The unstable situation caused by Brexit is expected to end by January 2021, as the transition period is set to end on December 31 2020 (The Bank of England 2020).

Those factors influence the overall economic state of the country and therefore, the potential of implicating customers' purchasing power. These factors may have an impact on finding potential partners for Carrot Revolution in the near future; however, in the long run there is little negative effect on the expansion.

4.3 Socio-cultural factors

Due to the pandemic and the regulations issued by the government, people tend to spend more time at home. Households with children stay at their houses and therefore are spending a lot of time together as an inevitable part of their daily routines. According to the Office of National Statistics (2020), people with children in the household spent 35% more time on average providing childcare during the lockdown than five years ago (Office of National Statistics 2020.)

Cooking at home became a major trend since the beginning of the pandemic. Many people feel unsafe going to restaurants; moreover, consumers working from home no longer need to visit dine-in places and coffee shops during the working hours. Home-cooked meals

are became much preferred due to another important reason – finances. Financial concerns make people choose to cook for themselves, which comes at a lower cost than a one-time restaurant meal. According to the Independent News Outlet, the average household now spends nearly seven hours a week cooking meals, compared with just six hours before the “stay at home” order (Hughes 2020). When asked about the next 12-18 months, presuming government restrictions continue to ease, more than a fifth of UK respondents said they would expect to be cooking more in their own kitchens than before the lockdown (Consultancy 2020).

Families spending time at home and the fact that cooking at home became popular make the perfect opportunity for Carrot Revolution to bring the app to London. The Carrot Kitchen app aims to bring families together via fun cooking activities, and this seems to correspond to the newly emerged trends.

4.4 Technological factors

During COVID-19, technologies have become a crucial component in maintaining the societal dynamics in times of lockdown and “stay at home” orders. Distance learning and remote work became a new reality for people around the globe.

Many businesses rapidly adjusted their offline operations to the changes and moved their activities to an online format. Having an online presence became a crucial part of business strategies in a matter of weeks.

This technological trend, enhanced by the current world situation, creates an opportunity for the Carrot Kitchen app to succeed on the market. As a mobile application, it is designed to use in home settings and with minimum external interactions.

5 ANALYSIS OF THE MOBILE APPLICATION INDUSTRY IN THE UK

Over the past few years, the app market has expanded as the public adopted the use of smartphones and other portable digital devices. The app marketplace platforms created by Google and Apple have designed an easily accessible way to allocate thousands of applications.

The most frequently used apps on a daily basis remain in the social media category. Gaming applications are the second biggest field of apps that are most used on a regular basis. The use of functional apps have been increasing over the recent years. The functional applications are built to simplify and assist people's everyday lives in areas such as food distribution, logistics, sports and health. (Tähtinen 2020.)

5.1 Overview of the market opportunities

The United Kingdom with its current market situation, needs to be taken into consideration when examining expansion opportunities. As it was identified in the Chapter 4 the country is facing a time of uncertainty at the moment due to political and economic situations. However, the mobile application industry does not seem to be largely affected by those factors.

The mobile application market size value was estimated to be 154.05 billion US dollars in 2019, and this is expected to grow in future years (Grand View Research 2019). The future of apps is most likely going to continue its increase over the next several years. Due to recent COVID-19 outbreak, the demand for healthcare and educational applications has witnessed strong growth. The Carrot Revolution app has shown promising results on the Finnish market with having over 1,400 installations in 43 days (Freese 2020).

Prior to officially launching the app in the Finnish market, Carrot Revolution had a beta version tested in the UK. Seven hundred invites were sent out, and from June 16 to August 12, 2020, 354 accounts were created. During the summer, the app was used by 156 active cooks, and 51 users continued after the free trial. (Freese 2020.)

According to Allyson Stewart-Allen (2020), the national initiatives to tackle obesity among children have increased the health literacy among people across the country. Alongside with the technological and socio-cultural trends that emerged during the pandemic, Carrot Revolution currently has the perfect timing to introduce the app to a British audience.

5.2 Target customer segment

Carrot Revolution targets two primary customer segments. Children are the main customer group for which Carrot Kitchen is designed. Parents are the secondary customer group that is taken into consideration.

Carrot Revolution targets parents concerned about their kids' well-being. This customer group includes people who like to take care of their own health, are used to making sustainable choices, and want to maintain the family lifestyle on a healthier side. Parents are supportive of their child's hobbies and strive to find ways to educate them. According to a survey commissioned by Aspire Money (2019) on average, local parents spend 41 GB pounds a month on their child's main hobby. Parents aged 25-34 years spend 49 GB pounds, which is 26% more than parents older than 35 years. As the Carrot Kitchen app is a subscription based application, parental attention is needed when making a purchase. Carrot Revolution needs to target those parents willing to pay for their child's leisure activities that can not only entertain, but bring educational purposes.

The second customer segment includes 6-13 year old children curious about cooking and who want to have fun in the kitchen and like to play with their phones. (Freese 2020.)

5.3 Competition in the market

The mobile application industry is highly competitive. According to data from the third quarter of 2020, the selection for Android users has reached 2.87 million applications. The Apple App Store has almost 1.96 million applications available for downloading. (Statista 2020.)

The company calls the Carrot Kitchen app “The world’s first mobile cooking buddy for kids”. Indeed, Carrot Kitchen is a unique product. It combines fun game-like activities, teaches cooking skills and promotes healthy eating. Studying the application marketplaces has not led to discovering a similar product. Therefore, it can be assumed that there are no direct competitors to Carrot Kitchen.

There are several indirect competitors that need to be considered, namely mobile applications that include healthy and vegan recipes, advice and tips, shopping list feature, and “how to” section. These mobile applications (i.e. Baby Led Kitchen and Change4Life) target parents and adults in general and do not include gamification.

Indirect competition also includes the free content that can be easily found online. Free recipe books, social media cooking videos, recipe posts on social media platforms and blogs can satisfy the same needs for providing healthy recipes.

In order to compare Carrot Kitchen to the competitive situation on the market, a standard SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) is implemented.

Strengths

The Carrot Kitchen app was designed specifically for children. The company used pedagogical knowledge and food education expertise that they implemented into the app and the content. The app was built with high attention to detail and children’s developmental process, so the product cannot cause any harm.

Carrot Kitchen encourages children to take initiatives and cook independently. The recipe guides are made in a step-by-step manner, so that children can easily cook for themselves. The app offers a playful game-like cooking experience, enabling children to explore the

game deeper. Carrot Kitchen intends to insensibly adapt children to healthy food choices, which will be maintained in their behavior in the long run.

The app has a high quality of performance and includes monthly content updates. These features combined in the app are the competitive advantage against the competitors on the market.

Weaknesses

As mentioned before, the mobile application marketplace consists of millions of apps. Therefore, Carrot Kitchen faces the challenge of creating a strong brand awareness and increasing its visibility on the market.

According to Stephanie Sinclair-Lappi (2020), mobile applications tend to have a shorter lifespan. At the initial stages of expanding, customers can be easily lost and turned over to the competitors.

Finding possible partners for cooperation is another challenge the company may face. Carrot Revolution is a foreign company and it therefore lacks the networking possibilities that can ensure a rapid increase in product awareness on the market.

Opportunities

Carrot Kitchen can successfully differentiate from its competitors due to the product's unique selling proposition. Carrot Kitchen is not a regular cook book application but has the potential to become a driving force in shaping a positive relationship with food across a spectrum of children.

Carrot Revolution strives to unite children and allow them to communicate and share their experiences with each other. The company plans to build a community feature into the app, which will grant a sense of commitment to its users.

In order to sustain users and expand the lifespan of the app, Carrot Revolution offers something new to the customers on a regular basis, as well as engages them with other users via social features and community activities.

Threats

The bargaining power of the buyer by itself is not a major factor in the app industry. The majority of apps are offered to customers for free or the requiring a low price.

Moreover, as the mobile application industry never stops growing, there is a possibility that an identical product to the Carrot Kitchen app emerges.

5.4 Assessment of the product potential

Carrot Kitchen is positioned in the food and drink category in the mobile application market. In order to study the market opportunities, the UK App Store is examined for existing industry trends.

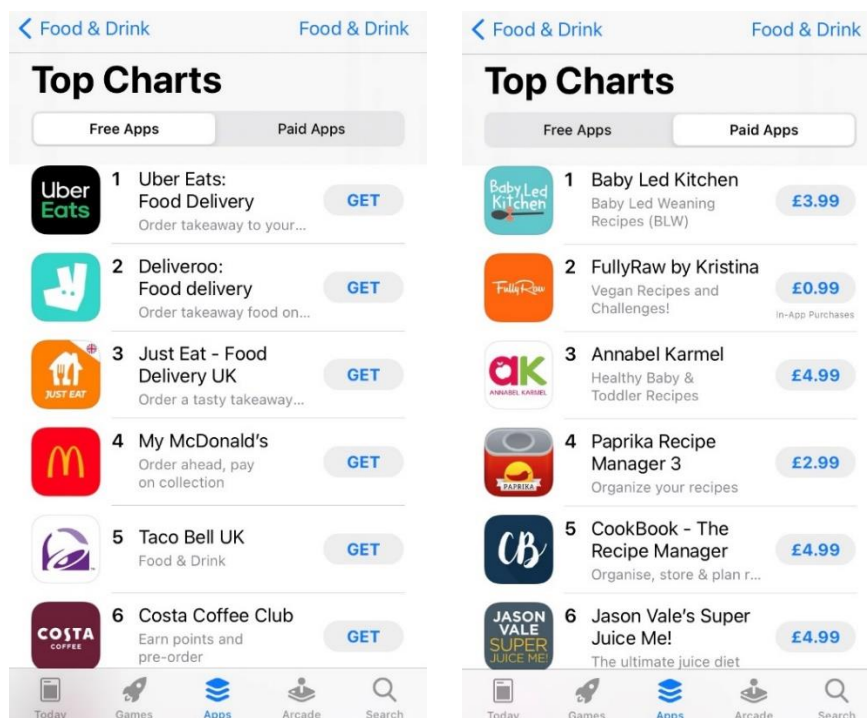


Image 1. Application Top Chart (Source: Apple App Store 2020).

In Image 1, two screenshots of the Apple App Store are presented: the screenshot with the top chart of free apps in “food and drink” category, and the chart of top paid apps in the same category. In the top chart of free apps, eight out of first ten applications are

food delivery or pre-order apps. The top chart of paid apps shows a different tendency: nine out of ten first apps listed are recipes and meal planner apps.

By examining the apps from the top list of paid options that provide meal recipes, it was revealed that every application includes healthy meal recipes and vegan options. The apps providing meal recipes to cook for children occupy the number one and three of the top list.

The result of studying the App Store market in the UK shows the emerging trend of having a cookbook in the phone. The other conclusion can be made that families are highly concerned about their children's well-being and are willing to buy an app that provide them with solutions for healthy eating.



Image 2. iPhone App of the Year (Source: Apple App Store 2020).

In Image 2, the iPhone App of the Year is presented. The name of the app is “Wakeout! – Active breaks”, which provide a user with an opportunity to do mini exercises to feel better. This app originates from the health and fitness category and was chosen among 24 other categories. On the contrary, in 2019 the iPhone App of the Year award was granted to Spectre Camera (Lux Optics), the app for taking filtered pictures on the phone.

According to Apple, the most powerful trend that drove the app culture in 2020 was the developers' trend towards helpfulness. Apps and games that launched this year helped

people around the world to work, connect, and stay healthy in new and innovative ways. (Apple 2020.) People in the UK as well as worldwide are showing the tendencies maintaining their healthy lifestyles. Moreover, more apps are developed to be used in a home-setting and encourage online communication over social gatherings.

It can be assumed that the trend towards healthy lifestyles is increasing among the adult population. Adults who take good care of their own health, and use the mobile apps that support this, have much greater possibilities to get interested in similar products for their children. The app, intending to help families have fun cooking experiences at home with healthy meal recipes, such as Carrot Kitchen, falls into the recent trend category of the app market. Taking into consideration all these different factors, it can be said that there is a perfect opportunity for Carrot Kitchen on the British app market.

6 MARKETING MIX

The previous chapter illustrated that the UK seems to have a demand for the Carrot Kitchen app. The application was made available for downloading in the country at the same time as it became public in Finland. However, due to its novelty, there is no statistical data on how many new users have emerged on the UK market since the launch.

According to Jussi Tähtinen (2020), a mobile application market is crowded, so it is really all about discovery. “Even if you have the best product out there, but no way for people to discover it, it is not going to fly,” says Tähtinen. The actual presence that is created in the app store is highly important. It needs to be said that the timing is slower than some developers would anticipate- it takes a long time for a new app to get its slot. (Sinclair-Lappi 2020.)

According to Tähtinen (2020), as one of the success factors, the company needs to have a strong brand that stands out from the crowd. When launching the app, the company needs to continue developing the brand based on new data with as many interactions as possible. That will assure the company finds the most suitable positioning that delivers the best business results. (Tähtinen 2020.)

The main marketing goals of Carrot Revolution are to determine ways to increase the visibility of the app on the market and increase its brand awareness. In order to determine the company's marketing decision at this stage, the standard marketing mix tool is utilized.

6.1 Product

Carrot Kitchen is developed for two platforms – iOS and Android. Image 3 provides the screenshot of the app display in Apple App Store.

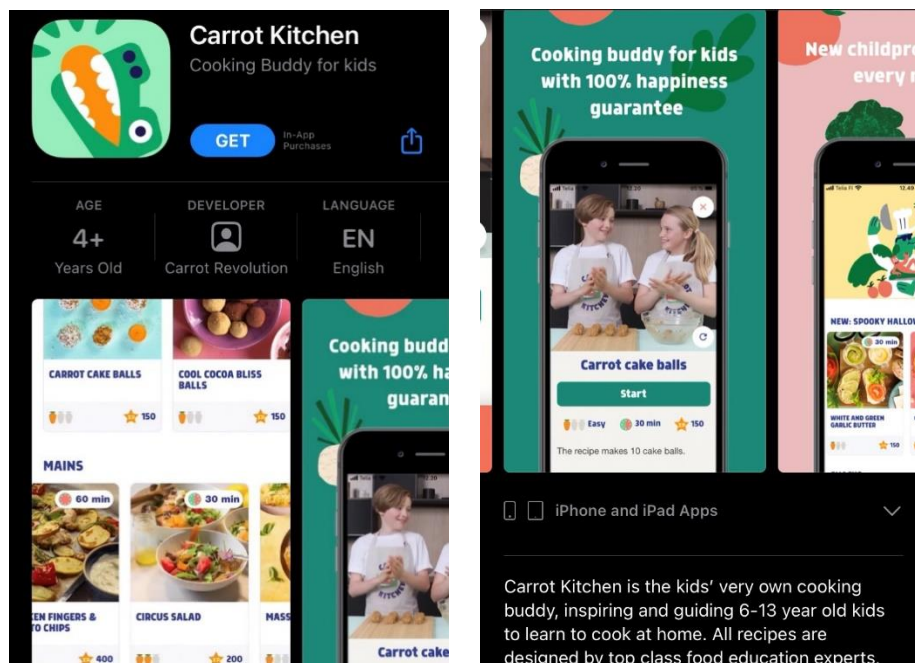


Image 3. Carrot Kitchen app (Source: Apple App Store 2020).

The localization of the app was made prior to the launch. The interface between the app and its description in application markets were translated into English and the prices were converted into the local currency (British pound sterling).

According to Olli Freese (2020), the company sees the app as a good screen time spending for kids and a helpful hand to parents in raising up healthy children. The Carrot Kitchen app is made to help resolve several challenges: kids' unhealthy relationship with food, a low vegetable intake, childhood obesity, food waste, and lack of parenting skills.

The app is unique in its formula and combines Finnish food pedagogics and well-being methods, game-like features installed, and kids as active doers. A simple interface of the app helps a child to quickly adapt to it, step-by-step video recipes and how-to videos have clear audio guidance, and kids can set up a cooking pace according to their own skill level.

Carrot Kitchen app includes a monthly recipe pack with 5 new kid-friendly recipes and related skill videos, each month presenting new cooking themes including snacks, main courses, and a dessert or baking recipe. The ingredient lists for each recipe is sent to parents once a new recipe is revealed.

Carrot Kitchen app allows kids to earn points from every cooked recipe to increase their chef level. They can easily follow their own progress through the app, and gain badges and rewards while learning new skills. Kids can also join community challenges to win surprise recipes and participate in events and competitions with rewards.

6.2 Distribution channels

The business of providing apps for consumers is done in the dedicated app marketplaces. These marketplaces are digital distribution platforms for mobile apps and can range depending on the operating system platforms they provide apps for.

Carrot Kitchen app is present in both Google Play and Apple App Store marketplaces. The official website includes the possibility to create a user account online first, before downloading the app. The website is optimized for discovery through traditional search engines and aims to convert website visitors to application downloads. The already existing users can contribute to the distribution of the app as well. By purchasing a gift card on the website, a customer can redirect it to the receiver.

6.3 Price

In the application industry there is no straight forward product pricing competition, but it is focused more on the customer acquisition side. Therefore, Carrot Revolution is not planning to change the pricing strategy for a new market. The only change the prices are exposed to is the conversion into British pound sterling (GBP) in the application market-places accordingly.

The application is based on a monthly subscription model. There are three available plans for subscription:

- 6 month subscription with a total price of 23.99 EUR, 3.99 EUR monthly
- 3 month subscription with a total price of 17.99 EUR, 5.99 EUR monthly
- 1 month subscription with a total price of 6.99 EUR, 6.99 EUR monthly

All subscriptions include a 14-day free trial with unlimited access to all content. A user can use the app across multiple devices in one family and can cancel the subscription at any time.

6.4 Promotion and communication channels

On the Finnish market, Carrot Revolution has established a marketing strategy that includes: strategic partnerships with retailers and community build up with social media marketing. One way that Carrot Kitchen app is promoted in Finland is done via Kesko Corporation, with advertising integrations to its ecommerce store and the presence in the corporation's media channels. Another way the company promotes is via an extensive social media presence, influencer cooperation, and paid promotional campaigns.

The promotional strategy in the UK will include the above mentioned strategic partnerships with retailers, community build up and social media marketing. In addition to those, the cooperation with Public Health England and other institutions with similar agendas is considered.

Carrot Kitchen is quite challenging to promote, as the communication should be directed towards both target groups - children and parents. The promotional messages are built differently to correspond with the target group's features.

Advertising to children tends to highlight fun and fascinating features of the app. On the contrary, when building the promotional message to parents, it needs to be more rational. The promotion should include the benefits of the app, the value for money and the reason for downloading the app. As for the marketing channels, social media, email campaigns, print, in-store ads, and word-of-mouth have proved to be the driver of downloads due to its convenience. According to Freese (2020), the best channel for each group has not been identified yet due to the novelty of the campaigns. The results of the advertising strategy on the Finnish market will be taken into consideration when finalizing the marketing strategy for the UK in the future.

6.4.1 Strategic Partnerships with Grocery Stores

One of the most important things for Carrot Revolution is to build a partnership with a local grocery store. Food retailers are considered the best partners for the company, as both parties can work in a mutually beneficial cooperation. By promoting Carrot Kitchen, the retailer encourages consumers to cook with their families. Thus, consumers have to come back to the retailer to buy food for the ingredients. This way, the cooperation allows all parties to benefit. Moreover, Carrot Kitchen is able to raise a new generation interested in cooking, thus resulting in the increase of sales for grocery stores and food brands in the long run.

The strategy is to cooperate with a local grocery chain in London. The promotion can be done via ecommerce stores at the initial stage of cooperation, and later expanded to on-site brand promotion.

Stephanie Sinclair-Lappi (2020) recommends establishing a partnership with a local retailer chain that is the second largest player on the market. Usually, there is a significant market share gap between the number one and number two retailers. That way the second largest retailer will be more willing to collaborate with a possible partner to increase its position on the market.

Sainsbury's is the second largest chain of supermarkets in the United Kingdom. In October 2020, the retailer's market share was 14.9% (Statista 2020) among competitors (Appendix 4).

Sainsbury's aims to contribute to the customer's development of healthy lifestyles. The retailer follows the Public Health England regulations on tackling obesity and reduces the amount of salt and sugar for its own-produced products. (Sainsbury's 2020.)

In 2018 Sainsbury's introduced Sainsbury's Active Kids Holiday Clubs aiming to contribute to the development of a healthy environment for children. The retailer states on the website: "We'll encourage kids to lead a healthy, balanced lifestyle" and provides the support through the Active Kids scheme. (Sainsbury's 2020.)

Due to the British political and economic uncertainty discussed in Chapter 4, local consumers may choose to shop in cheaper alternative stores (e.g. Aldi and Lidl). Carrot Revolution needs to take into account the possibility of cooperating with discounters from outside the target market.

6.4.2 Social Media Marketing

Social media marketing is actively used to promote to both children and parents. It is Carrot Revolution's goal to build a strong and loyal follower base and active community in social media.

YouTube is the most used social media platform among British people, with 78% of population using it; Facebook has the second, and Instagram the fifth place in popularity (Statista 2019). Among 4-15 year-old children, TikTok is the second most daily used app after YouTube. Most children spent an average 69 minutes a day on TikTok compared to 48 minutes on Instagram. (Statista 2019.)

According to Olli Freese (2020), building an online presence on TikTok and YouTube delivers the message to children, while Facebook and Instagram is more popular among parents. Facebook is also mentioned to be the best channel of promotion for Nitro Games' products, while other channels are secondary (Tähtinen 2020).

At the moment, the Carrot Revolution total audience on social media channels reaches 1,886 followers; the Instagram account is the most popular channel with 938 followers. There is no need to create separate social media accounts for the British market at this point. The written content posted across the channels is provided in both Finnish and English.

Currently, the content posted on social media is mostly photos and videos of the cooking process and the results (Appendix 5). In order to build awareness among users in TikTok and Instagram, it is recommended to create various community challenges to engage users.

At the moment, Carrot Revolution works on integrating the community feature inside the app. With such a feature, the audience will be able to meet and inspire each other by sharing their cooking journeys. That is one of the most important ways to market Carrot Kitchen app among children – let them do the marketing themselves by sharing content on the community and talking with other kids. By creating the community, Carrot Kitchen will have a strong promotion system inside the app.

In order to increase the awareness of the app in London, social media channels need to encourage local influencers to promote the app. The popular influencers from the same age group as the target audience (6-13 years old) from TikTok and YouTube will be able to create awareness among the right target group. Accounts led by families are also considered as possible collaborators.

Jussi Tähtinen from Nitro Games advises Carrot Revolution to aim for a “schoolyard win”, finding a way to penetrate to the kid audience in a viral way. According to him, generally word of mouth is the best advertising way for kids’ apps as they are beyond social media ad reach (i.e. Facebook). This can be boosted with YouTube influencers: find out who the “youtubers” in the UK who these kids follow are, and seek to get them to advertise the app for their followers. (Tähtinen 2020.)

According to Stephanie Sinclair-Lappi (2020), it is also important to have a strong search engine optimization (SEO) on the website. Companies with good SEO running are known to receive a lot of feasibility that come from potential collaborators (i.e. bloggers, news articles, etc.).

6.4.3 Cooperation with Public Health England

In the previous chapters, the British Government's concern about childhood obesity was discussed. There are various initiatives to promote the mobile applications that help to create healthier environment to the public.

Cooperation with Public Health England would open Carrot Revolution to a number of possibilities. PHE work with 214 national and 70,000 local partners, having a positive influence on the health of the nation. As one of the initiatives, Change4Life's '10 Minute Shake-Up' with Disney campaign encouraged nearly 700,000 kids to participate. (PHE 2020.) By cooperating with PHE, Carrot Kitchen would reach the desired target audience easier and faster.

7 CONCLUSION

The aim of the research was to study the British market and determine whether there is potential for the Carrot Kitchen app on the market. The gathered primary and secondary data demonstrate that the UK and particularly London have high potential for the Carrot Kitchen app's successful launch.

There is a pronounced increase in childhood obesity in the UK and globally. The government of the UK has been monitoring the obesity situation among children for many years now, and it was made clear that educating children on the topic needs to be started from a very young age.

The government issue initiatives and support programs promoting the healthy lifestyle among the population. Of course, there are many ways to approach this problem, and Carrot Kitchen would be a perfect supplementary way to tackle the obesity. The market and industry analysis discussed in the research have proven that Carrot Kitchen has high potential for success on the market.

The present research contributes to the discussion about childhood obesity and aims to display the need of educating the public about the issue. Even though the app is new, it is

estimated to prove itself on the market due to the market and industry trends working in favor. Carrot Revolution has built a helpful tool to educate children, which is welcomed on the British market, and in the long run around the globe.

7.1 Limitations

Due to the time and resources limitation, it was not possible to accumulate quantitative evidence to prove the estimated success of the app. The statistical data gathered from the beta launch in the UK and the launch in Finland provides an insufficient sample size to give a more advanced statistical measurement.

7.2 Recommendations

For the further research purposes, conducting a survey to study the target customer group in depth is recommended. Once there will be an efficient sample size of the customer group, researching their characteristics will give in-depth insights. The data gathered from the survey can be used to enhance the marketing strategy and contribute to product development.

After the significance of promotional channels is tested on Finnish market, it is advisable to review the marketing strategies suggested in this report to continue with the most suitable channels. It is also recommended to research further the possible collaboration with Public Health England and start negotiating partnerships early on.

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APPENDICES

Interview Questions with Carrot Revolution

Company general.

1. Tell me about Carrot Revolution history?
2. What is your mission, vision and values?
3. What is your profitability model?
4. What is the company structure?

Product.

1. How was the business idea born?
2. Why do you think your product is different from competitors?
3. Are there any more products in the product line?
4. Do you have plans for creating new apps/products in the future?
5. How does the app work?

Customer group.

1. What is the customer profile?
2. Who do you consider the end user?
3. How do you advertise to those customer groups?

Internationalization.

1. What are the countries you consider for expansion? Why?
2. Current market overview (Finland)
3. How do you prepare the app for foreign market

Interview Questions with Nitro Games

1. What are the most frequently used apps on daily basis? What are the categories?
2. What is your next step after a soft-launch in a new market?
3. How do you maintain customer's sense of belonging?
4. How do you maintain the app brand, when it is launched into the new market?
5. What are the promotion channels that work the best for your apps?
6. Game with high quality of the performance + no promotion vs Game with mediocre quality of the performance + heavy promotion. Which one has a better chance of succeeding?
7. Could you give any advice to the Carrot Kitchen app before its expansion to a new market?

Interview Questions with International Marketing Partners

1. How does the agency help international companies?
2. What are the possible partnerships Carrot Revolution can hope to get?
3. What is the situation with health literacy in the UK among population?

Carrot Kitchen Instagram Account

