



BUSINESS PLAN

Sotomiwa Abdulquadri Abiodun

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It is also acknowledged by the reader of this business plan that the information furnished in this business plan, other than information that is in the public domain, may cause serious harm or damage to RadioHub Company and will be kept in the strictest confidence.

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EXECUTIVE SUMMARY

Buying and creating advertisement in any media is a time-intensive process reflecting hours of transactions between buyers, sellers, and creative agents. For example, if a buyer wants to advertise in the radio media, he targets a few radio stations with desired listener demographics, discusses contract options with a radio account executive, bids on an ad schedule, negotiates a price, creates ad copy, approves the final ad, and pays for the service. For a skilled buyer, this entire transaction can take up to 3 weeks to complete. For a local deli or sporting goods shop with little or no demographic information, small purchasing power, and less familiarity with radio advertising, this transaction process can take more than 3 weeks and cost the small business more money per ad than large ad agencies. For the seller, in this case the radio stations, the transactions' costs of dealing with such small customers can prove to be cost ineffective.

RadioHub is an *Internet advertising infomediary* "*adfomediary*" that provides a one-stop shop for: demographic information, ad rates, ad campaign schedule planning, ad buys, radio imaging service and audio-ad jingle creation thereby reducing transaction time and costs for buyers of radio advertising spots.

The Company

RadioHub is located in Lagos State, Nigeria. The company is an internet business with domain name: www.radiohubng.com (still under development) and is poised to be the *first adfomediary* dedicated to the needs of small businesses.

Products & Services

RadioHub's featured product will be a user-friendly Internet website that provides free and fee-based services to meet the needs of its customers—advertising buyers and sellers. *RadioHub first product line will be dedicated to reaching the highly fragmented buyers and sellers of advertising space in the radio-advertising sector.* Qualified buyers and sellers are invited to join RadioHub's community as members. Membership is free and provides users access to valuable customized services. Selling members receive opportunity to list ads and gain access to the buying community. Buyers receive access to up-to-the-minute aggregated, radio market

information, ad campaign planning tools, creative services, ad space, buying discounts, monitoring services, and account management.

RadioHub's information-rich services reduce a buyer's time while enabling the development of a cost-effective advertising strategy. In addition *RadioHub buyers receive unique buying discounts, usually reserved for major ad agencies and companies*, and an opportunity to participate in discounted **"over-capacity" ads**.

RadioHub serves as a **third sales channel** for radio stations, complementing their national and local sales efforts. Unlike traditional sales methods, the Internet offers radio stations access to a **national market and 24-hour selling power**. RadioHub provides radio station members with a listing and brokerage service, access to customers, free marketing, and monthly value reports. *These monthly RadioHub value reports will include: buyer profiles, competitive analysis, market analysis, and savings calculated.*

Market & Opportunity

RadioHub represents the intersection of two growing Nigerian markets: **advertising and business-to-business electronic commerce**. The advertising industry represents a \$190 billion industry and is expected to grow at 5.7 percent compound annual growth. The radio advertising market is a \$17.7 billion sector represented by more than 200 radio stations in 25 major markets. Approximately 75 percent of radio advertising is purchased at the local level. **In addition, Nigerian radio stations have generally been slow to adopt Internet strategies.** Business-to-business e-commerce revenues for 2014 were \$17 billion and are projected to grow to \$1.7 trillion by 2025. It is projected that by the year 2020 almost one third of all business-to-business transactions will be performed via e-commerce (2014).

Customers

As an **intermediary agent** RadioHub has two primary customers: **radio stations and small business advertisers**. RadioHub will target the top 100 radio stations, which represent 50 percent of the industry revenues. RadioHub will target small, high-growth businesses as its primary market. In Nigeria, there are currently 24 million small businesses with approximately 885,000

new firms each year. These businesses represent 47 percent of all sales in Nigeria. According to research, approximately 41 percent of small businesses are online and one in seven conducts business transactions on the Internet. Each of these firms represents an average of #37.9 million in annual revenues, significantly more than the #27.2 million average.

Competitors

AllMedia.com and AdDeals.com are websites that connect buyers and sellers of radio advertising space and they currently do not operate in Nigeria. However not devoid of indirect competitors such as: radio house sales agencies, media agencies, radio stations' websites. RadioHub is poised to be the only website with customized services and a pricing model to meet the needs of small businesses wishing to advertise on the radio in Nigeria. In so doing, RadioHub will expand the current advertising market.

Marketing Strategy

RadioHub's marketing efforts are centered on strategic partnerships, an educational advertising and public relations campaign, and a regional sales force. RadioHub will forge a strategic partnership with the National Broadcasting Commission, the national association that represents 300 radio stations and 80 percent of Nigerian radio advertising revenues. RadioHub will forge an alliance with the Lagos Chamber of Commerce, the country's largest business federation, representing nearly 3 million companies, 96 percent of which are small businesses. RadioHub marketing campaign will focus on driving volume to the website and converting visitors to buyers.

The Start-up Plan

RadioHub will follow a three-phase start-up plan. During the *first phase*, the RadioHub team will *create a demonstration site, refine product and services mix, and alpha test among focus groups of buyers and sellers*. During the *second phase*, RadioHub hopes to raise the required venture funding of #10 million to launch the site. The funds will be used to *finalize the development of an integrated website, negotiate strategic alliances and radio station partnership agreements, launch a marketing and sales plan, and launch the website in Lagos, Nigeria*. To meet the objectives of the first two phases, RadioHub will incrementally hire 16 additional staff and

outsource the initial development of the website. The third phase will include a launch in 10 cities, including: Lagos, Abuja, Ibadan, Kano, Kaduna, Port Harcourt, Anambra, Delta, and Benin.

Management

RadioHub management team has extensive experience in the marketing, Internet, and high-tech sectors. Sotomiwa Abdulquadri is the CEO of the company. He is a recent graduate of Electronic and Electrical Engineering from Obafemi Awolowo University, Ile-Ife. He has background skills in programming and holds a SAP ERP certification. He is currently taking Project Management courses and would soon be certified.

Financial Overview

RadioHub derives its primary revenue from the following sources.

- Transaction fees for creating ad jingles for businesses (this is the primary revenue stream).
- Transaction fees for brokering the sale of radio advertising spots.
- Fees for value-added market research information provided to buyers.
- Radio imaging service for radio stations.

Because of the high investment needs in year 1 and year 2, the company does not achieve profitability until year 3. By year 5 revenues will grow to #26.9 million with net income of #8.6 million. *The company is seeking #1 million in first-round financing with a ROI for investors to be 70 percent.*

Contact US

Investing in RadioHub is investing in a start-up that is poised to shake the entire Nigerian Radio Industry.

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