UPET: SUBSCRIPTION FOR PET OWNERS

by

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ABSTRACT

This thesis validates the viability of UPet, a comprehensive subscription-based service for pet owners in Ukraine's major regional centres. Using the MIT Disciplined Entrepreneurship 24-step methodology (Aulet), this research covers market opportunities, customer segments, and business model for an platform combining pet food delivery, veterinary services, grooming, and canine training. The study employs mixed-method research including primary market surveys (n=312), targeted customer interviews (n=23), and quantitative market analysis to identify a beachhead market of young urban couples (aged 20-29) who recently acquired dogs. Total Addressable Market analysis reveals 1,343 qualifying households in Kyiv, Dnipro, and Lviv, representing an annual market opportunity of approximately \$1.9 million.

Key findings demonstrate strong market demand with 53% of surveyed pet owners expressing interest in subscription-based services despite never having used them. The research validates a value proposition centred on time savings (3-5 hours monthly), cost optimization (20% premium justified by convenience), and integrated care management. Financial modelling projects a customer lifetime value of \$74.7 over three years with customer acquisition costs of \$19.3, yielding a sustainable LTV/CoCA ratio of 3.4:1. The business model employs tiered monthly subscriptions (\$50-120) with monetization through service sales fees, insurance partnerships, and B2B corporate packages. Implementation strategy focuses on digital-first customer acquisition via social media and influencer partnerships, targeting 750 paid subscriptions in Year 1 with planned expansion to multi-pet households and international markets.

A Minimum Viable Business Product (MVBP) was developed and deployed as a functional landing page to validate customer interest and build a pre-launch waitlist. The research concludes that UPet addresses genuine market pain points in Ukraine's underdeveloped pet-tech sector, with clear pathways to profitability and regional expansion in the emerging Eastern European pet care subscription market.

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LIST OF ABBREVIATIONS

AI - Artificial Intelligence

API - Application Programming Interface

ARPU - Average Revenue Per User

ASPCA - American Society for the Prevention of Cruelty to Animals

BA - Bachelor of Arts

B2B - Business-to-Business

B2C - Business-to-Consumer

CAC - Customer Acquisition Cost

CEO - Chief Executive Officer

CFO - Chief Financial Officer

CNBC - Consumer News and Business Channel

CoCA - Cost of Customer Acquisition

COVID - Coronavirus Disease

CPA - Cost Per Acquisition

CPC - Cost Per Click

CPM - Cost Per Mille (Cost Per Thousand Impressions)

CRM - Customer Relationship Management

CTR - Click-Through Rate

DMU - Decision-Making Unit

DOI - Digital Object Identifier

ESG - Environmental, Social, and Governance

EU - European Union

EUR - Euro

FEDIAF - European Pet Food Industry Federation

GDPR - General Data Protection Regulation

GM - Gross Margin

GPS - Global Positioning System

HR - Human Resources

iOS - iPhone Operating System

IT - Information Technology

JSON - JavaScript Object Notation

KPI - Key Performance Indicator

KSE - Kyiv School of Economics

LTV - Lifetime Value

MBA - Master of Business Administration

MIT - Massachusetts Institute of Technology

MLA - Modern Language Association

MMP - Minimum Marketable Product

MQL - Marketing Qualified Lead

MVBP - Minimum Viable Business Product

MVP - Minimum Viable Product

NPS - Net Promoter Score

OEM - Original Equipment Manufacturer

PDL - Personal Data Law

PhD - Doctor of Philosophy

PLG - Product-Led Growth

PTA - Parent-Teacher Association

ROI - Return on Investment

SaaS - Software as a Service

SEO - Search Engine Optimization

SMM - Social Media Marketing

TAM - Total Addressable Market

UAH - Ukrainian Hryvnia

UGC - User Generated Content

UI - User Interface

UK - United Kingdom

UN - United Nations

UNECE - United Nations Economic Commission for Europe

UPet - Pet Care Subscription Service (Company Name)

URL - Uniform Resource Locator

US - United States

USD - United States Dollar

UX - User Experience

VP - Vice President

WFH - Work From Home

WOM - Word of Mouth

WSAVA - World Small Animal Veterinary Association

XML - Extensible Markup Language

YEP - Young Entrepreneurs Program

CHAPTER 1. INTRODUCTION

IDEA DEVELOPMENT

Over the past few decades, the dramatic development in spheres of medical care, education, human rights and technology lead to increase in life standards of the globe. The coverage of basic needs made the demands more sophisticated forcing the dramatic change in business environment. Entrepreneurship has evolved from a strict, plan-driven activity into a flexible, evidential process called startup. Eric Ries, author of "Lean startup" describes it as "human institution designed to create a new product or service under conditions of extreme uncertainty" (Rise, 2011). These words raised the idea that new business is about human centricity of product design, but no the venture itself. From this perspective, the focus felt on finding the niche of where this entrepreneurial concept can start from and, fortunately, the concept emerged from personal experience. The idea for this project has its origins from a personal challenge while finding the rare breed of marble dachshund for friend birthday. With this request, internet search didn't bring much result as most of the web sites were either suspicious or out-dated. It took a lot of effort to find the one that matched the budget and desires of the birthday girl. This experience laid the foundation for deeper discovery of the topic. Following systematic development stages of the product development, the monetising issues, as LTV of such service is short and business model didn't add up. At that point, additional cash generating function was needed and it was decided to add subscription for pet product boxes as option for new owners. Gathered analysed data into the presentation, the team pitched idea to the expert from one of the Genesis ecosystem businesses. Received feedback consisted of two points - business model is overvalued and that focus should be shifted to subscription rather than on marketplace. Taking the suggested changes and mistakes into account, Upet was turned into a subscription-based service for pet owners. The first step was to understand the topic better, analysing trends, market structure and evaluation

METHODOLOGY

On of the identified mistakes during the initial phases of the development of the marketplace, was the lack of vision on how to build such type of business. A guideline was needed to approach customer analysis, business modeling, and sales. With this request, the academic supervisor Tymofiy Mylovanov recommended using the book, Bill Aulet's Disciplined Entrepreneurship: 24 Steps to a Successful Startup. Expanded and updated as the foundation for the research. In this study, author, the Ethernet Inventors Professor of the Practice of Entrepreneurship at the MIT, developed a 24 Steps framework for entrepreneurs to conceptualise, test the viability, and gradually scale their startups. The methodology assumes that the only necessary and sufficient condition for the existence of a business is the customer willing to pay for it. Each of the 24 steps is aimed at systematically reducing uncertainty through market research, hypothesis validation, and rapid iterative learning. Such methodology fits the purpose of the research leaving the only the most crucial parts for successful project development. The framework is divided into 6 six categories each one focusing on answering specific question.

Who is your customer (1,2,3,4,5,9)? - focused on the who is customer and the scale of this demographics What can you do for your customer (6,7,8,9,11)? - answered the question of product specification and its value for the user

How does your customer acquire your product (12,13,18)? - goes in depth on the decision-making process that maps the sales cycle

How do you make money off your product (15,16,17,19)? - defines the key metrics and business model How do you design & build your product (20,21,22,23)? - discover how product will look like, based on user needs

How do you scale your business (24)? - sets the plan for future growth

In accordance with academic requirements for data openness, steps 9 and 10 ("Identify Your Next 10 Customers", "Define Your Core") are not published because they contain confidential information that constitutes a startup's competitive advantage, but they are fully developed in the team's internal

documentation. The application of the 24-step methodology made it possible to integrate qualitative and quantitative analysis methods, ensure a logical sequence of actions, and obtain verified results necessary to justify the economic feasibility of the UPet service.

MARKET OVERVIEW

Global pet market went through substantial change for the last decade and shows steady growth. Bloomberg Intelligence report projects the global pet industry will increase from \$320 billion today to nearly \$500 billion by 2030. The US represents the 40% of total sales reaching 150 billion in sales for the 2024, EU goes second with share of 30% and China the third owning about 10% of world pet economy.

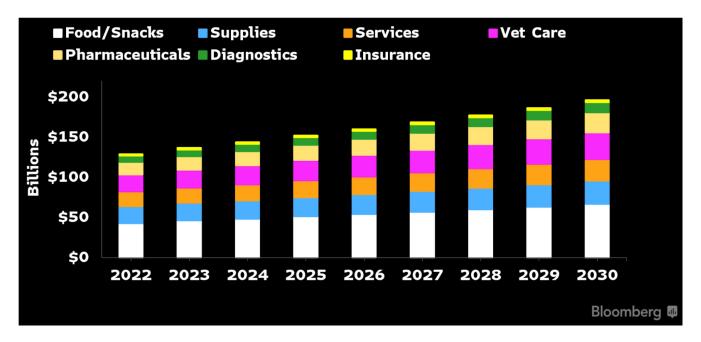


Figure 1.1: US Pet Industry May Approach \$200 Billion by 2030 (Bloomberg Intelligence)

The anthropomorphisation of pets underlies trends like growing pet population and food premiumisation that stimulate the development of global market making 5-6% of annual growth worldwide (Bloomberg Intelligence). Mars's 2024 study shows that a new wave of first-time, predominantly young "pet parents" is powering the industry's growth. Across 20 surveyed markets in different parts of the world, 56 % of

adults already own a cat or dog, and 47 % are having a pet for the first time. Gen Z and Millennials drive this trend accounting for roughly 70 % of puppy owners and 72 % of kitten owners, while 45 % and 40 % of them, respectively, say their companion animal is the single most important thing in their lives. Sustainability also effects purchasing decisions, with 40–45 % of respondents calling eco-friendly credentials "very important" when choosing pet food and household products (Mars Global Pet Parent Study 2, 4, 6).

Despite its destructive effect on global economy, COVID-19 pandemic caused unprecedented adoption rate for dogs and cats. In the United States, national shelter records show adoptions rose by 34 % in April 2020 compared to previous year. By May 2021 about one in five households, around 23 million (Washington Post), had brought home a new dog or cat, and 85–90 percent of those animals are still with their families (ASPCA). The United Kingdom 3.2 million homes added a "pandemic pet," lifting overall ownership to a record 62% of households (UK Pet Food) and about a million new animals were adopted in Germany in 2020 (Euro News). Due to the lock down restriction, a lot of the people were restricted from buying pet supplies offline, following general trends of e-commerce boom, both US and EU companies reported record revenues (Zooplus; CNBC). Having analysed global dynamics, it was decided that closer attention would be paid to the national market. Ukraine accounts for 15 million pets in households round the country, with 7.6 million cats and 4.9 million dogs (FEDIAF 35, 36). Despite the difficult conditions, the pet market continues to develop, the pet products market in Ukraine is showing steady growth. In 2023, it increased to 35.7 billion, which is 27.3% more than in 2022. The share of the market is taken up by animal food amounting to 27.4 billion 2 in 2023. Categories of pet products also show positive trends, pet care products, clothing, accessories, and medicines sales increased to 8.3 billion ₹ surge from 6.5 billion ₹ in 2023. Online sales of pet products are actively developing reaching 11.2% of total sales, although traditional channels remain important for buyers. The market is expected to grow by another 15% in 2024 (Interfax-Україна; Suziria Group). In comparison to the foreign markets, national offers less digital products like pet food subscriptions, insurance and similar services. Summing up, positive trends in Ukraine are indicating opportunistis, so further investigation is focused on it

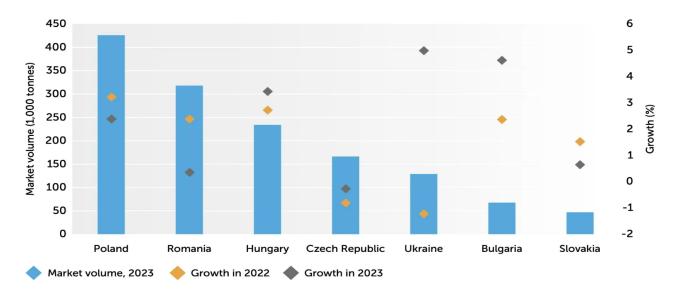


Figure 1.2: Pet food market dynamics in Eastern Europe (2022-2023) (Euromonitor International)

SURVEY

Lack of qualitive secondary data, lead the search to the development of the survey focusing on identification of the pain points of the pet owners as well as their behavioral patterns. A 14 question survey was shared around diverse group chats and social media accounts to collect representative data set.

SURVEY RESULTS

312 respondents completed a questionary. 75% of respondents are women on contrary to only 25% are men. Most of them are form big regional cities (80%+). With only 10% from villages and suburbs. Most of the pet owners are young people 20-25 years old (40%). As expected, most of the people have cats -60.6 and 47.4 have dogs. 12.5% have other animals. This shows that a lot of pet owners have more than one pet. 24.1% of the whole sample said they have 2 pets. Regarding services, a round 37.8% respondents reported they have never used such type of services. 53% of respondents said that they have never used any services as a subscription base, but they are interested. 39.7% they are not and have no interest. Average spent on the animal per month is around 2034 2. The most common pain servicing pet is price

of the vet, cleaning, price of the food, and behaviour. The most definitive factor for choosing service is quality (more than 50%) then reviews (21%) and logistics (12%). 53.9% of people spent less then 5 hours per week on servicing their pets. 30% of the respondents would like to spend less time on such activity

SURVEY CONCLUSIONS

The received amount of respondents is sufficient for us to draw conclusions. The most common profile of individual that fulfilled the survey is young urban women, which suggests two possibilities. Either women are more likely to keep pets, or they are more active in participating in surveys and sharing information. Since the majority of respondents live in the Kyiv or large cities, this indicates that participants have access to more services and products. Also, the high percentage of people under 30 years old 80% can depict the world trend of younger people having pets.

The analysis shows that cats are the most popular choice among urban residents. Although the majority of respondents keep only one pet (60%), a significant number have two or more, which partially explains the distortion in cost structure of pet owners. The spending analysis shows that expenses shifted right as the average cost is about 2034 UAH/month, and the median value is 1500 UAH/month. Additionally, this issue can be explained by the higher cost of having a dog that can be compared with owning of few cats. The most discomforting category of owning a pet is veterinary expenses (50%) indicating opportunities for introduction of insurance.

A significant proportion of owners do not use services with predefined intervals, similar to subscription but they are interested (about 38%), which indicates a significant potential for growth in the web service markets. The frequency of use of these services is quite irregular, which makes it difficult to generate a stable system. However, the high priority given to quality when choosing services confirms that owners are willing to pay more for reliable and high-quality services.

SURVEY LIMITATIONS

Despite sufficient amount of received responses, few limitations should be acknowledged. Data collection through social media channels restricts the reach to certain demographical groups like elderly. Showing the questionary to the specific group of people result in self-selection bias that negatively effects the robustness of the conclusions. Algorithms as well can be a limitation factor for the response's quality, as it's hard to predict. Such approach of survey placement results in lower quality of responses themself, as people are in uncontrolled environment and can be easily distracted. Also, representability of the responses is hard to validate as some of the participants could have lied about their affiliation with the research population strata. Additionally, unclear formulation of questions can make a misleading effect on the respondents.

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CHAPTER 2. MARKET ANALYSIS

MARKET SEGMENTATION

With further investigation of Ukrainian market, the series of 23 interviews was conducted with various pet owners, ranging from regular cat owners to exotic fish collectors. Face to face conversations with interested in digital product users laid the foundation of the first step from the applied methodology Market segmentation emphasises customer's willingness to pay is more important than product itself. Therefore, selecting a clearly defined addressable audience as the target for these services is fundamental to the venture's success. Considering characteristics of market segmentation form the guideline the following fill out of the matrix is constructed (see Table 2.1) Focusing on a single market is crucial, as diversification bias distracts founders from providing the core value of the product and waste scarce resource. Based on the conducted analysis shown in Table 2.1, the pre-family couple that recently acquired a dog was selected as the most growth opportunistic segment as previously conducted research indicated. This age group adopts animals at higher rate compared to other generations representing 45% of pet owners population, (Mars Global Pet Parent Study). Due to joined budget of the couple the purchase power of the segment is higher. Average daily time spent of Gen Z on social media, especially on Tik Tok, is higher comparatively to other strata (Deloitte) highlighting the potential customer reach with lower cost. Finally, validated the beachhead by checking out crucial best segment condition:

1. They buy the same product. 2. They buy it in the same way 3. There is word of mouth (WOM) of some sort between them

Customers in this category are buying premium, super-premium or holistic pet food. They are sharing similar consuming behaviour with short-term buying cycle (3-6 weeks) with both ordering online and offline shopping. Analysing the behavioural pattern of the people owning a dog, observation was made that they are eager to exchange useful information between each other both online and during the walk, so with sufficient service quality to price ratio word of mouth spread can be utilised.

Market Segment Name	New-dog owner	Pre-family couple (dog)	Remote-pro dog	
Age and breed of the animal	$dog \le 2$ years old bought or taken from a shelter	$dog \le 2$ years old bought or taken from a shelter	dog > 2 years old	
End User	A young individual aged 22–28 who recently acquired a dog and lacks prior pet ownership experience	A couple aged 25–30 in a relationship for over one year	A single individual aged 30–35 working in the high-tech sector, primarily from home (WFH)	
Task	Learn how to care for a pet	Assistance with managing pet care routines	Automate daily care routines	
Benefit	Feeding instructions, dietary planning, automated food delivery, veterinarian selection, vaccination schedule planning	Map of dog parks and pet-friendly venues; access to dog-walking clubs	AI-based reminders, automated food delivery, and integrated vet appointment scheduling	
Urgency of Need	High	High	Medium	
Example End Users	Junior/mid-level tech specialist employed in an outsourcing company, residing in a metropolitan area and renting an apartment	Creative industry couple (SMM/design) residing in Podil district, Kyiv	Product Manager living in Obolon, Kyiv, working remotely	
Lead Customers	Social media platforms (Instagram, TikTok – pet communities)	Instagram public pages and pet-related influencers	LinkedIn, Kyiv-based WFH professionals	
Willingness to Change	High	High	Medium	
Frequency of Buying	Medium	Medium	High	
Concentration of Buyers	Low	High	Medium	
Other Market Segment Considerations	Word-of-mouth promotion	Lifestyle content, peer-to-peer recommendations	High technological adoption (~90%)	
Size of Market (№ End Users)	~19,404	~38,808	~19,404	
Est. Value of End User (ARPU \$/mic.)	\$78	\$78	\$83	
Competition / Alternatives	MasterZoo, E-zoo, Rozetka, Silpo	MasterZoo, E-zoo, Rozetka, Silpo, dog clubs, Bubilbo	Premium concierge-style service providers	
Other Components Needed for Full Solution	Services from dog trainers, video training content, grooming, and pet hotels	In-app scheduling of dog-walk meetups	Smart feeders and intelligent care systems	
Important Partners	Groomers, veterinarians, pet food producers	Dog tracker applications	Tele-veterinary platforms	
Other Relevant Personal Considerations	Intense work schedule; limited prior experience in pet care	Active presence on social media; sensitivity to service quality	Work-related stress and preference for automated solutions	

Table 2.1.1: Market Segmentation Matrix for Pet Subscription Service dog

Market Segment Name	New-cat owner	Remote-pro cat	Senior-care cat
Age and breed of the animal	cat ≤ 2 years old	cat > 2 years old expensive breed	cat > 2 years old expensive breed
End User	Male/Female, aged 18–25, owning their first cat	Single individual, aged 26–35, working from home with high disposable income	Elderly individual, aged 55–70, living in an apartment with a senior cat (aged 8+ years)
Task	Basic care: feeding, vaccination scheduling	Minimize the burden of routine purchases and alleviate pet boredom	Extend the pet's lifespan and reduce veterinary expenses
Benefit	Tailored diet planning with push notifications	Automated food delivery + robotic litter box	Telemedicine services + senior cat nutritional plan
Urgency of Need	High	Medium	Medium
Example End Users	Student at Taras Shevchenko National University (KNU)	UX Designer residing in Shevchenkivskyi District	Retired woman living in Podil
Lead Customers	TikTok community (#kit)	Reddit (r/cats), cat lifestyle micro-influencers	Veterinary clinic networks
Willingness to Change	High	Medium Low	
Frequency of Buying	Medium	High	High
Concentration of Buyers	Low	Medium	Low
Other Market Segment Considerations	Free-to-play mentality; budget sensitivity	Interest in gadgets and automated tools	Low mobility; convenience is critical
Size of Market (№ End Users)	~27,048	~54,096	~27,048
Est. Value of End User (ARPU \$/mic.)	\$50	\$60	\$70
Competition / Alternatives	MasterZoo, E-zoo, Rozetka, Silpo	Premium concierge-style service providers	MasterZoo, E-zoo, Rozetka, Silpo, Bubilbo
Other Components Needed for Full Solution	Veterinary chatbot integration	Smart litter boxes and feeding automation	Specialized senior-cat food line
Important Partners	Veterinary clinics and nutritionists	Gadget manufacturers (OEMs), automation providers	National veterinary networks
Other Relevant Personal Considerations	Limited budget; low experience in pet care	Risk of digital fatigue; desire for seamless UX	Fixed income; need for reliable, low-effort solutions

Table 2.1.2: Market Segmentation Matrix for Pet Subscription Service cat

END USER PROFILE

After selecting the target segment, the assumed user profile needed to be refined and clearly defined. During this process, a key dilemma emerged: who is the actual end user — the pet owner or the dog? Financially, it is clear that pets cannot fund their own expenses, yet they are the primary consumers of the products and services offered. From another angle, the owner, as the one paying for the subscription, benefits from automation that simplifies pet care tasks. This led to a crucial decision: whether to focus on the pet or the owner. From a practical standpoint, the quality of services delivered to the pet will depend on outsourced local providers, limiting direct influence. However, the interaction between the owner and these service providers can be shaped by the platform. This makes the owner both the end user and the key decision-maker. To build a more accurate user profile, a social media survey was conducted among existing followers. The goal was to better understand potential customers and assess whether the selected market segment is reachable through current networks. Based on the averaged data from the survey and interview the following end user profile can be built (see Table 2.2).

End user classification	Young couple from the big city owning a dog		
Gender	Female (70%), Male (30%)		
Age	20-29 (Gen z)		
Occupation	Creative sector (design, SMM, PR, GR, marketing, content production)		
Income	\$1400 - \$2500 per month (joined budget)		
Daily life Owner starts the day early around 8:00 with a walk. Finishing the dog has its paws cleaned and gets food. During the day user restricted interaction working from office or in case of remote additional walk. The food is left or form automatic disperser. work potential customers do evening walk and additional customers.			
Socialisation locations	Local cafes, restaurants, parks, public events		
Personality Extrovert type of personality that enjoys sharing life in Express themselves through content (photos, videos, opthe news and wants to use new features and device the news and wants to use new features and device the news and wants to use new features and device the news and wants to use new features and device the news and wants to use new features and device the new features are deviced to the new features and device the new features are deviced to the new features and device the new features are deviced to the new features are deviced to the new features and device the new features are deviced to the new features are deviced to the new features and deviced to the new features are deviced to the new features and deviced to the new features are deviced to the new features and deviced to the new features are deviced to the new features are deviced to the new features and deviced to the new features are deviced to the new features.			
Proxy products Use pet food delivery, used different apps for pets (training, traetc.) like Bubilbo or Club 4 Paws			

Table 2.2: End User Profile for Target Segment

TOTAL ADDRESSABLE MARKET (TAM) ANALYSIS

The Total Addressable Market (TAM) represents a important stage in substantiating the commercial potential of the UPet subscription service during its initial development phase. To define the TAM for the UPet subscription service, a hierarchical top-down methodology was employed with validation through alternative calculations. This method involves the sequential narrowing of the general population of dog owners through demographic and behavioral filters to identify the target group of early adopters.

Based on the End User Profile, it was determined that development should commence in major urban centers. The largest cities in Ukraine—Kyiv (2.89 million), Dnipro (0.97 million), and Lviv (0.72 million)—have a combined population of 4.58 million inhabitants.

A crucial aspect of this analysis involves determining the percentage of the population that owns pets. The most conservative estimate from indicates that 12% of households maintain domestic animals (Vodafone Analytics). Considering an average household size of 2.5 individuals, this yields 1.35 million people with pets. Proprietary survey data revealed that 47% of pet owners choose dogs, resulting in 645,780 dog owners across the three cities. An alternative calculation was conducted using population proportion methodology. Assuming Ukraine's current population of 30 million and utilizing FEDIAF data indicating 4.5 million dogs, with 15% of the total population residing in selected large cities, the alternative calculation yields 4.5 million dogs multiplied by 15% of urban population, equaling 675,000 dogs (FEDIAF 35, 34). The deviation of only 4% confirms the accuracy of the calculations.

Age Demographics: Individuals aged 20-29 years constitute 11% of Ukraine's population (UN DESA), yielding 71,035 young dog owners. This cohort is characterized by high digital literacy and readiness to adopt innovative services.

Professional Segmentation: The IT Ukraine Association reports 285,000 IT specialists, with 70% concentrated in the studied cities (IT Ukraine Association) Expert interviews revealed that 30% of young professionals work in IT and creative sectors, representing 21,300 potential users with sufficient income levels. Marital Status: Data indicates that 60% of individuals aged 20-29 years are in stable relationships

(UNECE). Dual income reduces price sensitivity, yielding 14,918 dog-owning couples. Veterinary research shows an average dog lifespan of 11.2 years (WSAVA), indicating annual population renewal of 9%. Dog owners who acquired their pets within the past year demonstrate the highest readiness to adopt new care solutions. This provides a primary cohort of 1,343 couples---the most promising audience for UPet's launch, as detailed in the TAM calculation (see Table 2.3).. With a conservative conversion rate of 30%, the number of paid subscriptions would exceed 400, establishing a foundation for scaling through additional segments expansion. The catalog price for the monthly "All-in-One" subscription, which includes food, veterinary booking, and grooming services, is \$120. Over an annual cycle, this yields \$1,440 per user.

Level	Metric (approx.)	Basis / Calculation & Evidence	
0 Largest demographic group	645 780 dog-owning residents in Kyiv + Dnipro + Lviv	• City population 2023 ≈ Kyiv 2.89 M + Dnipro 0.97 M + Lviv 0.72 M → 4.58 M people.• ≥ 12 % hh in Kyiv of keep pets . (Vodafone Analytics 2024) → 12% * 2,5 (State Statistics 2022 (2.5 persons/hh))→1 347 000• Dogs are ≈ 47 % of pet owners own a dog . (servey*) →645 7804.58 M × 0.60 × 0.40 ≈ 1.30 M dog owners.	
1st segmentation	$\approx 71 \ 035$ aged 20-29	• 20-29-year-olds are ~11 % of Ukraine's population (UN 2024 age structure) .645 $780 \times 0.11 \approx 71$ k (11 %).	
2nd segmentation	≈ 21300 employed in creative / product & IT companies	• Ukraine had 285 k IT specialists in 2021; > 70 % concentrated in Kyiv, Lviv, Dnipro (IT Ukraine Association). Assume creative & product roles make up ~30 % of young-couple dog owners in big cities (expert extrapolation from IT or product industry share of urban	
3rd segmentation	≈ 14 918 couples	• 60 % of 20-29-year-olds live with a partner / are married (UNECE marital-status dataset, 2021) 21,3 k \times 0.7 \approx 14,9 k.	
Beachhead end-users	≈ 1343 couples who got a dog ≤ 1 year ago	• Median canine life-expectancy 11.2 yrs \rightarrow pups \leq 1 yr \approx 1/11 \approx 9 % of dog population .14,9 k \times 0.09 \approx 1 343 households — annual cohort of "new-dog" couples in three-city focus.	

Table 2.3: Total Addressable Market Calculation

USER PERSONA

With estimation of the size of TAM, user persona needs to be crystallised to move on with product development. Comparatively to end user profile person will provide the real understanding of user that can be referenced, and this portrait is going to server the as the milestone for future decisions made on steps later on, but not just the aggregated depiction of average response. Based on the collected data from the series of user interviews and long-term interaction with the person, used as a real depiction of the potential customer abling creation of the following user persona profile (see Table 2.4). To address the anonymity, issue the confidential information of the individual would be changed to fictional.

Name	Mary
Address	marymary.fictional@.gmail.com
Occupation	Designer
Gender	Female
Age	23
Income	1 300\$ per month
Education level	Bachelor
Education specifics	International relations
Employment history	Worked at student government at university, Part time at creative agency, Charity foundation, News agency, Innovation Park, Venture builder
Marital status	in relationship
Ethnicity	Ukrainian
Political affiliations	"Голос" party
Personal information	Moved from Eastern part of Ukraine Lives in Kyiv since 2019 Refused all russian since 2022 Had a dog in childhood named Bulka Immersed with dachshunds and related to products
Why do they do this job or live the life they do?	Mary dose this job because she loves to express herself in different ways and designs allows her to do it for living
Hobbies	Reading, blogging, hiking, going to museums and cultural events
Heros	Marina Abramovich
Aspirations in life	Sunny mornings with cup of cold coffee drink on the beach
Fears in life	Loosing close people Not being able to afford the life she wants
Personality traits	Unconfident, but talented designer with taste in art, music and movies. Hard working and responsible
Interesting habits	Believes in superstitions

Table 2.4.1: User Persona - "Mary"

Name	Mary	
Interesting habits	Believes in superstitions	
Is there a product or products that the Persona needs to have to get benefit from yours?	Nothing besides the dog	
Are there products the Persona uses that embody the psychographics and demographics from the end user profile?	Excessive amount of treats, toys and other dog related products	
Any other unusual or interesting products of note that the Persona has?	Pet-tech devices (video camera to communicate with pet, automatic food dispenser, water fountain)	
Favourite sources for news	Instagram / Tik Tok	
Places where Persona congregates with other similar people	Cafes, restaurant, bars, parks, office building, events, parties	
Associations Persona belongs to and the importance of each	Ukrainian Leadership Academy (ULA) – medium	
Where does the Persona go for expert advice and/or to get questions answered?	YouTube and Tik Tok. For quick answers - Chat GPT or articles	
What are the typical tasks the Persona does each day, with the amount of time associated with each?	Wakes up about 8 am. Morning routine - 30 min Walks with the dog - 10-20 min Breakfast - 15 min Getting ready for work - 15 min Walk to office - 15 min "9 to 5" Work - around 8 hours Gym - 1 to 1.5 hour Way home - 15 min Home rest with the dog - 20 to 40 min Evening walk - 30 to 60 min Dinner - 30 to 40 min Evening rest - 60 min Falls asleep around 11 pm.	
Which of these typical tasks are habits?	Walking with dog and going to the gym	
Which require the most effort?	Work	
Which does the Persona enjoy?	Morning routine, walking the dog (usually), Evening rest	
Which does the Persona not enjoy?	Gym, work, walking the dog (rarely)	
What makes it a good day for the Persona?	A well started morning	
What makes it a bad day?	Overwork and bad sleep	
Who is the Persona trying to please the most?	Her dog and boyfriend	
What is the top priority of the person/people the Persona is trying to please	High life quality	
Product buying priorities	 Quality - highest 2. Convenience - high Price - medium 4. Reviews - low 	

Table 2.4.2: User Persona - "Mary"

CHAPTER 3. PRODUCT DEVELOPMENT

FULL LIFE CYCLE USE CASE

Once the complex profile of potential product early users is understood, attention moves to the roadmap of interactions with the service. This approach will help to visualise the whole pipeline of process lighting the bottle necks, weaknesses, and issues that can arise during the prototype testing period. Since the solution should be driven out of the problem, the key focus was on pain points. The specifics of the targeted audience lead to the conclusion that key traffic channels are going to be social media. The key focus are put on short videos like reels and tik toks and influencers with less attention on paid advertisement. More detailed description of the lead generation is covered in marketing funnel section. After the discovery, user is going to make first interactions with product. At this point the goal is to make the product as functional as possible, leaving aside excessive features. On the main page there is going to be a general description of the product, how it works, with contact information at the button where individual can reach out to the team and get help any time. The second page are going to be the quick questionary that will help to tailor the subscription plan for the dog. Finally, check out page proposed pricing and delivery calendar. Agreeing with purposed fees user continues with filling information needed for delivery and payment. User can adjust the delivery address, day and options for the subscription plan in the account settings. Since then, user won't have to care about the pet food as now it is o side of service. In order to visualise the process of the life cycle of the product, a customer journey map was used, design thinking approach.

Category	Awareness	Consideration	Acquisition	Service	Loyalty
User actions	Social media ads; Influencers; YouTube blog	Social media account; Website; app	Subscription customisation interface; Check out; Personal account	Delivery; Scheduled vet, grooming, cynology, sitter meetings in one click; Personalised approach; Customer support; Backlogs of each activity	Collect the achievement system in the app ecosystem; Recommends app to friends; Rates it on the play market
Goals & experiences	Find best food for the pet that fits the budget and doesn't consume a lot of time	Going through the review section, service description, partner board, and pricing	Understands how service works through individual experience.	Tries different services in the app. Getting used to the schedule and enjoys the saved time	Gets used to seamless experience of usage. Utilises each and every needed service for the pet through the application
Pain points	Doesn't fit the budget; Poor service quality; Consumes a time	Do I really need this service? Is it worth paying? Is it a scam? Who uses this platform?	How delivery works? When it is my next appointment? How medical logs work?	Uncomfortable delivery schedule; Bad customer support; Glitches or bugs appear in the app	Too good to live without it; Minor problems with interface or design; Issues with product itself
Feelings and thoughts	Curiosity; Scepticism	Uncertainty	Curiosity	Enjoyment	Positive
Opportunities	Show the opportunities for the pet owners that service will provide	Make customer friendly service that will explain the value accessibly to the users and seam trustworthy	Provide a customer with explicit manual on how to use the product with live support in form of the chat	React a quick a possible to upraising issues and provide substitutions in form of discounts or free services to users	Develop additional services like: Marketplace for pets and similar services to construct an pet-tech ecosystem.

Table 3.1: Full life cycle use case

HIGH-LEVEL PRODUCT SPECIFICATION

The high-level product specification for UPet provides a comprehensive visual representation of the service concept, focusing on delivering core benefits to end users while emphasising the main functional elements of the product. UPet is an integrated subscription service for pet owners that combines multiple essential care features into one solution: food delivery, scheduled veterinary visits, grooming, insurance, and canine training. For initial product representation the restricted version of the product focusing on the pet food delivery will be used. The service addresses a research-defined pain point for pet owners — lack of time, expertise, or consistency in pet care by offering a personalized solution with minimal effort required from the customer. A landing page was created as a visual showcase of the product concept.

The website design is a clean, aesthetic design of brands that includes concise product overview and value proposition, visualization of the service structure, and call-to-action appeal such as "Join the waitlist" and "Get early access." Additionally, in future customer is going to have the following advantages: tailored service plans based on pet breed, age, and health condition; automated reminders for vaccinations, treatments, and vet visits; AI manager to assist the owner and track the pet's well-being; integration of interactive map with location suitable for walking and socialising with other pet owners. These functionalities will save users time and reduce medical costs as well as increasing longevity of the animal through the preventive care. This high-level product specification serves as a prototype for qualitative testing with potential customers, internal team alignment, and as a foundation for future Minimum Viable Business Product development (MVBP).

QUANTIFIED VALUE PROPOSITION

This section is discovering the way product make trackable change in the life of user. The synergy of previously defined persona and product outline shows the comparative case analysis between the state of persona status quo and after application it to the pet owning routine. Based on the priority list, it can be concluded that the main factor effecting the shift from habit would be quality, with the highest priority and convenience, second most valued feature. Bringing individual approach to each customer by tailoring dietary plan for their pet and developing a flexible calendar of packages delivery fulfils those defined top requirements for product. The illustration of real case is simulated by the "As is" and "Possible" states. As for now, the individual that acquired dog struggles with the managing dog's dietary as one of the routines spends 20 to 60 min. For offline or 10 to 15 min on online shopping, loosing extra time in case of absence of needed products. Possible solution: user doesn't spend any time searching for best offer, providing the widest range of available products currently on the market, potentially saving money.

COMPETITIVE POSITION

Mapping the competitive landscape is essential step of building the product as it gets idea out of the vacuum forming the perspective of how persona chooses the product based on its priorities and other offerings. In the scope of base product and user persona, the pet food distributers are the main focus of the research. Within this area, the closes two substitute are Club 4 Paws subscription and Bubilbo app. The first competitor recently added feature that allows users to plan one branded flexible pet supplies delivery with discount on the product. Second, allows to user to book pet related services as well as make food purchases. Customers may also turn to indirect options such as Rozetka, Master Zoo, E-zoo, Pethouse and similar e-commerce platforms that doesn't provide any automatization but have wider range of products. Third type of the competitors are local offline shops that have pet food in their product range. In this spectrum of the available agents the convenience and quality two-axis positioning plot can be constructed. The main subsidiary dominates in the quality of service but lacks the variability of foods as it is focused on one brand. The following competitor doesn't provide any subscription plan, leaving the key chores still on the customer. Despite offline competitors' ability to personalise experience visiting the shop, the time and effort needed to purchase the product puts it lower on the chart. Upet, in contrast, aims for maxing the utility by providing a lot of services and flexible subscription plans. (see Figure 3.1)

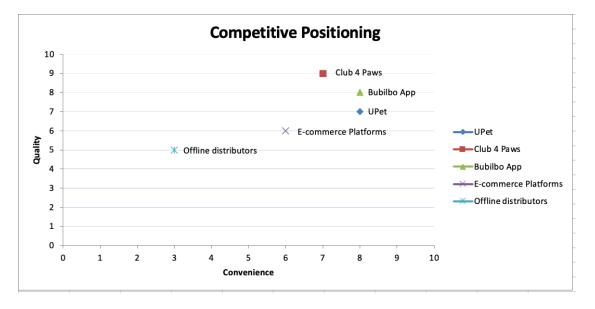


Fig 3.1: Competitive Positioning: Convenience vs Quality

CHAPTER 4. BUSINESS MODEL AND FINANCIAL ANALYSIS

CUSTOMER'S DECISION-MAKING UNIT (DMU)

After clearly understanding the portrait of user and the product offer, a strategy development for user attraction is needed. Clearly defined customer purchase decision making process, agents influencing the purchase, and engagement opportunities are presented in the DMU analysis (see Table 4.1).

Role	Definition	Specifics for UPet
Champion	An enthusiastic insider who initiates and drives the purchase decision.	The more emotionally attached partner (often Mary). She is the first to search for solutions on Instagram/TikTok.
End User	The individual (or pet) that physically benefits from the product or service.	Indirectly, both partners benefit because UPet removes routine care tasks.
Economic Buyer	The person who authorises and executes the payment.	Typically the female partner ("Mary"), a junior UX-designer who manages the household budget and links her card to the UPet account.
Influencer	A credible expert or adviser whose opinion shapes the decision.	Personal vet, groomer, or dog trainer, Pet influencers. Their "I recommend UPet" reduces quality anxiety—opportunity for referral partnerships.
Veto-Holder	A stakeholder who can block the transaction if concerns arise.	1) The other partner who pays utilities. 2) Parents if they still provide financial help. Both may see UPet as "non-essential spend".
Reference Group	Peers or public figures whose behaviour creates social proof.	Pet influencers, other young couples with dogs. Strong word-of-mouth that accelerates trust.

Table 4.1: Customer Decision-Making Unit (DMU) for Upet

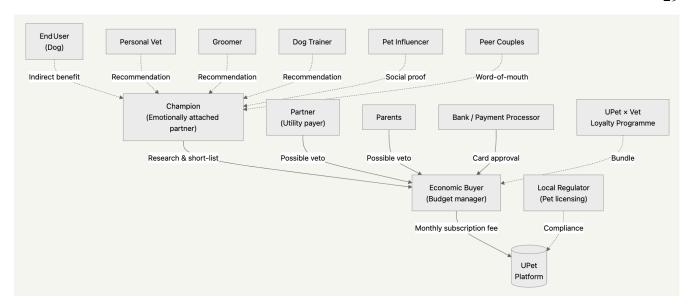


Fig. 4.1. Customer Decision-Making Unit

CUSTOMER ACQUIRING FUNNEL

Defined by DMU the decision-making system serves as the foundation for understanding of how potential users can turn to real users. Identification - is the initial step in sales process which goal is to gather names and contact details of people who may be interested in the service, although they may be not relevant or doesn't fit the persona description. The key leverage for lead generation would be social media as it was defined earlier. Engagement with audience would be made through two sources, useful reels and tik toks on how to handle pets as well as paid adds and partnership with influencers. Educational content and credible public figures leave a trustworthy first impression that can increase conversion and retention rate. Furthermore, after user had first interaction with content, directing to the social media page like Tik Tok, Instagram profile or Telegram channel. With increasing numbers of users, tracking the activity, by checking engagement with content and sent personalised messages with special offers. Narrowing down the funnel it becomes evident that some of the initial questions about the customer's needs and preferences are answered and it offer is more relatable to leads. The engagement at this stage starts to be more proactive with introduction of free trials, pet food samples offer to attract user to the

product itself. Such activities boost user generated content (UGC) lengthening reach to new leads. When user decides to make a purchase, the focus is on clear product design that represents the brand expectation set by previous steps, include the reviews of customers that already used product and highlights the unique benefits, such as convenience, customisation, and tailored to dog car. Additionally, special offers, discounts and first-time user approaches are used to create the feeling of urgency stimulating the purchase. The fifth phase, the purchase, opens with short questionary about the dog bread, age, physical characteristics and health condition strengthening personalised experience of user. Moving to the check out, user receives a tailored dietary plan for pet needs and user's budget. After successful transaction, user receives confirming letter with information about delivery date, content of the parcel and link to the either creation settings or account itself for subscription modification. Retention of the consumer is the key for sustainability as it defines the cash flows and acquisition cost of users. Offering a loyalty programs that rewards long-term usage like additional treats or toys, making presents on dog's birthdays and sending flowers on the day it dies. Continuous work with customers can increases retention rates forming tight connection with product. Final, but one of the most crucial phases of the sales is word of mouth. By now, customers have experienced the full value of the service, and they are not only satisfied but also enthusiastic about sharing their positive experiences with others. The action plan for this stage would be centred around the community building events like joined walks with other users, events, for instance "hot dog day" for dutch hounds, and introduction of referral system encouraging friends to join the app. You can find the visualisation of the funnel below.

TOTAL ADDRESSABLE MARKET SIZE FOR FOLLOW-ON MARKETS

At this step, the calculations for the following market segments and the profit from them are made. This is an opportunity to show investors and team what the business can become after the first sales and helps to plan the growth story, which is critical for a startup. The next identified market to capture is the unified market of goods and services for dogs in large cities for people aged 20-35 and with an income of more

than 700\$ (dog maintenance costs were no more than 15% of expenses). Expansion of advertising and onboarding of more veterinary clinics and grooming salons is needed. The main focus will stay on dogs, not shift to cats, and no change will be made to the current B2B model.

Level	Metric (approx.)	Basis / Calculation & Evidence			
0 Largest demographic group	645 780 dog-owning residents in Kyiv + Dnipro + Lviv	City population $2023 \approx \text{Kyiv } 2.89 \text{ M} + \text{Dnipro } 0.97 \text{ M} + \text{Lviv } 0.72 \text{ M} \rightarrow 4.58 \text{ M}$ people. $\geq 12 \text{ % hh in Kyiv of keep pets . (Vodafone Analytics } 2024) \rightarrow 12\% * 2,5 \text{ (State Statistics } 2022 \text{ (2.5 persons/hh))} \rightarrow 1 347 000$ Dogs are $\approx 47 \text{ % of pet owners own a dog .}$ $\rightarrow 645 780$			
1st segmentation	≈ 116 240 aged 20-35	20- 35-year-olds are \sim 18 % of Ukraine's population (Population Pyramid).645 780 × 0.18 \approx 116 k			
Beachhead end-users	≈ 34872 income > 700\$	income more than 700\$ per month 29 000 UAH threshold \rightarrow average gross salary in Kyiv May-2025 \approx 25 000–25 700 UAH (Work.ua) \rightarrow mean / median ratio \approx 1.03 gives log-normal $\sigma \approx$ 0.50; plugging $\mu = \ln 25$ 400 and σ yields P(wage > 29 k) \approx 30 %			

Table 4.2: Total Addressable Second Market Calculation

BUSINESS MODEL

Overview of business models

The pet care market encompasses a variety of monetization approaches, with traditional commerce models predominating. Traditional models operate on a pay-as-you-go basis, with consumers purchasing specific goods and services through separate transactions. This transactional approach creates inherent risks and increases competitive pressure, as customers retain flexibility and can switch suppliers to buy

pet food or veterinary services. As a result, business revenues remain unpredictable and subject to significant fluctuations.

Choosing a strategic model

A subscription-based monetization model with a tiered monthly payment structure was chosen for UPet after a comprehensive competitive analysis. The evaluation covered nine different business models in key categories, including trading platforms, subscription services, data trading solutions, B2B models, and various subscription architectures (see Table 4.3)

The benchmarking analysis used criteria derived from a 24-step methodology (Aulet) with a focus on customer channels, value fit, competitor fit, and internal fit assessment. This systematic assessment ensured that the chosen monetization strategy was aligned with market requirements.

Ecosystem integration strategy

To achieve optimal value for target customers, a startup must implement multiple business models within its ecosystem architecture. This approach involves building comprehensive solutions tailored to specific categories of customers and their specific requirements. The core product offering consists of a comprehensive subscription that includes both pet food delivery and medical care services, with annual costs spread over monthly billing cycles.

This subscription-based model is proving to be more efficient than traditional approaches in the US and European markets. While in these markets subscription services are mainly focused on the delivery of bonus boxes for pets, the underdeveloped nature of the Ukrainian market opens up opportunities for introducing this product concept at later stages of subscription development.

Model implementation mechanism

Each of the models discussed above has the potential to be partially implemented as part of a broader strategy. The annual subscription model, while suitable for all customer segments, provides the service with increased predictability of costs and revenues over long operating periods. Data monetization is a

viable approach to attracting partners, especially veterinary clinics, and serves as a negotiating advantage when obtaining discounts from pet food manufacturers.

However, the commercialization of data should remain confidential, as proprietary information is a key asset for business development. In addition, this approach cannot be implemented in the initial stages of work due to the limited size of the customer base, which may jeopardize the value of the data and strategic positioning.

Category	#	Model (Revenue Stream)	Revenue unit type	What the user gets (services / goods / features)	Key advantages	
Subscription	1	Monthly Core Subscription (Silver / Gold / Platinum)	Recurring fee / pet / month	Automatic food delivery (30 d) + 24/7 AI vet + minimum grooming quota (1 per qtr.) + dog-training (tier-based) + loyalty tokens	Predictable cash-flow; strong lock-in over pet lifetime	
	2	Annual Subscription	Recurring fee / pet / year	Same bundle as above with 10–15 % saving and one emergency vet call	Up-front cash; lower churn	
	3	Freemium Acquisition Tier	— (booking fees only)	Vaccination tracker, feeding calculator, knowledge base + paid booking of vet / groomer / trainer	Friction-free acquisition & data capture	
	4	Curated Treat & Toy Boxes (Quarterly add-on)	One-off or recurring fee / box	Seasonal box of treats, toys, accessories; auto-upsell inside Core plan	Emotional upsell; giftable	
Services Marketplace	5	On-site Services Marketplace (groomer / vet / trainer)	Service fee + % booking commission	Online booking and fulfilment of partner services; extra visits beyond Core quota are pay-per-use	High margins; expands service breadth; extra ARPU	
Commerce & Delivery	6	Pay-as-you-go Goods (Express / Rx Delivery)	% of transaction	One-off purchases of food, accessories; express or Rx medicine delivery	Diversifies revenue; leverages logistics network	
Financial & Data (B2B)	7	Insurance Commission	% of insurance premium	White-label pet health policy (surgery, trauma, meds) with cashless partner clinics	High trust factor; moat via compliance; low COGS	
	8	B2B HR Package "Pet-Wellness"	Subscription fee / employee / month	Silver/Gold plan for employees + flexible vet wallet	High deal size; low B2B churn	
	9	Data-Insights API (Pet-care Analytics)	\$ / API call or B2B licence	Aggregated, anonymised pet-health & spending data for FMCG, vet chains	Long-term data moat; high gross margin	

Table 4.3.1: Business Model Revenue Stream Comparison

#	Model (Revenue Stream)	Key disadvantages	Customer Fit	Value Fit	Competitor Fit	Internal Fit	Score
1	Monthly Core Subscription (Silver / Gold / Platinum)	Easy to cancel; requires tight ops on fulfilment	A	A	A-	A	A
2	Annual Subscription	Higher upfront commitment for user	B+	В	B+	В	В
3	Freemium Acquisition Tier	No direct ARPU; risk of "free forever" users	A	В	В	B+	B+
4	Curated Treat & Toy Boxes (Quarterly add-on)	Inventory & SKU complexity	В	B+	В	A-	B+
5	On-site Services Marketplace (groomer / vet / trainer)	No-show coordination; partner quality control	A-	A-	A	В	A-
6	Pay-as-you-go Goods (Express / Rx Delivery)	Same-day logistics & cold-chain capex	B+	A-	В	B+	A-
7	Insurance Commission	Regulatory licensing; claim disputes	A-	B+	A	A-	A-
8	B2B HR Package "Pet-Wellness"	Long enterprise sales cycle	В	B+	A	В	B+
9	Data-Insights API (Pet-care Analytics)	Needs large dataset; GDPR/PDL compliance	С	В	A	В-	C+

Table 4.3.2: Business Model Revenue Stream Comparison

PRICING FRAMEWORK

UPet's subscription model is based on a value-based pricing approach. The Premium is only charged on the acquisition moment, highlighting the value for the user. In the case of UPet, this benefit consists of four components: (1) time savings - food delivery eliminates two visits to the pet store each month; (2) regularity - a reminder system and treatment calendar minimize the risk of missing treatments; (3) expert support for newcomers - step-by-step care guides and automatic vet matching; and (4) preventive health, which reduces unexpected treatment costs.

Empirical data shows that today Kyiv dog owners spend from 700 to 15,000 UAH per month on food, depending on the size and class of the diet. Therefore, the lower boundary of "price corridor" is determined by the cost of food and logistics (≈ 560 UAH for Mini-Premium), and the upper boundary is determined by the current maximum costs of the holistic segment ($\approx 8,000$ UAH). Within this range,

adding a 20% premium for automation and content service, which monetizes the benefits described above in practice.

The implementation of a 20% premium on pet food delivery services is economically justified through comparative analysis with traditional retail channels, where physical pet stores maintain average markup rates of 25-30% on pet food products. UPet's subscription model eliminates physical retail infrastructure costs including commercial real estate, creating significant operational advantages. Strategic negotiations with pet food manufacturers have secured preferential wholesale pricing comparable to major retail chains, despite modest initial order volumes. The 20% premium positions the service at parity with, or below, neighbourhood pet store prices while monetizing tangible customer benefits including time savings, service reliability, and expert guidance. This pricing structure ensures customers receive clear economic benefit compared to traditional purchasing patterns while supporting business sustainability and growth objectives.

The price calculation algorithm starts immediately after the user fills out the onboarding form. First, the base cost of the food is fixed according to the size of the dog and the diet class; then a 20% surcharge is applied to it. The amount received is optionally supplemented by regular grooming (proportional to the frequency), a dog training course, insurance, and a unified delivery fee of 300 or 90 depending on whether a courier or a Nova Poshta post office is chosen. For example, an owner of a small breed on premium food, with bi-monthly grooming, the first dog training course, and evening delivery will receive a rate of approximately 2,755 UAH/month; if they refuse the dog training and grooming, the amount will be automatically adjusted to ≈1,200 UAH.

A separate, but strategically important, layer of monetization is the commission for a referred client for veterinary clinics. At the initial stage, work is going to be done without formal agreements: the administrator will manually book visits and invoice the clinic (pilot rate - fixed UAH 80 per consultation). After demand validation, partnership agreements will be signed and automatic tracking of records in the app will be enabled, which will allow us to raise the rate to 8-10% of the check. The long-term goal is to

turn this mechanism into a full-fledged SaaS-CRM for veterinary clinics with electronic medical records and online payments, but the implementation will take place after the core value - automation of feed ordering and delivery - shows stable growth and positive unit economics.

The registration form and price distribution logic are detailed in the pricing framework (see Table 4.4):

Step	Question	Type / Hint
A. Who's in your pack?		
A1	"Привіт! Розкажіть, скільки хвостатих друзів живе з вами?"	Numeric selector (1–5)
B. Let's get to know each pup one-by-one (loop per dog)		
B1	"Як звати вашого хвостика?"	Text
B2	"А скільки <кличка> уже років?"	Age picker (years + months)
В3	"Що найбільше відповідає його(її) статурі?"	Buttons: Mini / Small / Medium / Large / Giant
B4	"Чим зараз смакує <кличка>? (бренд або рецепт)"	Autocomplete text
B5	"До якого класу ви б віднесли цей корм?"	Economy • Premium • Super-premium • Holistic
В6	"Чи є у <кличка> алергії чи дієтичні примхи?"	Checklist + "Hi"
В7	"Грумінг — наскільки часто вам це потрібно?"	• Не треба • Раз / квартал • Раз / 2 міс • Щомісяця
В8	"Чи хотіли б ви додати тренера-кінолога, щоб підсилити командну роботу?"	• Цікаво • Пізніше
C. Health		
C 1	"Нагадувати про щеплення й швидко бронювати ветеринара?"	Toggle ON (безкоштовно)
C2	"Потрібне страхове покриття на раптові витрати?"	Yes / No
D. Delivery & comfort		
D1	"Куди зручніше отримувати коробки?"	• Кур'єром додому • Поштомат «НП»
D2	→ якщо «Кур'єром»: "Введіть адресу, де вас точно знайде кур'єр"	Address field
D3	→ якщо «Поштомат»: "Оберіть номер відділення або поштомату «НП»"	NP picker
E. Finish		
E 1	"Як вас звати та куди надсилати приємні сюрпризи?"	Name + e-mail
E2	"Все готово! Натискайте 'Порахувати мій план', і ми одразу покажемо пропозицію."	CTA button

Table 4.4: Registration Form and Price Distribution Logic

LIFETIME VALUE (LTV) OF AN ACQUIRED CUSTOMER

After developing the business model and setting the initial pricing policy, evaluation of the economic potential of a newly acquired subscriber comes as the next step, with detailed calculations shown in the LTV analysis (see Table 4.5). (LTV) is defined as the cumulative discounted profit generated by an average subscriber over a three-year horizon.

Assessment methodology

- **Primary revenue driver.** The service retains a 20 % commission on the combined "food + delivery" bill.
- Gross margin. Variable costs (payment-processing fees, service charges) equal 10 % of revenue, yielding a 90 % gross margin.
- **Retention assumptions.** Expert surveys indicate that 66 % of users remain after the first month; subsequent monthly churn does not exceed 10 %.
- Average ticket. Average monthly spending on food and delivery is USD 70, implying a per-user monthly contribution margin of USD 12.4.
- **Discount rate.** The cost of capital is set at 50 % per annum (3.33 % per month). Cash flows are discounted over 52 months, reflecting common practice for early-stage ventures.

Results

Year	Cumulative Profit (USD)	Discounted Profit (USD)	Cumulative LTV (USD)
1	72,27	63,17	63,17
2	,	,	,
2	16,853	9,6729	72,8382
3	4,76	1,8504	74,6886
4	1,526	0,3895	75,0781

Table 4.5: Lifetime-value estimation (five-year horizon).

More than 97 % of the discounted value is realised within the first three years; subsequent contributions are negligible. The three-year LTV per customer is approximately USD 74.7. Accordingly, allowable

customer-acquisition spending should not exceed ~USD 24.9 per user to maintain an LTV-to-CoCA ratio of at least 3 : 1—a benchmark widely viewed as critical for sustainable scaling.

SCALABLE REVENUE ENGINE DESIGN

Following the discounted LTV estimate of c. USD 74.7, the next task is to construct a revenue engine capable of delivering rapid market penetration, progressively lowering the cost of customer acquisition (CoCA), and preparing the venture for international expansion. The engine must (a) secure at least 750 paid subscriptions during Year 1, (b) transition from founder-led sales to a product-led-growth (PLG) model within three years, and (c) respect the financial guard-rail CoCA ≤ USD 24.9 as outlined in the channel strategy (see Table 4.6).

Sales Dimension	Year 1	Year 2	Year 3
% Sales by Revenue	30 % field, 0 % inside, 70 % internet (micro pet-influencers, paid SMM)	15 % field, 15 % inside, 70 % internet (scaled influencers, referral WOM, first B2B pilots)	5 % field, 15 % inside, 80 % internet / PLG & referrals
Key Milestones	• ≥ 750 paid subscriptions (50–200 new / mo)• iOS + Android app (personalised plan, vet-map, pet-friendly map)• ≥ 50 % Kyiv vet-clinics onboarded	• ≥ 3 500 active dog customers• 24/7 AI-assistant released (Q2)• Launch of high-margin "Happy Box" (Q3)• "Cat Plan" go-live + partnerships in Lviv & Dnipro	• ≥ 10 000 pet households (dogs + cats)• CRM / API platform for clinics (Q2)• EU pilot city activated (Q4)
Key Assumptions	• TikTok / IG dominate discovery for 22–29 y.o. dog owners• Critical mass of 750 users yields social proof• Clinics value extra foot-traffic	• Organic referrals \geq 40 % of leads• AI-assistant reduces churn to \leq 5 %• Upsell adoption lifts ARPU \geq US \$10	• Platform reputation reduces CAC; PLG loops dominate• Cross-border logistics & compliance achievable in one EU test market
Highest Risk Factors	• CAC may briefly exceed LTV while brand unknown• Same-day logistics failures hurt trust	• Ad-cost inflation; competitor imitation of Happy Box• Supply-side bottlenecks (clinics, groomers)	• Brand dilution during international expansion• Regulatory divergence (pet meds, payments, GDPR)
Summary for Time Period	Customer acquisition driven by niche influencers and founder field-sales; focus on Kyiv to validate product-market fit.	Acquisition becomes progressively "hands-off": referrals, scaled influencer pool, inside-sales monetises upsells; brand gains regional recognition.	Acquisition relies mainly on low-cost PLG and referral loops; revenue mix shifts toward recurring subscriptions, data services, and B2B HR perks; first international foothold established.

Table 4.6: Channel-Mix, Milestones, Assumptions and Risks (Years 1-3)

Year-1 Operational Blueprint

The short-term sales funnel comprises seven stages as detailed in the implementation plan (see Table 4.7). Key quantitative targets are summarised below:

- Lead generation via TikTok/Instagram UGC and local pet communities should deliver ≥ 3 000 leads per month at CPC ≤ USD 0.15.
- A diagnostic quiz on the landing page must convert ≥ 40 % of visitors into suspects.
- A demo video plus a test offer (UAH 990 starter box or free first delivery) should move ≥ 50 %
 of suspects to prospect status at CPA ≤ USD 3.
- Live chat with a veterinarian and a perpetual 15 % referral incentive ought to qualify ≥ 25 % of prospects.
- Seamless checkout (Apple Pay / Google Pay) and 24-hour fulfilment must yield ≥ 20 % conversion of qualified prospects to paying customers, with ≥ 90 % of first orders delivered on time.
- The "Paw-Points" programme is expected to keep monthly churn below 5 % and maintain Net-Promoter-Score ≥ 55;
- A referral architecture targeting ≥ 30 % of new MQL from evangelists should raise ARPU by at least USD 10 through "Happy Box" upsells.

CoCA Drivers and Mitigation

Primary levers for CoCA reduction include migration from paid media to referral-based acquisition, continuous A/B optimisation of creatives, and activation of PLG mechanics (self-service onboarding, AI-powered support).

Principal risks centre on CPM inflation (+20 % p.a. projected), product imitation and operational failures; these are mitigated via a contingency media budget and a freeze-spend protocol whenever rolling seven-day CAC exceeds USD 25

Revenue/Sales Funnel for UPet – Short-Term Implementation (0-12 months)

	Actions & Deliverables	Responsible Role(s)	Key Performance Indicators	Typical Duration
1 Identification → Leads	Lead Generation: Short-form UGC videos on TikTok / Instagram illustrating time savings from a subscription. Watering Holes: Targeted postings in Telegram and Facebook breed-specific groups; sponsorship of local dog-meet-ups.	Digital-Marketing Manager;Influencer Partnerships Lead	 Cost-per-click ≤ US \$0.15 Click-through-rate ≥ 2 % ≥ 3 000 leads per month 	≈ 7 days
2 Consideration → Suspects	Initial Dialogue: Landing page with a ration-calculator and indicative pricing. Value-proposition Confirmation: Automated e-mail / Telegram bot offering a checklist "First Month with a Puppy".	UX Writer;Marketing-Automation Specialist	• \geq 40 % quiz-completion rate • Cost-per-lead \leq US \$0.40	≈ 7 days
3 Engagement → Prospects	Value Confirmation: Product-demo video detailing 24-hour delivery. Budget Confirmation: A/B test between a UAH 990 (≈ US \$25) starter box and free first-delivery offers.	Product Manager; Growth Analyst	• \geq 50 % suspects \rightarrow prospects • Test cost-per-acquisition \leq US \$3	≈ 7 days
4 Purchase Intent → Qualified Prospects	Qualification & Proposal: Personalised feeding plan plus a perpetual 15 % referral incentive. Objection Handling: Live-chat or chatbot addressing dietary, allergy, and brand questions.	Customer-Success Lead;Veterinary-Partnership Manager	• ≥ 25 % prospects → qualified prospects • Median first-response time ≤ 3 min	3–5 days
5 Purchase → Customers	Enrolment: Seamless checkout via Apple Pay / Google Pay. Order Fulfilment: First delivery within 24 hours.	Checkout Engineering Team;Logistics Coordinator	• ≥ 20 % qualified prospects → customers • ≥ 90 % deliveries completed within 24 h	≤ 24 h
6 Loyalty → Satisfied Customers	Retention Mechanics: In-app reminders when two days of food remain; "Paw-Points" loyalty scheme awarding monthly renewal bonuses.	Customer-Support Team;Loyalty Programme Manager	• Monthly churn ≤ 5 % • Net-Promoter-Score ≥ 55	Continuous
7 Advocacy → Evangelists	Monetise: Upsell a high-margin "Happy Box" (treats, toys, gadgets).Refer: 15 % lifetime discount for each successful referral; welcome credit for new users.	Referral-Programme Manager;Influencer Partnerships Lead	•≥30 % of monthly MQL generated via referrals •+US \$10 incremental ARPU	Continuous

Table 4.7: Revenue/Sales Funnel for UPet (0-12 months)

COST OF CUSTOMER ACQUISITION (COCA)

For the initial period (T1) a top-down approach is employed: all cash expenses for marketing and sales are aggregated, support costs for the still-small installed base are deducted (zero in T1), and the net figure is divided by the target of 750 new subscriptions, with detailed calculations presented (see Table 4.8).

Cost Item / Variable	Calculation	USD
SMM Manager	500×12 months	6 000
Vet & Groomer Partnership Manager (3 months)	1 000 × 3 months	3 000
Influencer Fees*	≈ 12 micro-campaigns at 250	3 000
Paid Advertising(CPC 0.15 USD; CTR 2 %)	11 250 clicks p.a.	1 700
Events / minor SMM launches	lump-sum	800
Total Marketing & Sales (TMSE)		14 500
Installed-Base Support (IBSE)	founders only	0
New Customers (NC)		750
Calculated CoCA	(14500 - 0) / 750	19.3 USD
Discounted LTV	§ 5.4	65 USD
LTV / CoCA	65 / 19.3	3.4 ×

Table 4.8: Cost of Customer Acquisition (CoCA) Calculation Data

Sensitivity Analysis

- CPC \uparrow 20 % \rightarrow paid-ads = 2 040 USD \rightarrow TMSE = 14 840 USD \rightarrow CoCA \approx 19,8 USD (+3 %).
- CPC \downarrow 20 % \rightarrow TMSE = 14 160 USD \rightarrow CoCA \approx 18,9 USD (-2 %).

The dominant driver is the cost per click. A 20 % rise in CPC increases CoCA to 19.8 USD (+3 %), whereas a 20 % decline lowers CoCA to 18.9 USD (-2 %). Consequently, the metric is only moderately elastic with respect to paid traffic; the more material levers are influencer fees and payroll discipline.

Operational Thresholds and Response Mechanism

- **Red-flag:** a rolling 14-day CoCA above **30 USD**.
- **Response protocol:** an automatic 50 % freeze of paid-ads spend, immediate pivot to WOM campaigns, and renegotiation of influencer fees after each tranche of 100 subscriptions.

With c. 35 % headroom between the current CoCA (\approx 19 USD) and the trigger level (30 USD), combined with strict spend controls, UPet maintains financial resilience while opening the Kyiv beachhead and prepares a sound base for scaling in T2 and T3.

CHAPTER 5. IMPLEMENTATION AND VALIDATION

KEY ASSUMPTIONS

Adoption of scientific approaches by entrepreneurs facilitate risk mitigating practises by detecting them on prelaunch phases. One of such instances, are hypothesis or how it is extrapolated on business framework - assumptions. Their identification and testing provide insides on business prospects, highlighting miss or invalid data and biased conclusions. The retrospective view on work done sheds the light on parts of the research that needed to be confirmed before launching the minimum viable business product. The assumptions made during each step and their associated risks are systematically analyzed (see Table 5.1). The high level indicates that in case of failure to prove the hypothesis project risks to no be able operate in current market and fundamental changes should be made. Medium risks are effecting the way company is going to perform in terms of attracting customers, the amount of potential users and other related metrics. The last risk level, has low impact on the development of startup, resulting in minor problems.

#	Assumption	Risk level	Impact if Assumption is Wrong
1	Young employed couples need assistance with handling dog's feeding	High	Lack of interest to the product results in its unviability, unless the fundamental idea changes.
2	Extremely limited amount of customers in selected beachhead market	High	Small revenues from insufficient amount of users restrict growth and ability to enter new segments
3	People in creative sector have higher WOM tendency compared to other	Medium	Low WOM increases advertisement cost, and undermines product trustworthy
4	Gen z prefer to order pet food online	Medium	Extension of the demographics requires additional funds reducing the effectiveness of targeting specific group of people
5	Pet plays is on the same priority level as friends or even family member	Low	Despite lower commitment to pet care, owner still needs to feed the dog
6	Couples spend more on pet then other demographics	Low	Despite lower commitment to pet care, owner still needs to feed the dog

Table 5.1: Key Assumptions and Risk Assessment

MINIMUM VIABLE BUSINESS PRODUCT (MVBP)

Having developed the **MVBP** in the form of a one-page website, which can be found at the links "
https://upetsubscription.framer.website/#about-us" Considering target audience and their requests, the final product should be an application, but at this stage fulfilling the key realistic task of showing the value. The plan is to create a waiting list among potential customers and track the demand.

PRODUCT PLAN

Building on the preceding analysis, a comprehensive Product Plan has been formulated for the Upet start-up, structured around three interdependent pillars as detailed in the implementation roadmap (see Table 5.2): (i) a product-development strategy that maps the service roadmap; (ii) an HR strategy that defines the required talent profile and associated hiring costs; and (iii) a fundraising strategy that quantifies the capital required at each stage to sustain scalable growth.

A strategic plan for the development of the UPet platform, which envisages the gradual scaling of its product and service ecosystem over three years.

In **Quarter 1**, efforts are concentrated on validating the market hypothesis through the launch of a minimally viable product—a pet-food delivery subscription—accompanied by clearly defined threshold metrics for lead generation, paid subscriptions, and acceptable customer-acquisition cost. **Quarter 2** focuses on integrating service partnerships (veterinary clinics and grooming salons) and implementing e-health elements, thereby testing the hypothesis of enhanced perceived value as measured by platform visits and the Net Promoter Score.

Quarter 3 foresees the extension of functionality with a medical-insurance module and a premium tariff, both intended to increase average revenue per user and reduce customer churn.

Quarter 4 completes the first year with the launch of an e-commerce component ("Happy Box") and a marketplace, which are expected to raise gross margin and achieve a critical mass of clients.

The **second year** aims to double market capacity by entering the feline segment, introducing a proprietary CRM system for veterinary clinics, and monetizing pet-health data via AI solutions; the plan also encompasses geographical expansion to Ukraine's five largest cities.

During **year three**, preparations for a Series A funding round and pilot launches in EU markets are envisaged, supported by a PwC audit and full regulatory compliance.

Each stage contains precisely formulated key deliverables and critical KPIs that serve as go/no-go criteria, ensuring that managerial decisions are grounded in objective metrics and that implementation adheres to the principles of evidence-based entrepreneurship.

Quarter	Primary Objective / Strategic Hypothesis	Key Deliverables	KPI / Go-No-Go Criteria
		MVP application and website for pet food delivery Pet registration and profile functionality Basic pet food delivery subscription service Pet-friendly establishments mapping Community formation initiation Online pet training courses	• ≥750 leads/month • 50 paid subscriptions • Customer Acquisition Cost (CAC) ≤\$20
Q2 (Months 4-6)	Veterinary/Grooming Booking Integration	Integration of veterinary and grooming booking systems Review and rating functionality Walking route recommendations with ratings "Find a walking companion" feature Partnership development with veterinary clinics Vaccination calendar with reminder notifications AI-powered veterinary consultation	• ≥500 visits/quarter • 150 paid subscriptions • Net Promoter Score (NPS) ≥80
Q3 (Months 7-9)	Medical + Insurance Plan Launch	Electronic medical record system Pet insurance product offerings • Collaborative walking functionality Premium subscription tier including medical services	• Average Revenue Per User (ARPU) +\$8 • 300 paid subscriptions • Monthly churn rate ≤5%
Q4 (Months 9-12)	"Happy Box" Treat Subscription Launch	 Launch of curated treat box subscriptions Pet product marketplace development Partnership network expansion • Cat market preparation Pet hotel and training service launch 	• ≥250 boxes/month • 750 paid subscriptions • Gross Margin (GM) ≥45%
Year 2 (Months 13-24)	Cat Market Launch (+120% Total Addressable Market) B2B Market Entry: Veterinary CRM Data Monetization: Pet-Health AI National Scaling Ukraine + "TreatBox 2.0"	Comprehensive cat market platform launch Proprietary CRM system for veterinary clinics Expansion to 5 largest Ukrainian cities B2B platform for veterinary businesses IoT device integration (GPS trackers, smart bowls)	 ≥5,000 feline subscriptions ≥2,500 feline subscriptions NPS ≥70
Year 3 (Months 34-36)	Series A Investment Readiness Berlin MVP Launch PwC Audit Completion	Pilot launches in Poland and Czech Republic EU regulatory compliance adaptation Platform multilingual capabilities Strategic partnerships with European insurance providers Achievement of 50K+ active users	≥5,000 feline subscriptions ≥2,500 feline subscriptions NPS ≥60 • Customer Lifetime Value (LTV) ≥\$120 Customer Acquisition Cost (CAC) ≤€35

Table 5.2 Product Plan

During the first fiscal year, UPet's operations may be effectively sustained by a core staff of four key specialists, whose recruitment is staggered in accordance with the project's development milestones. In Quarter 1, an Operations Manager—charged with logistics coordination and primary customer support should be engaged at an estimated monthly compensation of approximately USD 1,800. Quarter 2 necessitates the addition of both a Backend Engineer (responsible for the subscription and booking modules; ≈ USD 2,500 per month) and a UX/UI Designer (tasked with optimizing user experience flows; \approx USD 1,500 per month). By Quarter 3, a Marketing Specialist—focusing on paid acquisition channels, brand-content development, and retention mechanics—joins the team at roughly USD 2,000 per month. Strategic management, front-end development, and negotiations with veterinary clinics remain under the direct purview of the founders; therefore, additional partnership or data-science positions are intentionally deferred to the second year of operations. This phased hiring schema yields an aggregate annual payroll of approximately USD 69,600, corresponding to an average monthly payroll of about USD 5,800. Such a cost structure aligns with the grant- and accelerator-funded budget typical of the preseed stage and affords the company a twelve-month financial runway without reliance on debt capital. The accompanying financial strategy for the pre-seed stage adopts a sequenced blend of non-dilutive grants, accelerator financing, and targeted "customer-angel" investments. Initially, the company will apply for competitive grant administered by the Ukrainian Startup Fund (up to USD 25 000) and the Kyiv School of Economics Talent Grant (USD 5 000). Following the technical validation of the minimum marketable prototype (MMP), UPet intends to enroll in accelerator tracks—such as Mission Possible or YEP—that can provide an additional \approx USD 25 000 in exchange for roughly 2.5 percent equity. Concurrently, the venture will solicit tranches of approximately USD 5 000 from highly engaged early adopters, thereby securing incremental capital while cultivating a nucleus of brand ambassadors. A consolidated capital requirement of \approx USD 100 000 has been calculated for the first operating year. This envelope encompasses (i) personnel costs of \approx USD 69 600 (average monthly payroll \approx USD 5 800),

underpinning application development and day-to-day operations; (ii) marketing and customer-

acquisition outlays of \approx USD 20 000, allocated to pilot campaigns designed to attract the first \sim 800 customers; and (iii) indirect and contingency expenditures of \approx USD 10 000 for hosting, legal services, and unforeseen items. Structurally, the round is classified as *pre-seed* with a target of up to USD 0.1 million, to be closed through a mix of grants (\approx 30 percent), accelerator funding (\approx 25 percent), and angel contributions (\approx 45 percent). This composition mitigates early founder dilution, secures a 12-month runway, and establishes a validated platform for a subsequent seed round contingent upon achieving Year-1 key performance indicators (\geq 750 paid subscriptions and gross margin \geq 45 percent).

CHAPTER 6. CONCLUSIONS

Conclusions

This thesis examined the viability of the UPet start-up model — a comprehensive subscription bundling pet food with essential veterinary and grooming services for dog owners in Ukraine's largest cities. The analytical framework combined the Disciplined Entrepreneurship 24-step approach with Lean Startup principles, thus covering the entire innovation cycle from the initial value hypothesis to financial modelling and a roadmap for scale-up.

Market analysis revealed sustained growth in the pet-care segment. Kyiv, Lviv and Dnipro together host more than 645 thousand dog owners, with roughly 1 343 new "first-dog" households entering the target beachhead segment each year. This audience exhibits high digital literacy and a pronounced readiness to adopt integrated service solutions, validating the proposed model.

UPet's concept addresses the user's principal pain points — notably the indirect time costs and fragmented supply of pet-care services. A bundled subscription that unites food delivery, basic veterinary care and grooming can reduce owners' routine workload by 3–5 hours per month and consolidate up to 70 percent of their pet-care budget, generating an annual revenue of USD 560–840 per customer. Financial projections confirm sustainability: the five-year customer lifetime value exceeds USD 67, while initial customer-acquisition costs remain below USD 20, yielding an LTV/CoCA ratio of 3.4 and providing a safety margin for expansion. An additional competitive advantage lies in UPet's ecosystem approach: at the time of research, no local competitor offered an integrated solution combining food, veterinary services and grooming under a single subscription supported by a partner network of clinics and salons.

The growth strategy foresees staged expansion once the primary segment is secured: launching subscriptions for cat owners and multi-pet households, introducing B2B "Pet Wellness" packages for employers, and developing a CRM/API platform for veterinary clinics with subsequent entry into Central

and Eastern European markets. The study also identifies manageable risks — marketing-cost inflation, logistical disruptions and regulatory barriers to international expansion — and proposes mitigation mechanisms, including a spending freeze trigger, contingency budgeting and phased implementation of product-led-growth techniques.

In sum, the research confirms UPet's potential to become Ukraine's first full-cycle pet-tech service. The convergence of favourable market dynamics, validated consumer demand, robust unit economics and a clearly defined scale-up programme makes the project attractive to both end users and investors. Implementing the thesis recommendations should enable UPet to achieve positive cash flow within its first commercial year and lay the groundwork for regional expansion, fostering an ecosystem focused on the health and welfare of companion animals in Ukraine.

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