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Giftify: Introducing Sustainable Gift-giving through Ai-powered Personalization

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Abstract

This thesis presents *Giftify*, an AI-driven platform transforming gift-giving with personalized, ethical, and sustainable recommendations. Giftify leverages AI and low-code technology to provide thoughtful suggestions aligned with recipients' preferences and values while emphasizing sustainability. The research outlines the platform's development as a minimum viable product (MVP), conducted within a master thesis, and covers market analysis, technical solutions, and monetization strategies. Positioned at the intersection of personalization, e-commerce, and sustainability, Giftify aims to enhance the gift-giving experience, creating meaningful connections and promoting ethical consumer behaviors while building a scalable and impactful business model.

The financial section focuses on establishing a solid economic foundation for the platform. It outlines the main cost drivers, revenue streams, and profitability projections, providing a comprehensive overview of the platform's financial sustainability. Core elements include the development of a detailed cost structure, revenue forecasts, and key performance indicators, along with an analysis of customer acquisition strategies and funding requirements. By combining financial modeling with realistic growth assumptions, this section demonstrates how Giftify can achieve long-term profitability while aligning ethical consumerism with a viable business model.

Keywords: Sustainable Gift-giving, Business Plan, Personalisation through AI, Low-Code/No-Code Technologies

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List of Abbreviations

AI = Artificial intelligence

CAGR = compound annual growth rate

MVP = Minimum viable product

CAC = Customer acquisition costs

DCF = Discounted Cash Flow

WACC = Weighted Average Cost of Capital

KPIs = Key performance indicators

CLV = Customer Lifetime Value

IRR = Internal Rate of Return

1. Introduction

1.1. Background

Gift-giving is a universal cultural practice that symbolizes affection, fosters social connections, and commemorates important milestones (Mauss 2002). Traditionally, gifts have served as meaningful gestures that reinforce relationships (Belk 1977). However, with the rise of e-commerce and the overabundance of consumer options, the gift-giving process has become increasingly challenging, leading to what Schwartz (2003) describes as "choice overload." This phenomenon overwhelms consumers with a multitude of choices, often causing decision paralysis and decreasing the satisfaction that comes with choosing a meaningful gift.

In tandem, consumer preferences have also evolved, with an increasing focus on environmental sustainability and ethical consumption. This shift is particularly pronounced among Millennials and Generation Z, who increasingly demand products that align with their values—such as sustainability, ethical sourcing, and social responsibility (Nielsen 2018; Deloitte 2020). However, the traditional gift-giving industry has struggled to adapt to these changes. Many platforms continue to offer generic, mass-produced products that fail to meet personalized needs or sustainability expectations (Rahman 2022). This gap between consumer preferences and market offerings has created a significant opportunity for innovation in the gifting space.

The introduction of advanced technologies, particularly artificial intelligence (AI), has paved the way for transforming the gift-giving experience. AI can help alleviate choice overload by narrowing down the vast selection of available products to those most suited to the recipient, thereby making gift-giving more personalized and meaningful. Furthermore, by integrating a commitment to sustainability, platforms can contribute to more responsible consumer behaviors.

1.2. Purpose of the Study

The purpose of this master's thesis is to explore the development and potential impact of Giftify, a unique gifting platform that aims to revolutionize the gift-giving experience. Giftify seeks to solve the problem of choice overload, lack of personalization, and unsustainable practices by leveraging advanced AI and adhering to principles of ethical consumerism. The primary goals of this study are:

- To analyse the current state of the gift-giving market, identifying gaps and opportunities.
- To examine the theories of personalization, sustainable consumerism, and the use of AI in e-commerce.
- To detail the conceptualization and implementation of Giftify's platform, covering its technical solutions, features, and operational strategies.
- To evaluate the market potential, financial viability, and growth opportunities for Giftify.
- To contribute to the discourse on ethical consumerism and demonstrate how technology can facilitate sustainable consumer practices.

This thesis analyses Giftify's business model and strategies, demonstrating how the platform meets changing consumer demands and promotes ethical practices consumerism.

1.3. Structure of the Thesis

This thesis is divided into several chapters, each addressing key aspects of the study. It begins with a shared section that provides a literature review, offering an overview of current and relevant trends. Following this, Paolo defines the core problem, conducts various market analyses, and outlines Giftify's target market.

Next, the proof of concept is presented, incorporating specific direct research methods. The group section continues with a description of the business, its products and services, the technical implementation, and the validation of the MVP. Marcus then examines the different revenue streams and customer acquisition strategies, while Zino focuses on the financial

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foundation supporting Giftify. Finally, Victor explores the various phases of Giftify's development, discussing strategies for expansion and risk minimization.

The thesis concludes with a future outlook, providing a well-rounded perspective on the potential opportunities, challenges, and developments that lie ahead for Giftify.

2. Literature Review

The business plan for Giftify builds upon a literature review that provides relevant insights into key areas closely connected to the new platform. This literature review explores gift-giving, consumer behaviours, e-commerce, sustainability, personalization, and AI. By delving deep into these six different areas, key insights are emphasized, providing a foundation for developing a complex business model for Giftify and demonstrating the need for such a platform over available alternatives.

2.1. Gift-Giving and Consumer Behaviour

The action of giving a gift is a universal behaviour that plays an important role in social relationships and is completely integrated into our society (Belk, 1996). The gift exchange is a common form of expression of one relation to another. Research in consumer behaviour has investigated the motivations behind gift-giving, finding factors such as altruism, reciprocity, obligation, and self-expression to be the source (Sherry, 1983).

This action often requires a complex process of reflection, which often requires time to find an appropriate gift for the relation between the individual gifting and the receiver of the gift. Nowadays, it has become even more complicated due to the enormous choice of gift options that are available to us (Doshi and Noble 2023). This reminds us of the “paradox of choice”, a concept introduced by psychologist Barry Schwartz which suggests that the more options we have, the less satisfied we feel with our decisions (Liu & Shrum, 2012; Pilat & Krastev, 2023). Schwartz (2004) also introduced, with this paradox, the concept of “choice overload”, which is when an individual is overwhelmed by the amount of choice. Choice overload requires more effort and can often lead to increased anxiety and difficulty in decision-making, which, in the context of gift-giving, can hinder the ability to select a meaningful gift.

2.2. E-commerce and Personalization in Retail

E-commerce has boomed since 2020, particularly due to the COVID-19 pandemic. This drastically increased the need for e-commerce, and sales numbers are expected to keep rising. By 2029, E-commerce user penetration is projected to reach more than 55% of the European population, with a projected market volume of US\$977.4bn, showcasing the importance e-commerce has taken in our lives (Statista 2024).

Within the e-commerce sphere, personalized retail has also taken its place. Thanks to new technologies as well as advances in existing technologies, it has now become common to have real-time personalized content available (Perea & Duan, 2022). According to Kaptein and Parvinen (2015), not only does personalized content generate more clicks, but it also produces higher spending per customer, which in turn increases revenues.

Personalization has become so popular that consumers seek it. Accenture (2018) found that 83% of consumers are willing to provide personal data to have a more personalized experience. This shows consumers' real willingness to have more tailored online experiences for themselves, even at the expense of their data.

AI is a great opportunity for personalized retail. In their research on the impact of artificial intelligence on consumer buying behaviours, Dai and Liu (2024) found that AI can have a very positive impact on consumers who are continuously searching for more customized shopping experiences. By using the power of AI to analyse consumer data, companies can increase customer loyalty and enhance repeated purchases (Binns, 2016). AI-powered chatbots and other personalized recommendations can offer better overall customer satisfaction.

2.3. Sustainable Consumption

With the rise of personalized retail in e-commerce, the increasing focus on sustainable consumption shows a parallel shift in consumer priorities. Shoppers are increasingly seeking

not only tailored experiences but also environmentally and ethically responsible choices (Jackson 2006; De Groot 2024).

Sustainable consumption is becoming an increasing trend, which has been recorded by Szegedi (2020) who found many steps and lifestyle changes taken by consumers in order to have a smaller impact on the environment when consuming. This is even more apparent for Gen Z consumers who are looking for sustainable retailers and brands and are willing to spend up to 10% more on sustainable products (Petro, 2021).

However, sustainable consumption is more complicated than it seems. According to Young et al. (2010), individuals need to have strong green values and experience purchasing sustainable products. Consumers also need to have time to research and make an informed decision and finally have a good understanding of relevant environmental issues. This all shows that recommendation systems can be helpful in saving time and incorporating sustainability in decision-making.

Ethical consumption has also grown in more recent years as part of sustainable consumption but rather focuses on the social aspect of it. Ethical consumption is the idea that goods need to be ethically sourced, manufactured and distributed, which, for example, ranges from fair trade to human labour practices or even animal welfare (World Vision, 2022). This segment of sustainable consumption has gained visibility in recent years due to disasters such as the Rana Plaza collapse in 2013 and, more recently, the persecution and use of Uyghurs in the production of goods sold worldwide, which is making consumers more aware of the ethical implications of their purchases. This is changing how retailers produce goods and services in order to meet consumers' needs for more transparency and accountability.

2.4. Artificial Intelligence in Recommendation Systems

Besides sustainability, AI is another megatrend that has found its way into the mainstream, revolutionizing many aspects of life, not only for individuals but also for companies (Haluza

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and Jungwirth 2023). From the way companies operate and interact with clients to the way they approach new marketing strategies, AI opens many opportunities for firms willing to take advantage, including new products and services and a general increase in productivity (Makridakis, 2017).

The retail and gift-giving sectors are among the most impacted businesses, as AI contributes to making the shopping experiences smoother and more engaging (Binns, 2016). In the context of e-commerce, AI is contributing to making recommendations more accurate by analysing complex customer patterns and interactions such as purchases, clicks, and ratings. In this manner, companies can now better target consumers preferences and needs (Wang & Slowik, 2024).

One of the main disruptive innovations brought by AI is new recommendation systems for consumers. AI leverages the power of a large volume of data to supply consumers with the best offers and purchasing tips based on their preferences, behaviour, and demonstrated patterns.

When it comes to data, ethical considerations also need to be addressed because AI requires a large amount of data to provide relevant outputs. This intersection between technology, legality, and ethics creates a particular challenge that companies need to address, applying robust frameworks to remain accountable and transparent regarding the handling of users' data (Mack, 2023).

Artificial intelligence is becoming more efficient daily with progress in computing, data, and algorithms. However, algorithms are the biggest driver of progress within AI. Algorithms are the procedures or formulas used by computer systems to solve issues and complete tasks (Brown et al., 2024). AI also needs to continuously learn to remain relevant and maintain performance. This process is essential and helps the algorithms refine their outputs, which increases user satisfaction (West & Allen, 2018).

2.5. The Intersection of Personalization and Sustainability

Personalisation and sustainability are both concepts that are sought after by consumers, but the intersection between the two creates a real opportunity for companies. Furthermore, personalisation or customisation can be a great tool in order to reduce waste and hence increase sustainability. Tailoring productions or recommendations to the client's exact needs may avoid unnecessary consumption (Boër et al., 2018). When it comes to product recommendations, personalisation can also focus on the core ethical values of the users, allowing them to easily find products that align with their principles.

According to White et al. (2019), identification leads to interaction, which occurs when individuals identify with sustainable advertisements, products or services. Customizing to the client's personality increases the probability of the client's engagement with it. AI can assist with this opportunity by creating catered outputs to the exact aspect of each user, both for personality traits and for ethical issues important to them. Recommendations systems that assist users in making more customised environmentally friendly decisions with the use of AI are perfectly combining sustainability, AI, and personalisation (Felfernig et al., 2023)

However, the greenwashing challenge remains important to consider regarding sustainability, even if personalised. Consumers have difficulty analysing labels and other claims made about products and services available because corporations intentionally mislead and create false sustainability claims to sell more goods and services. Here, new laws and regulations can assist in protecting consumers (European Commission, 2023).

In summary, the literature review underscores Giftify's potential to fill market gaps. By reducing choice overload and leveraging AI-driven personalization for sustainability, this model capitalizes on emerging trends. The combination of personalization, e-commerce, and sustainability aligns with changing consumer values and offers a scalable, ethical approach to modern retail, establishing the foundation for Giftify's strategic vision.

3. Proof of Concept

The literature review and market analyses underlined the challenges and opportunities in the gift-giving market, the existing choice overload, lack of personalization, and growing consumer demand for sustainable and ethical consumption. Building on these insights, this section validates these problems through primary research and provides a rationale for Giftify as the solution.

3.1. Defining the Problem

Gift-giving is a practice deeply rooted in human civilization, and it has grown significantly more complex in the digital age. The gift-giving market is confronted above all by two problems: an overload of choices and customer preferences that increasingly demand greater sustainability and personalization. This is reflected in the literature review as an explosion of e-commerce sites, resulting in choice overload for consumers. While choice theoretically empowers buyers, excessive options often lead to decision paralysis, anxiety, and dissatisfaction. Barry Schwartz's "paradox of choice" (2004) illustrates how too many options can erode the decision-making process. Due to lack of time or frustration, consumers often opt for impersonal and generic offers (Liu & Shrum 2012; Pilat & Krastev 2023). In addition, consumers today, especially millennials and Gen Z, place a high value on sustainability and ethical business activities (Petro 2021). Nonetheless, the retail market is still flooded with an oversupply of mass-produced, unsustainable goods that are often advertised with false greenwashing claims. This discrepancy between what customers want and what is available on the market makes it harder to find personal and sustainable gifts.

3.2. Validating the Research

To validate the need for Giftify, a comprehensive approach was undertaken, involving both quantitative and qualitative measures with an online survey and street interviews, to gather insights on consumer behaviours and challenges related to gift-giving. These methods aimed to

identify existing pain points in the gift selection process and assess the potential interest in an AI-powered gift-finding tool.

3.2.1. Quantitative Survey Insights

The survey, as represented by the diverse pool of respondents, has brought to light that people face several challenges while finding a perfect gift. Diversity is ensured by a largely equal mix of male and female respondents, as well as a diversified mix of incomes and educations. A total of 97.1% of participants reported that they find it at least sometimes difficult to choose a gift for their loved ones, hence the need for Giftify. Moreover, at least 77.5% were not satisfied with the available tools for finding gifts. Missing personalization, as well as choice overload and sustainable concerns were among the highest ranked answers. The survey also shows that customers are very open to innovative solutions for their gift-finding problems: 98.4% of respondents could see themselves using an online gift-finding tool, again proving the market potential for Giftify. The survey also provides insights on shopping habits: 70.4% of participants indicated that they frequently use web browsers to purchase gifts, while 87.3% noted that they buy at least occasionally (a few times a year) gifts throughout the year online. Of the respondents, 97.2% reported purchasing two or more gifts in a year, with the majority of these buying between two and ten gifts. These results further emphasize how frequent and repetitive gift-giving is, creating a growing demand for a more efficient and customized approach. In line with this, respondents finally indicated that they could imagine using a gifting tool (97.2%). At the end of the survey, respondents underlined the need for introducing sustainable gift-giving with preferences for sustainable considerations while gifting plus even 66.2% indicating that dependent on the price they would even be willing to pay a premium for sustainability. All of these results can be found in Appendix 1.

3.2.2. Qualitative Street Interview Guide

To complement the survey, street interviews were conducted using a guided framework to explore consumer opinions more openly and qualitatively. Participants were asked questions from a structured interview guide including:

1. How difficult do you find it to come up with the right gift for your loved ones?
2. What are your main problems when choosing a gift?
3. How important is personalization to you when selecting gifts?
4. When you are browsing for gifts, would you prefer a wide selection or a narrow, curated selection?
5. In the context of gift shopping, how highly would you rate sustainability?
6. Could you imagine using an online tool for finding gifts, and under what conditions?

The street interviews mirrored the survey results; many respondents mentioned the length and stress involved in choosing gifts, especially for good friends or family. The interviewees began to stress that personalization was the key for most of them; they wanted recommendations tailored to their needs, which would really improve their shopping experience. Many participants also complained about the repetitiveness and lack of inspiration in current tools, thus reinforcing the need for a new platform like Giftify. Overall, the validation process demonstrated a clear market gap and strong consumer demand for an AI-driven gift-finding tool that prioritizes personalization, convenience, and sustainability. These insights provide robust support for Giftify's concept and strategic direction.

3.3. Rationale for Giftify

Giftify's innovative business model aligns with the emerging trends identified in the literature review, as well as in the surveys and interviews. By addressing choice overload, promoting sustainable consumption, and offering a personalized user experience, Giftify aims to introduce

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sustainable and personalized gift-giving. Its dual focus on personalization and sustainability not only meets current consumer demands but also anticipates future market trends, enabling scalability and long-term relevance.

Giftify aims to solve a market gap by providing a simple, personalised, and sustainable way to select gifts. The platform integrates advanced technology with thoughtful curation, removing the stress from gift-giving and helping users select gifts that are genuinely appreciated. By focusing on leveraging AI-driven personalisation and ensuring an easy and intuitive user experience, Giftify is uniquely positioned to transform the gifting industry.

4. Business Description

After literature and markets have been researched and primary research has been carried out through surveys and street interviews, the following paragraph explains the product Giftify itself.

Giftify is an innovative platform dedicated to improving the gift-giving experience of users by making it personalised and sustainable. In a market often characterised by overwhelming choices, impersonal gifts, and products that fail to meet ethical standards, Giftify stands apart by simplifying the gift selection process while focusing on sustainability and personalisation. By utilising advanced AI technology, Giftify aims to make every gift thoughtful, ethical, and uniquely suited to the recipient.

Giftify's core mission is to reinvent the experience of giving gifts, shifting away from the often hurried and impersonal approach toward a more meaningful and environmentally responsible process. Our vision is to be the go-to platform for personalized and sustainable gift suggestions, allowing gift-givers to create memorable experiences while contributing to a healthier planet. Giftify is committed to building relationships that matter, not just between individuals but also with our environment, fostering a responsible approach to consumerism.

At the heart of Giftify lies an AI engine that leverages contextual understanding to deliver tailored gift recommendations based on users' input about the recipient, such as their age, interests, hobbies, and personality. This technology, powered by OpenAI's ChatGPT, helps narrow down the overwhelming variety of choices to a curated selection of gifts that fit the recipient's personality and preferences. Unlike traditional gift recommendation platforms that provide generic options, Giftify strives to create a personalized and memorable experience.

Our platform is built using Bubble.io, a leading no-code development platform that allows us to rapidly iterate on design and efficiently bring our platform to market. We chose Bubble.io because of its scalability, rapid prototyping, and ease of use. It enables us to deliver a robust and visually appealing platform without requiring extensive software engineering resources.

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This not only allows us to save time and reduce costs during the development phase but also makes it easier to integrate user feedback quickly into our product.

Giftify will operate as a Gesellschaft mit beschränkter Haftung (GmbH), a German form of a limited liability company that provides flexibility in management and structure. This legal framework is well-suited for a growing company like Giftify, offering liability protection to the founders while also being attractive to potential investors. The GmbH structure allows us to ensure stability as we grow, providing a foundation for future expansion and investment opportunities.

Ultimately, Giftify is not just a platform it is a tool for creating meaningful moments, strengthening relationships, and contributing to a culture of sustainability. Through innovative technology and a clear commitment to ethical values, Giftify seeks to redefine the gift-giving experience and promote thoughtful consumer choices that benefit individuals and the planet.

5. Products and Services

The following section will provide an overview on the technology used for building Giftify's MVP in form of AI & Machine learning algorithms, Low-Code/No-Code Technologies, bubble.io as well as an overview over current features as well as planned features for Giftify to increase user experience.

Giftify is designed to redefine the gift-giving process by making it personalised, meaningful, and sustainable. We aim to build an intuitive platform that helps users find the perfect gift for any occasion through the use of advanced technologies and ethical partnerships. This integrated products, services, and operations plan highlights the technical aspects of the platform, AI and machine learning algorithms, no-code technologies, and detailed operational strategies that contribute to Giftify's effectiveness, scalability, and user-centric experience.

5.1. Technical Solution Overview

Giftify's web-based platform is developed using Bubble.io, a leading no-code development tool that enables rapid iteration and reduced costs compared to traditional development methods. The MVP of Giftify integrates several interactive features, including user input capture, preference analysis, and backend algorithms, to provide users with tailored gift suggestions.

The technical solution prioritizes scalability, allowing the platform to handle a growing user base while processing large volumes of data for highly personalized recommendations.

Giftify's backend infrastructure comprises a robust database that stores information such as user preferences, purchase history, and partner gift inventory. This data is processed by an AI-based recommendation engine, ensuring seamless and intuitive navigation from the initial interaction to checkout. Our platform is built for accessibility, allowing users to browse and select gifts from any device at any time, providing a consistent user experience across all channels.

To accommodate growth and manage peak traffic during high gift-giving seasons like holidays and special occasions, we use cloud-based infrastructure to ensure scalability. This

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infrastructure supports real-time data processing and integration, allowing Giftify to continuously refine and evolve based on user feedback and market trends. . Moreover, the platform allows us to easily integrate third-party data sources, making it straightforward to add new ethical brands and expand our inventory as our user base grows.

The platform's agile development strategy ensures that Giftify remains responsive to user needs and can adapt quickly to the shifting demands of the gifting market.

5.2. AI and Machine Learning Algorithms

OpenAI's ChatGPT powers the personalized recommendations at the heart of Giftify's value proposition. This AI engine considers multiple user inputs, such as age, gender, occasion, relationship to the recipient, and hobbies, to generate highly personalized gift ideas. Unlike traditional rule-based engines, ChatGPT provides contextual understanding, allowing users to interact with the platform more engagingly.

Giftify integrates machine learning algorithms that use continuous feedback loops to further enhance the recommendation quality. User data is collected at various touchpoints—such as product selections, conversion rates, and explicit user feedback—and then used to refine the AI model. As a result, the AI engine becomes increasingly better at making relevant suggestions with each user interaction by learning from them, helping build a loyal customer base. By utilizing advanced machine learning, Giftify aims to provide an experience that grows more intuitive the more users interact with the platform, ultimately ensuring users return to Giftify for future gifting needs.

5.3. Low-Code/No-Code Technologies

The choice of Bubble.io as our development platform was a strategic decision made for several reasons: ease of use, speed of development, cost efficiency, and scalability. Bubble.io, a no-code development platform, empowers the team to create sophisticated web applications without needing extensive coding knowledge. This aligns perfectly with Giftify's goal of rapidly

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developing an MVP, validating its market fit, and scaling without incurring the heavy costs associated with traditional software development cycles.

Bubble.io offers a highly visual drag-and-drop editor, simplifying the process of building user interfaces, defining application logic, and connecting with external databases or APIs. This feature has been instrumental for Giftify in quickly testing and iterating new features based on user feedback, enabling an agile and user-responsive development process. The global no-code market is expected to grow at a CAGR of 26.7%, reaching \$65 billion by 2027 (Statista, 2021), which reflects the increasing preference for these platforms due to their ability to democratize application development and reduce costs.

Bubble.io seamlessly integrates with third-party APIs, allowing Giftify to connect with ethical brands and import product catalogues to enhance our users' gifting options. Scalability is another significant advantage of using Bubble.io, as it ensures that the platform can manage increased web traffic during peak times, such as holidays or promotional campaigns, without any interruptions in service.

Bubble.io's cloud-based infrastructure is designed to accommodate sudden spikes in user activity. Its extensibility allows us to integrate further backend features as the platform grows in complexity. By allowing us to concentrate on building a rich front-end experience and making API integrations easy, Bubble.io has positioned itself as the perfect no-code tool for the initial phase of Giftify's development.

5.4. Platform Features and User Experience

Giftify's platform is carefully designed to offer every user a smooth, personalized experience. The user interface, powered by Bubble.io's visual tools, incorporates intuitive elements that make providing recipient information simple and easy. Users can input details about the recipient, such as their relationship, preferences, and special occasions. ChatGPT processes this data to generate tailored gift suggestions. **Through the gift discovery quiz** the platform

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includes a quiz that helps users discover suitable gift ideas by asking questions about the recipient's interests, hobbies, preferences, and occasion. This interactive experience makes the gift-finding process more engaging. The users can select occasion-based themes such as "Christmas," "Valentine's Day," or "Housewarming," which provide curated gift lists suitable for those specific occasions. In addition users can set a specific budget, and the AI algorithm will recommend gifts that fit within that budget, ensuring that the suggestions meet the user's financial requirements.

In addition to personalised suggestions, Giftify plans to implement experiences that align with recipients' interests, such as wellness retreats, creative workshops, or adventure-based activities. This future focus on experiences ensures that users can access a broader range of options beyond just physical items, making gift-giving a more unique and enriching experience. Moreover, Giftify plans to implement a screening scheme vetting future partners to meet standards for sustainability, ensuring that each gift aligns with the values of ethical consumerism.

These features are designed to make Giftify an intuitive and highly personalized platform that not only offers relevant gift suggestions but also ensures that the products align with our users' values, particularly their focus on sustainability and ethical consumerism.

5.5. Ethical Partnerships and Supply Chain Management

Giftify's supply chain strategy is focused on partnering with ethical and sustainable brands that align with our mission. After reaching a sufficient market size, Giftify plans to partner selection involves a rigorous due diligence process, where we assess the sustainability credentials of potential partners, including fair labour practices and environmental impacts. This aligns Giftify with the values of our target demographics, particularly millennials and Gen Z, who are increasingly committed to making ethical consumer choices. According to Nielsen (2020),

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nearly 73% of global consumers are willing to change their consumption habits to reduce their environmental impact. Giftify's approach to ethical partnerships and inventory management also includes a dropshipping-style model that reduces overhead costs. We serve as a bridge between ethical gift producers and consumers, meaning we do not hold physical inventory. This asset-light model enables us to scale rapidly without logistical complexities, allowing us to focus more on curating a high-quality, sustainable gifting experience for our users.

6. Implementation & Limitations

6.1. Implementation

After introducing Low-Code/No-Code Technologies as well as bubble.io itself in the sections before, this chapter focuses on the technical implementation of Giftify itself. Giftify is built on Bubble.io, a no-code/low-code platform that enables the creation of web applications without any further programming knowledge. It operates through certain workflows. A workflow is a chronological sequence being executed when a certain event takes place. These workflows operate through actions working on a “if → then” basis and consist of three components. These are events, actions and conditions. An event defines what triggers the workflow. An example might be a button which is clicked or a page that is being loaded. Afterwards, the actions take place. These are the steps executed by the workflow after it was triggered. These actions are predefined steps that the application needs to take in order to satisfy the required functionality. For example, this might be a navigation taking place leading the user to a new page or an external API being addressed. The actions are executed by certain commands, which are automatically executed by bubble. For example, in the "Show Popup A" action, the command that changes the visibility property of "Popup A" sets it to true. Conditions are optional and define when an action is executed. Attached, the sequence is depicted. Overall, the workflows contain the whole logic and structure of events, actions and optional conditions taking place.

In other words, events, actions and commands are combined in a workflow to create a seamless interaction. The event starts the process, while the actions define the operations that need to be performed in order to reach the goals of the workflow. Each step builds upon the previous one, gradually conducting commands responsible for updating interfaces, communicating with esystem, storing data, and managing dynamic states.

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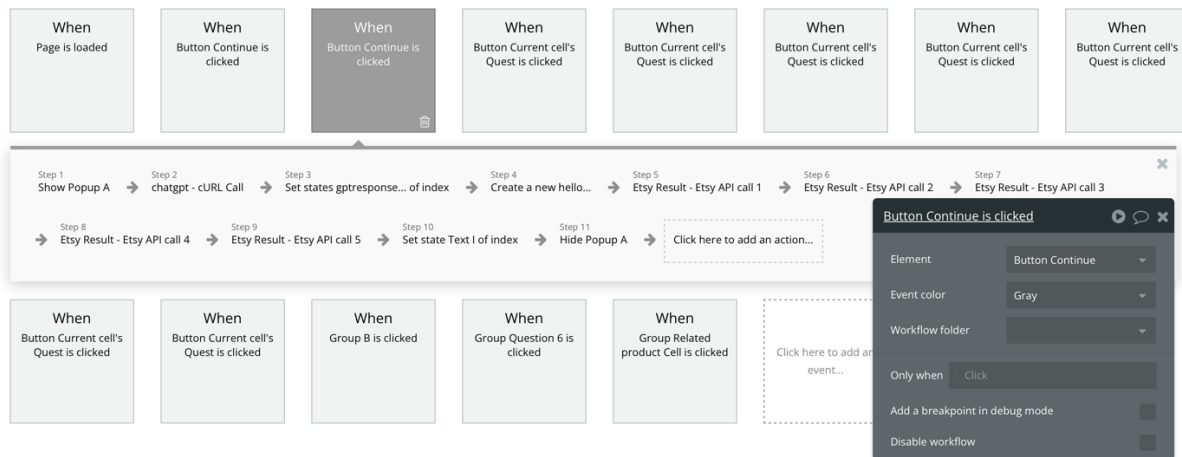


Figure 1: Workflow "When Button is Clicked"

The workflow shown represents a key aspect of Giftify's MVP, focusing on the integration of an external gift recommendation process and product listing. In this case, the workflow containing the whole structure is "when button Continue is clicked". This workflow is triggered by the event "Button is clicked". The "Only when" section in the black box on the right-hand side defines the condition under which the workflow is executed. In this case, it is "Click" meaning that if the button is clicked, the workflow starts. Subsequently, it makes a series of API calls and sets states to gather and present information to users. The first action, "Show Popup A", updates the user interface by making the "Popup A" element visible. This step sets the stage for user engagement by providing additional content or options.

The process flow aims to provide users with suitable gift recommendations based on their specific needs and characteristics. The workflow is structured to gather information from the Etsy API, despite our original preference for using Amazon's Affiliate API. Amazon was initially prioritised due to its extensive product catalogue and higher potential for affiliate commissions, which was the basis for our financial projections and monetisation strategy. However, due to the restrictive requirements of Amazon's API approval process, which include a demonstration of consistently high traffic and a credible business profile, we were not accepted for integration. Etsy was selected as an alternative due to its ease of implementation

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for showcasing the MVP. It offered a practical solution during the MVP phase by enabling us to create a product recommendation system that generates a final recommendation without relying on an API or affiliate program.

In our financials and monetisation strategy, Amazon was used as the primary affiliate platform, as it offers a well-established affiliate program that could generate significant commissions due to its higher product prices and broader availability. Etsy, while valuable for providing unique and handmade items, does not offer the same level of affiliate integration or commission structure. This discrepancy is addressed by our intention to transition to Amazon once Giftify reaches a sufficient user base and monthly traffic, which should facilitate successful acceptance into Amazon's affiliate program. This is also the reason we chose to make our financial projections using Amazon. Therefore, Etsy serves as an interim solution to enable a functional MVP that validates our core concept. Our long-term vision involves using Amazon as a preferred option for scalability, financial sustainability, and higher affiliate earnings.

The workflow involves multiple Etsy product integrations, not just one, to showcase diverse product options to the user in the future. Since we could not secure affiliate or API partnerships with either Etsy or Amazon, we implemented a product search feature on Etsy, which allows users to explore the one suggested product. The multiple Etsy API calls, labeled as "Etsy Result - Etsy API call 1, 2, 3, 4, and 5," are implemented for the future to ensure variety and to test the effectiveness of multiple product listings, which can be used as soon as we would be allowed to use the Etsy API. This is a strategic decision to demonstrate the platform's capability to offer multiple suitable options, similar to what we expect to achieve with Amazon once integration is possible. This approach also aligns with our hypothesis that presenting multiple curated choices increases user satisfaction and the likelihood of conversion. In future development, multiple choices will be displayed.

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A core aspect of this workflow is the cURL call to ChatGPT, which is instrumental in generating personalized gift recommendations. The prompt sent to ChatGPT is as follows:

"I'm looking for a gift for a index's q1's Display who is a index's q4's Display who is a index's q3's Display years old and has a index's q5's Display personality. The gift is for a index's q2's Display, with a budget of index's q7's Display. They enjoy index's q6:each item's Display and would prefer something they can use with a sustainable background. Ideally, the gift would be [specific characteristics, e.g., personalized, practical, luxurious, eco-friendly. after all analysis, just give a single gift that is the best based on all the information provided. return the gift name only."

This prompt includes several key components:

1. **Recipient Characteristics (q1, q3, q4, q5):** These questions gather specific details about the recipient, such as their identity, role, and personality traits. This information is essential for tailoring the gift recommendation to the recipient's unique needs and preferences.
2. **Relationship to Giver (q2):** This identifies the nature of the relationship between the giver and recipient, which can influence the appropriateness of different gift types. For example, gifts for family members may differ from those for professional colleagues.
3. **Budget (q7):** Budgetary constraints are critical for narrowing down options to items that are financially feasible for the user. By specifying a budget, the system ensures that recommendations remain realistic and within the user's means.
4. **Interests and Preferences (q6):** This question seeks to understand the recipient's hobbies, preferences, and practical needs, such as whether they would prefer something useful or experience-based. Including these preferences ensures that the

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recommendation aligns well with the recipient's interests, increasing the likelihood of satisfaction.

5. **Gift Characteristics:** The final part of the prompt includes optional characteristics for the gift, such as personalization, practicality, luxury, or eco-friendliness. This allows the user to further specify what they value in the gift, thus guiding the recommendation engine toward a more suitable selection.

This list of questions is asked of the users (see Appendix 2). Upon receiving the response from ChatGPT, the workflow stores the generated gift suggestion using the action “Set state get the response” in a custom state, which is then used for subsequent Etsy API searches. Each Etsy API call searches for a product related to the generated recommendation. Before sending the response from ChatGPT to Etsy <https://jsonlink.io> is addressed. It is an API that transmits static JSON (JavaScript Object Notation) data into publicly accessible links. JSON is an easy-to-read data format used for the exchange between systems like web applications and users. It is often used for the development of web applications and for APIs as it is supported by almost all programming languages and offers a simple structure. The API call is attached in Appendix 3.

Given our limitations regarding affiliate partnerships, the workflow focuses on presenting one possible Etsy product without embedding direct affiliate links. This serves as a proof of concept for the gift recommendation capability, paving the way for future integration with Amazon's affiliate program once we achieve the necessary scale.

The decision to use multiple Etsy API calls (five in total) reflects our attempt to simulate the experience of browsing several curated options, akin to what we would expect to deliver with Amazon. By planning on presenting users with multiple product recommendations in the future, we aim to validate our hypothesis that offering more choices enhances user experience and

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engagement. Ultimately, transitioning to Amazon remains a core part of our strategy, as it is more aligned with our projected financial models and long-term monetisation plans.

6.2. Limitations

As partially already mentioned in the implementation section, we faced quite some obstacles throughout the implementation process of Giftify leading to limitations of the MVP.

The first limitation is constituted through missing access to Amazon. We were not able to secure an Amazon affiliate membership due to strict restrictions from Amazon, which are i.a. (inter alia) tied to realized revenues which Giftify is not able to show so far. The missing affiliate membership means that currently no revenue could be generated which is an incremental part of Giftify's business model. To tackle this obstacle the first measures taken would be marketing expenses in form of building social media presence through paid advertisement and influencer marketing in order to generate initial sales. Simultaneously, professional developers would be hired in order to implement the API integration technically. Another limitation provoked by Amazon is its missing graphical visualization. Basically, for the current search action execution we could also have chosen Amazon, it would have been technically feasible. However, when returning the data in form of the suggestion Amazon shows no visual picture in the final step while Etsy does show one. This can be seen when looking at the returned values attached. Etsy has specific data in the bracket for "images" while the data field for Amazon stays empty.

```
{
  "title": "Personalized desk organizer set - Etsy",
  "description": "Check out our Personalized Desk Organizer Set selection for the very
best in unique or custom, handmade pieces from our shops.",
  "images": [
    "https://i.etsystatic.com/11355547/r/il/879180/6247484276/il_300x300.6247484276_g5ad.jpg"
  ],
  "url": "https://www.etsy.com/search?q=Personalized Desk Organizer Set",
  "sitename": "Etsy",
  "favicon": "https://www.etsy.com/favicon.ico",
  "duration": 2593,
  "domain": "www.etsy.com"
}
```

Figure 2: Returned Etsy Values

```
{
  "title": "political ideology and movement opposed to capitalism",
  "description": "",
  "images": [],
  "sitename": [
    "political ideology and movement opposed to capitalism"
  ],
  "favicon": "",
  "duration": 1187,
  "domain": "www.amazon.de",
  "url": "https://www.amazon.de/s?k=Handschuhe"
}
```

Figure 3: Returned Amazon Values

As user experience shall be at the forefront, we assessed a visual display for the users as important. Therefore, due to the technical complications as well as not being accepted for Amazon's affiliate program, Etsy was chosen as marketplace for building the MVP.

These two limitations by Amazon lead to the next overall limitation which is the use of Etsy. Etsy presents an interim solution due to the simpler technical feasibility. Nevertheless, it does not offer the same product catalogue and commission scheme as Amazon. Therefore, Amazon will stay the favoured solution.

A further limitation is constituted by the fact that we are only able to propose one gift recommendation currently. In fact we have prepared five API calls which could be sent to Etsy (or Amazon, when feasible) in order to request data and make more suggestions. Self-speaking ChatGPT would be able to make more suggestions. If it would propose five suggestions five different datasets would need to be created and the output from ChatGPT would need to be distributed separately to the five different calls. Unfortunately, this technical process is beyond our knowledge.

In conclusion, the ideal implementation would take place after we had established the brand giftify and thus been admitted to amazon's affiliate program. This would also simplify the monteraization of Giftify in the real business environment

7. Validation of the MVP

The validation of Giftify's MVP represented a cornerstone in the platform's development. The main goal was to ensure that Giftify met both user expectations and market demand. This process was achieved by interviewing around 20 potential consumers selected from the target market. The focus was on Millennials and Generation Z, demographics which carry a strong affinity for digital solutions and sustainability values. The interviews yielded relevant insights into user pain points, preferences, and expectations and laid down the foundations for Giftify's customer-centric approach and its iterative improvement process.

7.1. Methodology

The validation process for Giftify was substantiated using a blended qualitative research methodology. A total of 20 individuals from the target market were interviewed using a blend of fixed questions and open-ended discussions. This mixed method enabled the research to gather extensive and easy-to-handle data. The data covered participants' thoughts on Giftify's MVP, ranging from simple opinions to complex recommendations. Participants were selected from Giftify's target market. The research prioritized Millennials and Generation Z because of their affinity for e-commerce platforms, sustainable products, and orientation to AI-driven solutions. The recruitment process ensured diversity within this demographic. The group included individuals with different income levels, shopping habits, and cultural backgrounds. This diversity improved the feedback quality, providing a holistic view of the platform's potential impact across different sub-segments.

The interviews were divided into three phases. The first one was focused on understanding participants' experiences and pain points concerning general gift-giving, without giving them access to the MVP before answering the questions. In the second phase, participants were asked to try Giftify's features and asked for their thoughts, both positive and negative. The final phase centred on gathering participants' suggestions for potential modifications they wished to see

implemented in future platform iterations. This three-phased approach produced interesting insights on how Giftify could better align with consumers' expectations and needs in real-life situations.

7.2. First Phase of the Data Gathering Process

During the different interviews, few patterns were identified. A considerable amount of participants emphasized their experience with “choice overload”. Many users described their experience with e-commerce platforms as being characterized by an abundance of choices that make decisions a challenge rather than a satisfaction. One participant once shared, “Every time I shop online, I get stuck in scrolling products. There is just too much to choose from, and this really makes me more confused than when I started.”

Participants also expressed frustration about their lack of gift ideas in general, noting that even before considering options, they often struggled to determine what might be suitable for the recipient. This lack of inspiration was further compounded by the absence of reliable platforms to help address this problem. A newly working woman summarized this dilemma by saying, “It’s already overwhelming enough, but when you want the gift to be green, that’s a whole other story.”

This disappointment was exacerbated by the lack of effective personalization on existing gift-recommendation platforms. Many users shared that recommendation engines often provided suggestions that were too generic to be genuinely helpful. A recent graduate in her late twenties claimed, “When I was looking for my mom’s birthday gift online, I only got recommended broad ideas, like a book or an agenda. I just felt that this technology owns the privilege to recommend gifts to people it pretends to know, but it has no clue.”

Most of the people emphasized their scepticism about the accuracy of AI recommendations, sharing that existing tools, including ChatGPT, are generally useless, especially when it comes

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to finding a present for a member of your family or someone who is very close to you, which necessarily requires more thoughtfulness.

Another relevant pain point shared by many participants was their struggle in screening sustainable product offerings. Many participants claimed that they were unable to confidently tell whether a product was ethical in terms of production and consumption. One university student said, “I always try to go sustainable in my shopping, but it’s hard to tell which brands are doing it right. A lot of companies make big promises, but I’m never sure “.

This overview of the main pain points emphasised by the participants’ interviews facilitated the creation of a baseline for the different solutions that Giftify should offer users. During the following phase of the data-gathering process, the research expected participants to consider Giftify as a platform that would solve most of these pain points.

7.3. Second Phase of the Data Gathering Process

During the second phase of the data-gathering process, participants were asked to try Giftify and provide feedback on what they liked and disliked the most. After collecting their insights, a thematic analysis was used to extrapolate the main patterns. The data showed several positive patterns, but there is still much room for improvement in meeting users’ expectations and needs. Giftify inability to combine practicality with thoughtfulness was seen as a significant advantage. The interactive questions used to get information on the gift recipient were particularly well-received, with users describing it as both fun and practical. However, some other participants emphasized that the questions were not going as in-depth as needed, giving the impression that recommendations were still going to be general and lacking personalization, like most of the existing platforms. On this matter, one participant commented, “I like answering questions to provide more useful information, this game builds up a lot of expectations, but at the end, they are very general questions that can only lead to a disappointing gift recommendation”

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Other participants shared that they would have loved to see more detailed and personal questions that would allow them to explore and rediscover their relationship with the recipient of the gift. The interviews made clear that the number and quality of the questions asked before the recommendation occurs, are an important aspect to make the recommendation appear more thoughtful and personalized in the eyes of the gift giver. On this matter, one participant commented, “What I enjoyed the most were the questions; I was very excited to know what idea the information I gave was producing. They are fun; most of them seemed to enjoy the questions and approached them as a game.

Many of the interviewed participants also felt that a lack of open answers restricted their ability to fully describe the person they would be gifting to. By not having any possibility to add a last comment or a special keyword to define the person in question, it ended up proposing some good but not great.

The validation process also showed participants’ disappointment with the absence of alternatives. Giftify only produces one, which leads to some concerns about over-reliance on technology and the absence of alternatives. A graduate student noted, “I really like the idea of personalized recommendations, but I am worried that it might make gift-giving feel less personal. There’s something special about putting in the effort yourself.” This feedback highlighted the need for Giftify to position itself as a tool that enhances, rather than replaces, the personal aspects of the gifting process.

Finally, most of the participants thought that the recommendations were good but had hoped for multiple options. The fact that only one option was given to them after they had finished answering the question was slightly disappointing because if that particular gift did not suit them, they had to start all over again. But besides this, the participants really enjoyed that once on the Etsy website, they were left with a large selection of different variants of the same

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product. This gave participants the feeling that they still had a part to play in the choice of the final gift. One master student said: “It’s really nice to be able to then choose which exact option I want to give my friend. It feels more personal, and I can also adapt my choice based on other criteria, like the price or quantity”.

7.4. Third Phase of the Data Gathering Process

In the third phase of the interviews, participants were invited to suggest potential modifications and improvements they would like to see implemented in future iterations of Giftify. This phase provided crucial insights into how users envision refining the platform to better suit their needs and expectations.

A common theme among participants was their desire for more personalized recommendations. Many felt that the questions asked during the gift-selection process, while fun and engaging, could delve deeper into personal details to produce more tailored suggestions. Some suggested incorporating open-ended questions or gamifying the process by allowing users to upload pictures or select characteristics that better describe the gift recipient. This, they believed, would help create recommendations that felt more thoughtful and less generic.

Another significant feedback point was the lack of multiple options in the recommendations. Participants expressed dissatisfaction with being presented with only one gift idea and wanted the platform to offer at least a few alternatives. While they appreciated the ability to explore variations of the recommended product on the vendor's website, they felt that having additional options directly on Giftify would enhance the experience and make it more versatile.

Sustainability remained a highly valued aspect, but participants noted that this feature could be more prominent. They recommended adding clear descriptions of how each gift aligns with sustainable practices and ethical considerations. One participant emphasized the need for a feature highlighting the sustainable qualities of the recommendations, stating that it would make the platform stand out in a crowded market.

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Overall, this phase of the interviews demonstrated that participants saw great potential in Giftify but also identified areas for improvement that could increase user satisfaction and adoption. By addressing these insights, the platform can evolve into an even more effective and user-centric tool for thoughtful and sustainable gift-giving.

7.5. Insights and Improvements

The validation process provided a comprehensive understanding of Giftify's strengths and areas needing improvement, which are critical for refining the platform to better meet user expectations. Across all phases of the interviews, recurring themes emerged, shedding light on how users perceived Giftify and the changes necessary to enhance its value.

One of the most significant insights was the appreciation for Giftify's time-saving capabilities. Participants valued the platform's potential to streamline the often overwhelming gift-selection process by quickly and efficiently narrowing down options. However, this appreciation was tempered by concerns about the lack of multiple recommendations. Most participants expressed a desire for the platform to offer at least two or three gift suggestions per search, as this would give them more flexibility and choice while still simplifying the decision-making process.

Another crucial area for improvement was personalising recommendations. While the interactive questionnaire was widely praised as a fun and engaging way to gather information, participants noted that it lacked depth. They felt the questions were too general and failed to capture the nuances of the recipient's preferences or personality. Several participants suggested adding open-ended questions or allowing users to include a brief description of the recipient to make the recommendations more relevant and thoughtful.

Sustainability, a key feature of Giftify, was both appreciated and critiqued. While participants valued the emphasis on ethical and sustainable gifting, many felt this aspect was not prominent enough. They wanted more detailed explanations of how each recommended product related to sustainability principles and clearer labelling to highlight these attributes. Making sustainability

more transparent and central to the platform could help Giftify appeal further to its eco-conscious target audience.

Lastly, participants appreciated the ability to explore variations of the recommended gifts on the vendor's website. This feature allowed them to feel more involved in the final selection process, which added a personal touch to their experience. Enhancing this by integrating multiple options directly into Giftify's interface could further elevate user satisfaction.

These insights formed the foundation for actionable improvements that can transform Giftify into a more user-centric and impactful platform.

7.6. Future validation and modification

As Giftify progresses, future validation efforts will focus on ensuring that proposed adjustments address the insights gathered during the initial MVP testing. These next steps will involve three primary approaches:

Subsequent iterations of the MVP will prioritize integrating deeper personalization features. This will involve revising the questionnaire to include more detailed and specific questions about the recipient and allowing for open-ended responses. The goal is to create a more robust and intuitive recommendation process that reflects the recipient's unique characteristics, ensuring the platform delivers thoughtful, personalized gift ideas.

Second, multiple gift recommendations will be introduced to address the current limitation of providing a single option. Offering users a selection of two or three recommendations per query will cater to their desire for choice while maintaining Giftify's time-saving advantage. This enhancement will also include clear sustainability labels and descriptions, reinforcing Giftify's commitment to eco-friendly gifting.

Lastly, future validations will focus on refining Giftify's features with a particular emphasis on enhancing user experience. This includes testing any new functionalities, such as gamification

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elements or improved sustainability labels, to ensure that they align with user expectations. A diverse but consistent participant base from the target demographics (Millennials and Generation Z) will continue to guide the development process. Their feedback will ensure that the platform remains innovative, practical, and aligned with their needs and values.

By implementing these strategies and maintaining a continuous feedback loop, Giftify will become an indispensable tool for personalised and sustainable gift-giving.

Summarizing the whole journey from problem identification and ideation throughout the three phases of data gathering as well as the technical implementation of Giftify through building it on bubble.io is visualised below in a flow chart to illustrate the progression from beginning until today.

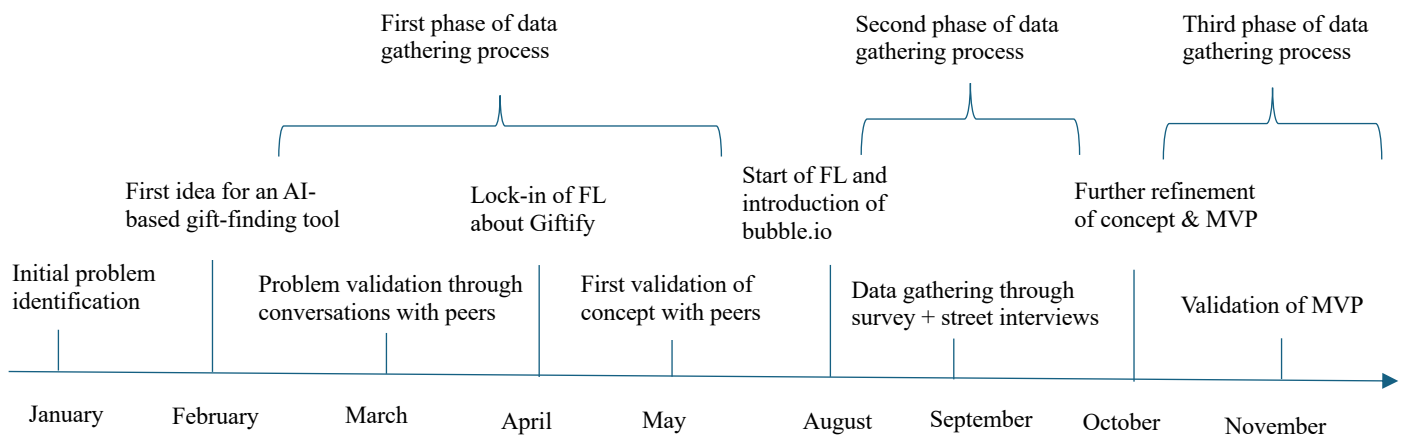


Figure 4: Process Flowchart

8. From Costs to Profitability: Financial Insights for a Sustainable Gifting Platform

The financial insights section of Giftify's business plan outlines the core economic components of our strategy, focusing on cost management, revenue development, customer acquisition, and profitability. We begin with the main assumptions and core costs, covering the platform development phase and ongoing operations. The section proceeds with an in-depth exploration of our customer acquisition strategies and marketing efforts, a detailed revenue and profitability growth forecast, and our funding needs, including valuation and financial sustainability strategies. This comprehensive financial overview reflects Giftify's commitment to sustainable growth and economic viability while ensuring we maintain a customer-first approach.

8.1. Main assumptions and core costs

Our primary challenge at Giftify is to create a web app that ensures a smooth, enjoyable, and reliable experience for our users searching for the ideal gift. The development of this platform will be handled by a blend of in-house software engineers and freelancers, ensuring we draw on a range of expertise while managing costs effectively. We anticipate that the development phase will be completed by December 31, 2024, at approximately €250,000. This budget will cover the design, coding, and integration, as well as the testing of critical features like gift selection, personalization, tracking, and analytics.

Launching a MVP is the first step in validating our core value proposition and understanding user preferences. This MVP will allow us to gather essential user feedback, helping us guide the next stages of development to refine the web app further. Ensuring that the platform meets our users' expectations is a key priority, and this phase will allow us to adjust and optimize the user experience before scaling.

Following the MVP launch, we will invest approximately €25,000 monthly to ensure continuous monitoring, troubleshooting, and iterative improvements. As the platform stabilizes,

these costs are projected to decrease to €5,000 per month, focusing mainly on more minor updates and maintaining a smooth user experience.

To support these efforts, we plan to hire a dedicated software engineer at a salary of €6,000 per month to oversee the web app's maintenance and technical improvements in-house. This engineer will focus on identifying and resolving any performance bottlenecks, incorporating new features based on user feedback, and optimizing the overall stability of the platform. As Giftify scales, the complexity of managing a more extensive user base and additional features will require further team expansion. We plan to hire a second engineer at the beginning of 2026, followed by a third engineer in 2027, to ensure our platform's robustness, security, and scalability as our user base continues to grow.

Our overarching aim is to establish a reliable, user-friendly, scalable platform that sets a new standard in personalized gift-giving. Combining an MVP-focused development strategy, iterative improvement based on user feedback, and a growing technical team will ensure that Giftify is well-positioned to deliver a delightful experience to all users. This will make it easy and enjoyable for customers to find the perfect gifts for their loved ones.

8.2. Marketing and Brand Awareness

Building Giftify's brand reputation as the go-to platform for meaningful and sustainable gift ideas will require a focused and well-funded marketing strategy. To achieve this, we plan on investing €50,000 monthly during the first year in marketing activities, specifically focusing on establishing brand awareness and creating a strong brand identity. This budget will be directed towards digital marketing campaigns, content creation, and targeted advertising, all aimed at creating impactful brand awareness among our target audience. After the first year, we anticipate gradually increasing these marketing expenses by 3% each month, resulting in total marketing costs (excluding influencer marketing) reaching approximately €302,000 by December 2030.

Our influencer marketing strategy will focus on building long-term relationships with macro-influencers with around 500,000 to 1 million followers. Initially, we will start with one influencer in year one, who will produce two monthly promotional posts to generate interest and drive traffic to our platform. We expect each post to cost around €10,000, and our influencer marketing budget will reach approximately €360,000 by the end of year one (Glowstaff 2024). As our business scales, we aim to incrementally increase the number of influencer partners, eventually reaching 12 influencers by 2030, each making two monthly posts. By 2030, our total influencer marketing costs will grow to approximately €2.88 million annually.

In addition to influencer marketing, our overall marketing presence will significantly emphasize social media engagement across Instagram, TikTok, and Facebook. These platforms will be used to directly engage with our target audience, ensuring visibility and brand interaction. Those efforts will be financed through our additional marketing budget, which amounts to €7,500€ monthly. Creating engaging content - such as tutorials, client testimonials, and product highlights - will help position Giftify as a thought leader in the personalized gifting market. Moreover, email marketing and targeted online ads will be part of our initial strategy, as they are highly effective in nurturing relationships with potential customers and driving brand loyalty.

Showcasing success stories from early clients through social media and email campaigns will build trust and encourage new customers to try Giftify. By investing heavily in brand recognition in the early phases, we expect to associate Giftify with positive and personalized gifting experiences. This will help retain customers and encourage repeat usage, thus increasing customer lifetime value.

8.3. Founder Compensation Strategy

To maximize early cash flow and ensure continued investment into business growth, the founders of Giftify have committed to forgoing salaries during the initial phase. By focusing all

available resources on establishing Giftify's revenue streams and achieving profitability, this decision aims to provide a financial foundation for sustainable growth. Once profitability is reached, anticipated in late 2027, founders will begin to take modest monthly salaries of €5,000 each, starting in January 2029, to cover personal expenses. The salaries will gradually increase as the company's financial situation continues to strengthen, with founders expected to receive monthly salaries of €10,000 each by 2030.

This gradual increase in compensation will allow the founders to benefit from the company's success while continuing to reinvest in its growth. The phased approach ensures that most revenues are directed towards expanding Giftify's operations, improving product offerings, and scaling marketing efforts during the business's critical growth stages. Balancing founder compensation with the company's need for reinvestment is a strategic decision to prioritize its long-term success and ensure that Giftify can fulfil its potential to become a leading name in personalized and sustainable gifting.

8.4. Operating and Administrative Costs

Giftify's initial operating and administrative costs include several necessary expenses. Legal fees are estimated at €35,000, covering company formation, intellectual property protection, and initial vendor contracts. Once operational, ongoing legal costs for compliance and brand protection are expected to stabilize at €10,000 monthly. Additionally, ongoing accounting fees will be €5,000 per month, with other professional services costing around €3,000 monthly. Giftify will operate remotely, eliminating office space costs and supporting profitability through a leaner structure.

Giftify's hosting and maintenance costs will increase with platform usage. Database and hosting expenses are projected at 2% of revenue, about €9,000 in the first year, while maintenance will be 1%, roughly €4,500. By 2030, hosting is expected to reach €237,000, and maintenance around €118,000.

Various software subscriptions, including CRM tools and accounting software, will start at €500 monthly. As the platform expands, these costs may rise to €2,000 per month by 2030.

Giftify has set aside 2% of revenue for miscellaneous costs to handle unforeseen expenses during development, ensuring financial stability during growth challenges.

8.5. Revenue Development

In the initial phase of operations in 2025, we will focus on developing the web app and establishing effective marketing strategies to drive early customer acquisition. The months leading up to 2025, specifically November and December 2024, will be dedicated to developing a fully functioning MVP that can be launched in January 2025. During this period, no revenue is expected as the development team focuses on building the platform and preparing to engage with our target market.

Revenue generation starts in January 2025 with early lead conversions. We expect 4,428 new users in the first month from paid advertising and influencer partnerships. Paid ads will bring in 2,188 customers, while influencers will add 2,040. Consequently, we anticipate generating €8,848 in revenue from our affiliate program in January 2025, which marks the beginning of our operational phase, with a heavy emphasis on acquiring users and expanding brand recognition. By the end of the year, we anticipate reaching a customer base of 78,274 users, with a significant number actively engaging in purchases through affiliate links on our platform. Specifically, in December 2025, we expect 21,262 users to make purchases through our platform, consisting of 8,931 new and 12,331 returning customers. These transactions will generate an estimated €49,567 in revenue in December 2025.

Our non-core revenue streams will contribute to our financial growth and core revenues. In 2025, non-core revenue will consist solely of data sales, which we anticipate will generate €14,097 in December 2025. Our product promotion services will not commence until early 2026, meaning that data sales will be our only non-core revenue source during the first year.

As we progress through 2026, we expect a significant increase in users making purchases through our affiliate links. By the end of 2026, we anticipate achieving 463,389 sales during the entire year through our commission-based gift recommendations. Adding to the revenue generated through our affiliate commission, we anticipate revenues from our non-core business operations. At the end of 2026, we expect ten ongoing partnerships with brands for whom we will recommend their products more frequently and higher. Those partnerships will grant us revenues of €203,000 for the fiscal year 2026. The Data sales in 2026 will amount to a revenue stream of approximately €282,000. This will result in an annual revenue of approximately €1.595 million, while operational expenditures are expected to amount to €2.292 million. While we will continue to experience financial growth, our business will still not be profitable at this stage.

However, by October 2027, we expect to achieve profitability for the first time, with monthly revenues reaching €284,441 and costs amounting to €270,994, resulting in positive net cash flow. From this point forward, Giftify is projected to remain profitable.

However, it is important to note that although the last three months of 2027 will generate positive cash flow, it will not be sufficient to turn the entire fiscal year into a profitable one. Instead, 2028 will represent Giftify's first profitable fiscal year, with projected revenues of €5.035 million and expenditures of €4.1 million, resulting in a profit before tax of approximately €783,618. Giftify is expected to pay 30% in corporate taxes on its revenue generated. Therefore, Giftify has a net profit of €681,748. Revenues from core operations, including commissions from gift recommendations, are expected to contribute €3.586 million, while non-core revenues, which include data sales and paid product promotions, are projected to amount to €1.449 million. The Income Statement can be found in Appendix 6.

Revenue growth is expected to continue, with total annual revenues increasing from €5.035

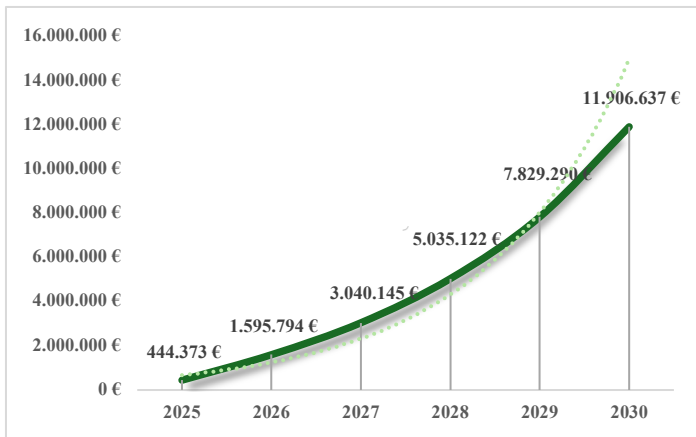


Figure 5: Revenue Development per year

million in 2028 to €11.906 million in 2030. Growth in the initial phase is anticipated to be relatively high, with an estimated monthly growth rate of approximately 32% during the first year of operations. The growth rate is expected to decline as Giftify becomes

more established in the market. In the second year, we anticipate the average monthly growth rate to decline to 9.48%, and it will continue to decline further in the following years, stabilizing at around 2.93% per month by 2030.

In addition to our growth projections, we have accounted for user churn from the second month of operations onward. We project a churn rate of 5.84% annually, equivalent to approximately 0.5% per month (Dahn 2024). This rate aligns with industry standards and represents the percentage of our total customer base that may stop using our platform. Minimizing churn will be a priority for Giftify, and we plan to employ several customer retention strategies to keep users engaged, including personalized recommendations and targeted re-engagement campaigns.

Non-core revenue streams will become significant for our revenue model over time. Data sales will begin in the first year, while paid promotions on the platform will launch in early 2026. Giftify will partner with ethical brands to promote their products, aligning with our sustainability commitment. These promotions will generate revenue and align with Giftify's mission. As the business matures, non-core revenues are expected to enhance financial stability. By the end of 2026, data sales and promotions will generate substantial revenue alongside core affiliate commissions from gift purchases. By 2028, non-core activities may contribute around

29% of total revenues, rising to about 37% by 2030. Diversifying revenue sources will mitigate risks related to customer acquisition costs and reduce dependence on a single income source stream.

Giftify's core and non-core revenues grow based on a carefully developed business strategy prioritizing sustainable growth, effective marketing, and customer engagement. The initial growth phase will require overcoming app development and marketing challenges, but Giftify is well-positioned to gain traction in the market through its unique value proposition. By leveraging our core and non-core revenue streams, we are committed to achieving profitability, sustaining long-term growth, and maximizing stakeholder value. In conclusion, our revenue development strategy is designed to achieve rapid growth in the initial years, followed by a stable and sustained growth trajectory as we expand our user base and diversify revenue streams. By balancing core sales and non-core revenue, we aim to maintain profitability while addressing emerging challenges and opportunities in the gift-finding market.

8.6. Profitability Development

In the early stages of Giftify's operations, profitability will be challenged by substantial initial development costs and extensive marketing expenditures. These expenditures are required to establish the brand, acquire new customers, and drive awareness within our target market. Over the first 33 months, the cumulative losses are expected to match our total operational costs, estimated to be around €2.414 million. These include app development expenses of €250,000, with the remaining €2.165 million accounting for marketing, employee wages, and other operational costs.

During 2025, Giftify's first full year of operations, we anticipate steady revenue growth at an average rate of 14.33% per month. However, due to significant initial investments in both app development and marketing, we project a net loss of approximately €1.497 million by the end of the year. Our expected revenue generation in 2025 is €444,000, while total expenses are

projected to be €1.928 million. At this stage, a lack of revenue from sponsored product promotions will contribute to a negative cash flow, as this revenue stream can only commence after building a substantial customer base and app traffic.

In 2026, our second year, we expect revenues to grow to approximately €1.596 million, driven by increased customer engagement and platform usage. However, our expenses will also increase to €2.245 million as we continue scaling our marketing campaigns and invest further in platform optimization and customer acquisition. As a result, we anticipate a net deficit of

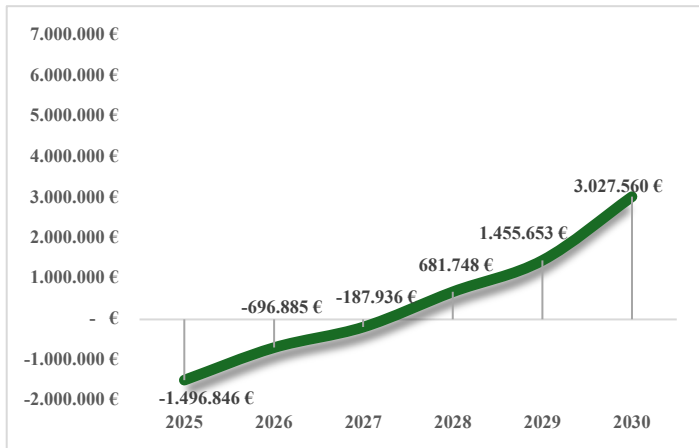


Figure 6: Profitability Development per year

€697,000 for the year, translating to a profit margin of -43.67%. Although we remain unprofitable in 2026, our profit margin will significantly improve compared to 2025, which was -337%. This improvement reflects increased revenue generation,

growing brand awareness, and operational efficiency, signifying a positive trajectory towards profitability.

By October 2027, Giftify is expected to reach a significant turning point—our first profitable month since launching operations. In October, we project revenue generation of approximately €284,000 and a gross profit of €276,000, while monthly expenditures will amount to €271,000, resulting in a net profit of €3,500 and a profit margin of around 1%. This marks the beginning of a new phase for Giftify as we will continue to generate positive cash flow and maintain profitability from this point onward.

However, more than the profits generated during the last quarter of 2027 will be required to offset the earlier losses from the year's first three quarters. As a result, we expect an overall deficit of €188,000 for 2027. Despite this, the profit margin for 2027 will still improve to

approximately -6.2%, indicating that Giftify is steadily progressing towards positive overall financial performance.

In 2028, Giftify will achieve its first profitable fiscal year, with projected revenues of €5.035 million and expenditures of approximately €4.1 million. This will result in a net profit of €682,000, representing a profit margin of 13.5%. This positive momentum is expected to continue, and by 2030, the profit margin is projected to grow to 25%. Several factors, including an increased customer base, growth in non-core revenue streams such as data sales, and expansion of our sponsored partnership program, will drive this upward profitability trajectory.

In 2029, we saw a comparably smaller increase in profitability. This is mainly due to our starting to pay monthly salaries of €5,000 per founder.

Our sponsored partnership program will be crucial in driving profitability by creating additional revenue streams beyond affiliate commissions. By collaborating with producers and brands aligned with Giftify's sustainability and ethical values, we will enable them to promote their products on our platform. This arrangement is mutually beneficial: Giftify benefits from additional revenue while our partners gain access to our engaged audience. This, in turn, strengthens our brand identity, as we become known as a platform that promotes sustainable and ethical gift options.

To ensure sustained profitability, we plan to expand our non-core revenue streams. The sponsored partnership program, which allows ethical brands to gain greater visibility through our platform, is expected to contribute significantly to revenue growth. By promoting products that align with our core values, we aim to increase Giftify's attractiveness to both customers and advertisers. We anticipate that our sponsored promotions will grow in importance and contribute to an increasing share of our overall revenue.

One of the primary challenges we foresee is the increase in customer acquisition costs (CAC) over time. After the first year of operations, CAC is expected to increase gradually as our

marketing efforts overlap with existing customers and followers, making it more challenging to attract new customers. Initially, our CAC is expected to be approximately €11.67 in Year 2, rising to €13.09 by the end of 2030. This increase is a natural consequence of scaling our marketing campaigns as the audience becomes increasingly familiar with Giftify, resulting in diminishing returns from each campaign.

In response to rising CAC, we are committed to leveraging our existing audience and developing additional revenue streams to ensure profitability. By increasing our focus on sponsored partnerships, data sales, and other non-core revenue sources, we aim to offset rising customer acquisition costs and maintain profitability.

The growth in non-core revenue streams will be essential to support Giftify's long-term profitability. In 2028, non-core revenues, including data sales and product promotions, are expected to amount to €1.449 million, while revenues from core operations are projected to be €3.586 million. By the end of 2030, total revenue is expected to reach €11.907 million, driven by core and non-core revenue growth. The core revenues generated amount to €7.469 million, while the non-core revenues amount to €4.437 million, with overall expenditures amounting to €7.224 million. This leaves us with a net profit after tax of €3.028 in 2030.

In conclusion, Giftify's profitability development is expected to follow a path of initial investments and losses, followed by gradual improvements in profit margin as revenue grows and operational efficiency improves. We expect to reach profitability in October 2027 and maintain a positive cash flow from that point onward. By focusing on diversifying our revenue streams, maintaining a strong commitment to sustainability, and effectively leveraging our existing audience, Giftify is well-positioned to achieve long-term profitability and sustain growth in the competitive market for personalised and sustainable gifting solutions.

8.7. Cashflow and Funding

Giftify's cash flow and funding plan are pivotal in establishing a financially sustainable business model and ensuring the company's growth trajectory is adequately funded. Over the initial 33 months, we project a cumulative net burn of approximately €2.489 million before we achieve profitability in October 2027. This net burn includes €250,000 allocated for the platform's development and roughly €2.164 million for general business development and operations. These expenditures aim to set Giftify up to achieve long-term sustainability while effectively executing its growth strategy.

During the initial years, most of our cash flow will be directed toward negative operating activities as we focus on building and scaling the platform, enhancing user experience, and creating strategic marketing initiatives to penetrate the market. The first significant profitability milestone is anticipated in October 2027, at which point we expect to achieve our first positive monthly cash flow. Moving forward, 2028 will be the first full fiscal year in which Giftify achieves a positive net cash flow, projected to be approximately €681,748. By 2030, we expect our annual positive cash flow to reach €3.028 million, a significant indicator of Giftify's growth and financial stability. Giftify's cash flow statement can be found in appendix 7.

Given our projected burn rate, our initial funding requirement is estimated at €2.414 million to cover operational expenses until Giftify becomes self-sustaining. However, we target total

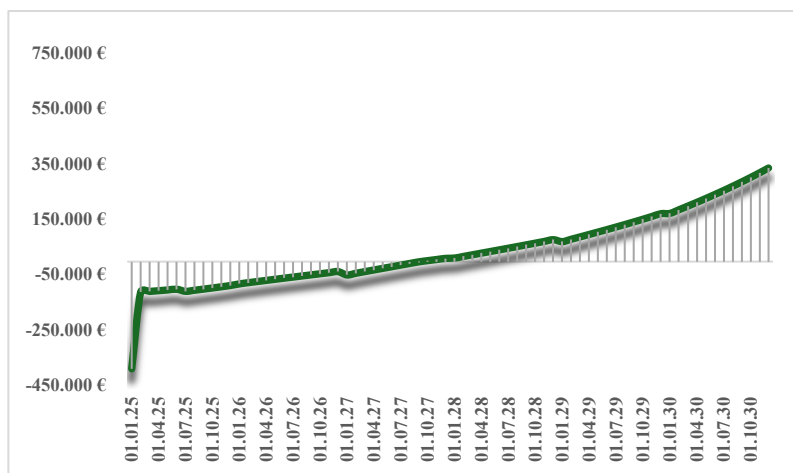


Figure 7: Cashflow Development per month

funding of €2.7 million to account for unforeseen circumstances or economic variability. This includes a buffer of 11.84%, equivalent to approximately €286,000, to protect against potential risks and ensure liquidity

(Appendix 9). This buffer is a vital safeguard that will allow Giftify to adapt to unexpected costs or economic shifts without interrupting operations, enabling us to maintain momentum in executing our business strategy.

Our funding strategy is focused on securing equity investment. We aim to raise €2.7 million in exchange for a 14.13% equity stake in the company, valuing Giftify based on a thorough analysis using the Discounted Cash Flow (DCF) valuation method. Therefore, we evaluated Giftify as having an enterprise value of 16,412,634 €. The DCF approach considers all future expected cash flows and discounts them back to present value to estimate the company's worth. This valuation approach is particularly suitable for Giftify, as it allows for the flexibility of considering projected growth rates and revenue streams specific to our business model.

To calculate the value of Giftify using the DCF model, we used a Weighted Average Cost of Capital (WACC) of 12%. This rate was chosen based on industry benchmarks for the retail and consumer goods sectors, where WACC typically ranges from 7% to 15%. Selecting a 12% WACC effectively captures the higher risk associated with early-stage companies like Giftify, characterized by market volatility, increased competition, and the need for substantial upfront investments. In addition, using an industry-standard WACC aligns with investor expectations and provides a credible and conservative basis for Giftify's valuation during its early development phase. All future cash flows had to be calculated to calculate the terminal value of Giftify, indicating Giftify's value after the calculation period of 2030. Therefore, a conservative growth factor of 2% has been used. The retail and consumer goods sector valuation data were supported by reputable sources such as NYU Stern's comprehensive database on WACC rates and PwC's valuation insight (NYU Stern, 2013) (PricewaterhouseCoopers, n.d.). The Valuation calculation can be found in Appendix 8.

As an early-stage startup, Giftify lacks formal debt or equity arrangements, making it challenging to determine precise capital costs. Therefore, we selected a standard WACC to

benchmark our valuation effectively against comparable companies in the retail-tech space. This approach reflects the intrinsic risk of investing in a startup and helps establish credibility in negotiations with potential investors by grounding the valuation in realistic industry norms. The funding will primarily cover operating and business development costs, which are critical during Giftify's growth phase. We have structured our financing so that the company remains equity-backed, meaning we are not relying on debt instruments that may hinder our financial flexibility. This is a strategic decision aimed at minimizing financial liabilities while maximizing the attractiveness of the investment opportunity to potential shareholders. The absence of long-term debt positions Giftify favorably for organic growth without the economic burden of interest payments or the risk of insolvency in the early years.

Given that Giftify's assets are mainly intangible, primarily the platform itself, our net profit is not subject to depreciation or amortization. As a result, our cash generated from operations equals our net profit, simplifying our cash flow projections. Furthermore, we do not foresee any significant investment activities, such as acquisitions, at this stage. Our investments are focused on marketing and platform development, which are included in regular operational expenditures rather than capital expenses.

It is important to emphasize that maintaining a healthy cash flow is essential for scaling Giftify's operations beyond achieving profitability. As we expand, we will focus on reinvesting profits into growth areas such as marketing, platform upgrades, and enhancing user experience. With a projected cash flow of €3.028 million by the end of 2030, we will be well-positioned to fund new initiatives without relying solely on external financing, thereby maintaining financial independence.

Regarding liquidity, the optimistic cash flow projection from 2028 onwards means that Giftify will have greater flexibility in making strategic decisions. These may include expanding the product offering, increasing marketing spending to scale the customer base further, or investing

in technology to improve platform efficiency. A strong focus on maintaining liquidity also ensures that Giftify can withstand potential market downturns or fluctuations in demand, adding an extra layer of security for investors and stakeholders.

8.8. Key Performance Indicators

To ensure Giftify's growth and sustainability, we must monitor KPIs from the start. These KPIs provide insights into our performance, evaluate progress, optimize strategies, and adapt to market changes. They are crucial for assessing growth, customer engagement, and financial viability, helping build a strong foundation for a profitable business.

One fundamental KPI is the number of customers, indicating our market penetration and user base growth. An increase suggests effective customer acquisition strategies and validates our value proposition.

Another important KPI is the number of new customers acquired in a given period, reflecting the success of our marketing campaigns and outreach efforts. Consistent growth here is vital for a strong market presence.

The number of returning customers indicates satisfaction and loyalty, critical for long-term success. More returning customers mean less reliance on new acquisitions, thereby improving profitability. We aim to increase this metric to show user value and motivation to return.

The ratio of new to returning customers is linked to engagement. Initially, new customers will dominate as we build brand recognition, but we expect an increasing proportion of returning customers over time, signifying loyalty.

Sales measure revenue generated through various streams and growth reflects monetization strategies and retention efforts. We expect moderate sales initially, with steady growth as brand awareness increases.

Customer Lifetime Value (CLV) represents the total expected revenue from a customer throughout their relationship with Giftify, guiding acquisition investment decisions.

Monitoring CAC is essential for evaluating marketing efficiency, as we expect the CAC to increase over time due to an overlapping audience and increased brand awareness.

Profit margin reflects financial health; we anticipate a negative margin initially due to upfront investments but aim to achieve positive margins as we scale.

The Internal Rate of Return (IRR) will assess investment profitability in platform development and marketing. A high IRR indicates resource effectiveness.

The churn rate measures customer retention, with a high rate suggesting satisfaction issues. We strive to minimize churn through improved features and experiences.

The conversion rate measures how many leads become paying customers. A higher rate signifies effective marketing.

We will also monitor average order size and purchase frequency to maximize customer value and revenue growth. Understanding purchasing trends will help refine offerings and strengthen partnerships. These KPIs are essential for strategic planning, ensuring growth while maintaining satisfaction, efficiency, and profitability as Giftify evolves into a leading platform for personalized gifts gift-giving.

9. Conclusion and Future Outlook

Giftify represents a transformative approach to the gift-giving market by combining innovation with sustainability. Giftify positions itself as a pioneer in the gift selection process by addressing common consumers' pain points such as decision fatigue, impersonal gifting, and ethical consumerism. Giftify emphasizes personalization, curated selection and ethical consumerism to attract modern consumers seeking meaningful, responsible and hassle-free gift solutions.

The company's business model is built upon affiliate partnerships, offering a scalable, low-cost revenue stream. This is complemented by strategic plans to create alternative income streams, through data analytics and sponsored product promotions. Giftify's rigorous financial planning, including careful budgeting and resource allocation, ensures that the company can achieve profitability by October 2027 while maintaining a lean operational structure. Giftify plans to continuously reinvest profits into key growth areas to secure sustainable expansion.

Giftify's marketing and sales strategies further emphasize its innovative and customer-centric approach. Leveraging targeted influencer collaborations, impactful digital marketing campaigns, and robust public relations efforts, help the company to effectively reach its target demographic while fostering strong brand loyalty. In addition, Giftify utilizes strategic partnerships with ethical brands and artisans to enhance its offerings and strengthen its reputation as a leader in responsible consumerism.

These initiatives, complemented with a robust risk management framework, will position the company to navigate potential challenges while capitalizing on emerging opportunities. Giftify's scaling process is based on a clear roadmap for geographical expansion, continuous technological innovation and reinforcement of sustainable practices. This long-term and structured approach to corporate development allows Giftify to capitalize on a competitive and rapidly changing gifting industry. With a clear mission, strategic vision, and carefully planned operational framework, Giftify is well-positioned to work as a good example to future

Group Part

entrepreneurial endeavours on how innovative technology can align and thrive when combined with meaningful and ethical practices.

Looking ahead, Giftify envisions a future characterized by steady growth, deep market penetration, and evolving product offerings in order to continue to meet changing consumer needs. By embracing emerging trends, exploring new collaborations, and enhancing operational efficiencies, Giftify aims to strengthen its industry presence further and become synonymous with sustainable and innovative gift-giving solutions globally.

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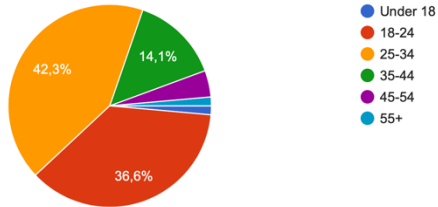
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Appendix 1: Survey Insights

Appendix 1.1: Question Age

1. What is your age group?

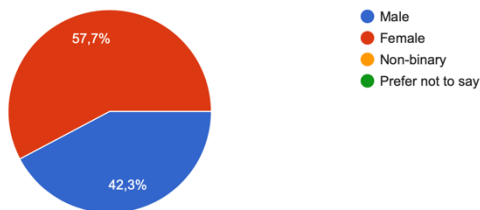
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Appendix 1.2: Question Gender

2. What is your gender?

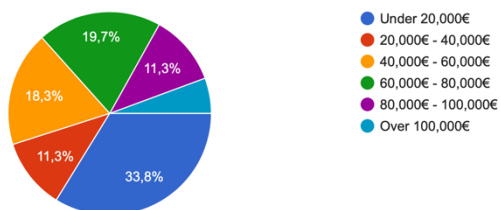
71 Antworten



Appendix 1.3: Question Income

3. What is your annual income?

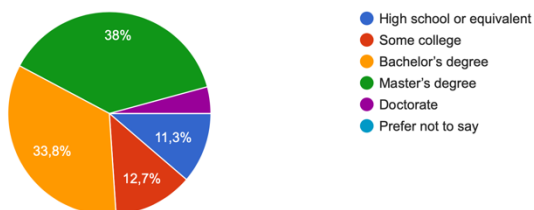
71 Antworten



Appendix 1.4: Question Education:

4. What is your highest level of education?

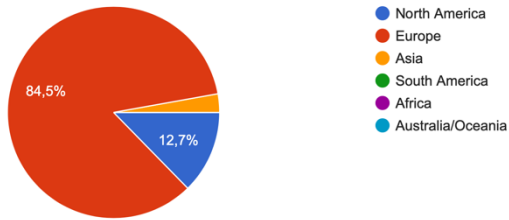
71 Antworten



Appendix 1.5: Question Origin

5. Where do you live?

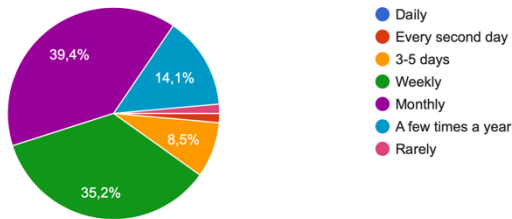
71 Antworten



Appendix 1.6: Question Online Shopping Frequency

6. How often do you shop online?

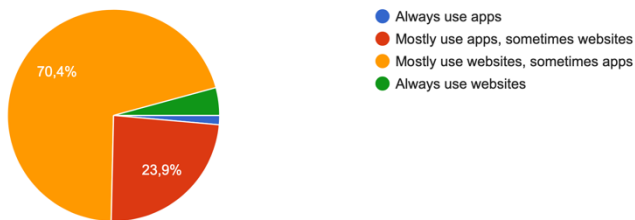
71 Antworten



Appendix 1.7: Question Preferences

7. Do you preferably use online website or apps for online shopping?

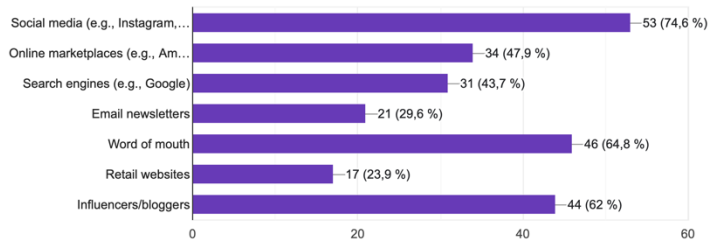
71 Antworten



Appendix 1.8: Question Product Discovery

8. Where do you usually discover new products? (Select all that apply)

71 Antworten



Appendix 1.9: Question Difficulty in Finding Gifts

9. How difficult do you find it to come up with a good gift idea?

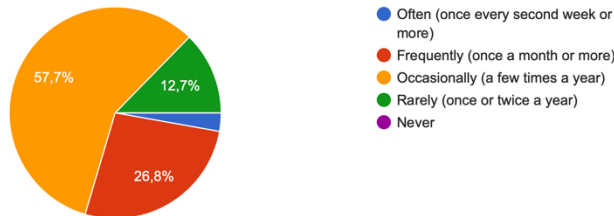
71 Antworten



Appendix 1.10: Question Online Gift-Shopping

10. How often do you buy gifts online?

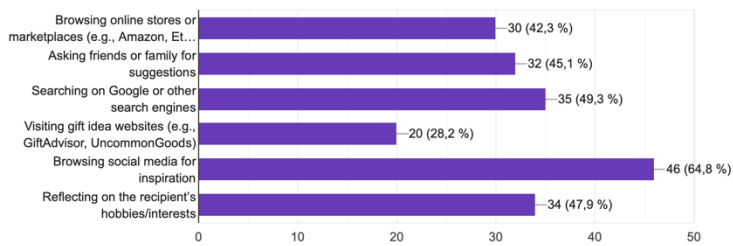
71 Antworten



Appendix 1.11: Question Gift Discovery

11. How do you usually find gift ideas when you have no idea what to gift?

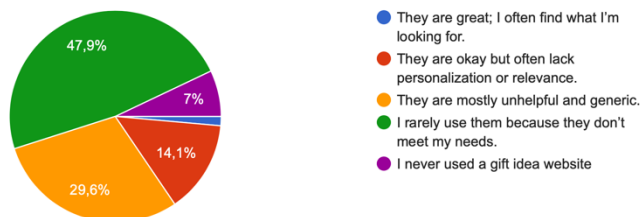
71 Antworten



Appendix 1.12: Question Perception of Current Tools

12. How do you feel about existing gift idea websites?

71 Antworten

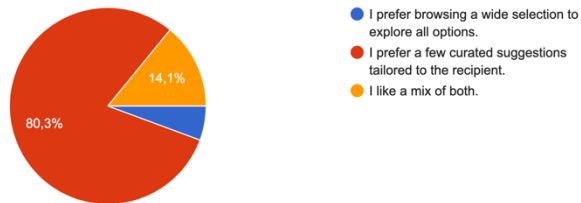


Appendix 1.13: Question Challenges



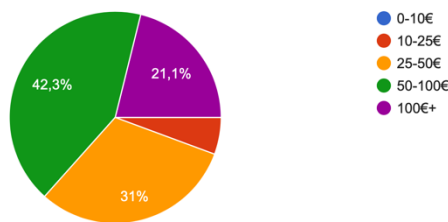
Appendix 1.14: Question Suggestion Offerings

14. When searching for gifts, do you prefer to browse a wide selection or receive a few curated suggestions?
71 Antworten



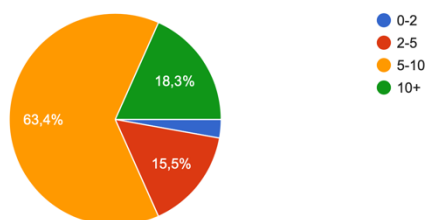
Appendix 1.15: Question Average Spent

15. How much money do you spend per gift on average?
71 Antworten



Appendix 1.16: Question Gift Amount

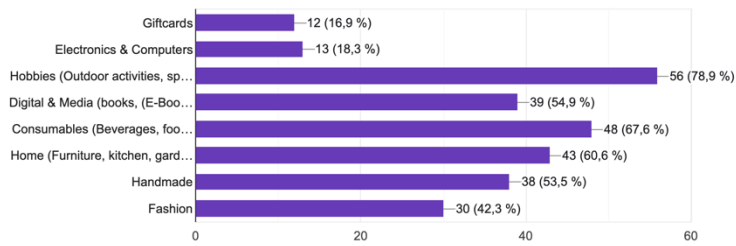
16. How many gifts do you buy per year on average?
71 Antworten



Appendix 1.17: Question Gift Categories

17. Which of the following categories do you usually gift?

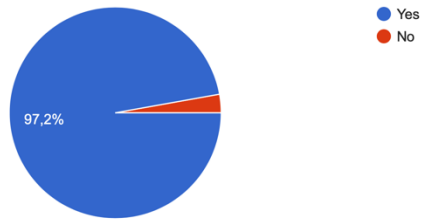
71 Antworten



Appendix 1.18: Question Online Gifting Tool

18. Could you imagine using an online tool to find gifts?

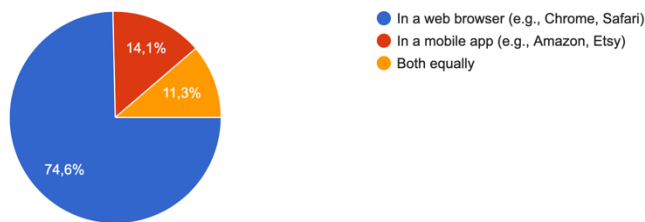
71 Antworten



Appendix 1.19: Question Online Gifting

19. Where do you typically look for gifts online?

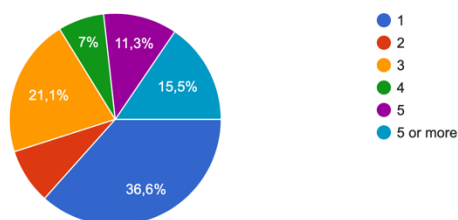
71 Antworten



Appendix 1.20 Question Gift Recommendations

20. How many gift ideas would you like to get recommended at the end of the Giftify questionnaire?

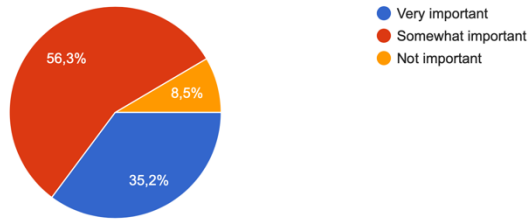
71 Antworten



Appendix 1.21: Question Sustainability Considerations

21. How important are ethical and sustainable considerations when purchasing a gift?

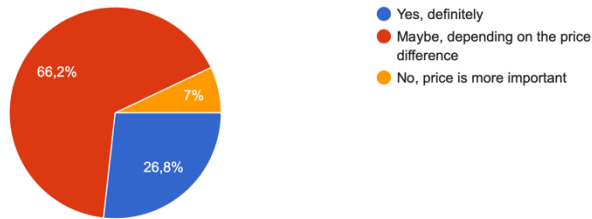
71 Antworten



Appendix 1.22: Question Payment Willingness fro Sustainability Premium

22. Would you be willing to pay more for a gift that is ethically sourced or environmentally friendly?

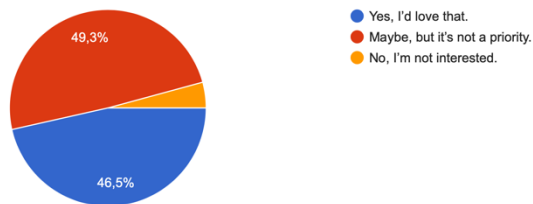
71 Antworten



Appendix 1.23: Question Environmental Impact

23. Would you like Giftify to offer information about the social or environmental impact of the gifts you purchase?

71 Antworten



Appendix 2: Questionnaire

Appendix 2.1: Question Occasion

Help Us Know Them, We'll Find a Gift They'll Love!

What's the occasion for the gift?

| |
|-------------|
| Birthday |
| Wedding |
| Anniversary |
| Graduation |

Appendix 2.2 Question Recipient

Help Us Know Them, We'll Find a Gift They'll Love!

Who is the recipient of the gift?

| |
|-----------|
| Friend |
| Family |
| Colleague |

Appendix 2.3 Question Age

Help Us Know Them, We'll Find a Gift They'll Love!

What is the recipient's age group?

| |
|----------|
| Under 10 |
| 10-18 |
| 19-25 |
| 26-35 |

Appendix 2.4 Question Recipient's gender

Help Us Know Them, We'll Find a Gift They'll Love!

What is the gender of the gift recipient?

| |
|-------------------|
| Male |
| Female |
| Non-binary |
| Prefer not to say |

Appendix 2.5 Question Recipient's personality type

Help Us Know Them, We'll Find a Gift They'll Love!

What kind of personality best describes the recipient?

| |
|--------------|
| Creative |
| Adventurous |
| Intellectual |
| Fashionable |

Appendix 2.6 Questions Recipient's hobbies

Does the recipient have any specific hobbies or interests?

| |
|---|
| <input type="checkbox"/> Reading |
| <input type="checkbox"/> Sports |
| <input type="checkbox"/> Art & Craft |
| <input type="checkbox"/> Tech & Gadgets |
| <input type="checkbox"/> Fashion |
| <input type="checkbox"/> Cooking |
| <input type="checkbox"/> Travel |
| <input type="checkbox"/> Music |
| <input type="checkbox"/> Movies |
| <input type="checkbox"/> Entertainment |

[Continue](#)

Appendix 2.7: Question Budget

Help Us Know Them, We'll Find a Gift They'll Love!

What is your budget range?

| | |
|----------------------------------|-------------|
| <input type="radio"/> | Under \$25 |
| <input type="radio"/> | \$25-\$50 |
| <input type="radio"/> | \$50-\$100 |
| <input checked="" type="radio"/> | \$100-\$200 |

Appendix 2.8: Question Sustainability preference

Help Us Know Them, We'll Find a Gift They'll Love!

Would you prefer eco-friendly or sustainable gift options?

| | |
|--|---------------|
| <input type="radio"/> | Yes |
| <input type="radio"/> | No preference |
| <input checked="" type="button" value="Continue"/> | |

Appendix 3: API Call to ChatGPT

```
{"title":"[search] - Etsy","description":"Check out our [search] selection for the very best in unique or custom, handmade pieces from our shops.","images":["https://i.etsystatic.com/45837604/r/il/f31050/5722420358/il_300x300.5722420358_adbx.jpg"],"url":"https://www.etsy.com/search?q=[search]","sitename":"Etsy","favicon":"https://www.etsy.com/favicon.ico","duration":40,"domain":"www.etsy.com"}
```

Appendix 4: Customer Lifetime Cycle / Customer Lifetime Value

Appendix 4.1: CLC / CLTV E-Commerce Tier 1 Low provisions

| Customer lifetime Cycle | | | | | | |
|--|-----------------|-----------|-----------|-----------|-----------|-----------|
| E-Commerce Tier 1 Low provision | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Customer | 11.419 | 10.753 | 10.125 | 9.534 | 8.977 | 8.453 |
| Revenue | 42,84 € | 42,84 € | 42,84 € | 42,84 € | 42,84 € | 42,84 € |
| Total revenue | 489.210 € | 460.652 € | 433.760 € | 408.438 € | 384.595 € | 362.143 € |
| Total revenue | 2.538.799 € | | | | | |
| CLTV | 222,32 € | | | | | |

Appendix 4.2: CLC / CLTV E-Commerce Tier 2 Mid provisions

| Customer lifetime Cycle | | | | | | |
|--|-----------------|-----------|-----------|-----------|-----------|-----------|
| E-Commerce Tier 2 Mid provision | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Customer | 22.839 | 21.506 | 20.250 | 19.068 | 17.955 | 16.907 |
| Revenue | 32,48 € | 32,48 € | 32,48 € | 32,48 € | 32,48 € | 32,48 € |
| Total revenue | 741.842 € | 698.535 € | 657.757 € | 619.359 € | 583.202 € | 549.157 € |
| Total revenue | 3.849.851 € | | | | | |
| CLTV | 168,57 € | | | | | |

Appendix 4.3: CLC / CLTV E-Commerce Tier 3 High provisions

| Customer lifetime Cycle | | | | | | |
|---|-----------------|-----------|-----------|-----------|-----------|-----------|
| E-Commerce Tier 3 High provision | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Customer | 19.032 | 17.921 | 16.875 | 15.890 | 14.962 | 14.089 |
| Revenue | 24,42 € | 24,42 € | 24,42 € | 24,42 € | 24,42 € | 24,42 € |
| Total revenue | 464.773 € | 437.641 € | 412.092 € | 388.036 € | 365.383 € | 344.053 € |
| Total revenue | 2.411.977 € | | | | | |
| CLTV | 126,73 € | | | | | |

Appendix 4.4: CLC / CLTV Tier 1% passive provisions

| Customer lifetime Cycle | | | | | | |
|--|---------------|---------|---------|---------|---------|---------|
| E-Commerce Tier 1% passive provisions | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Customer | 9.628 | 957 | 901 | 849 | 799 | 752 |
| Revenue | 5,68 € | 5,68 € | 5,68 € | 5,68 € | 5,68 € | 5,68 € |
| Total revenue | 54.659 € | 5.434 € | 5.117 € | 4.818 € | 4.537 € | 4.272 € |
| Total revenue | 78.837 € | | | | | |
| CLTV | 8,19 € | | | | | |

Appendix 4.5: CLC / CLTV Total

| Customer lifetime Cycle | | | | | | |
|--------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|
| Total | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Customer | 62.919 | 59.246 | 55.787 | 52.530 | 49.464 | 46.576 |
| Revenue | 23,98 € | 23,98 € | 23,98 € | 23,98 € | 23,98 € | 23,98 € |
| Total revenue | 1.508.703 € | 1.420.629 € | 1.337.697 € | 1.259.606 € | 1.186.074 € | 1.116.834 € |
| Total revenue | 7.829.543 € | | | | | |
| CLTV | 124,44 € | | | | | |

Appendix 4.6: CLTV/CAC Ratio

| CLTV/CAC | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---------------------------------------|-------------|--------------|--------------|--------------|-------------|-------------|
| E-Commerce Tier 1 Low provision | 16,57 | 19,05 | 18,75 | 18,32 | 17,73 | 16,98 |
| E-Commerce Tier 2 Mid provision | 12,57 | 14,45 | 14,22 | 13,89 | 13,45 | 12,88 |
| E-Commerce Tier 3 High provision | 9,45 | 10,86 | 10,69 | 10,44 | 10,11 | 9,68 |
| E-Commerce Tier 1% passive provisions | 0,61 | 0,70 | 0,69 | 0,67 | 0,65 | 0,63 |
| Total | 9,28 | 10,66 | 10,49 | 10,25 | 9,93 | 9,51 |

Appendix 5: Amazon provisions

| Produktkategorie | Direkte Qualifizierte Umsätze pro Monat | Standardvergütungen | | |
|--|---|--------------------------------|----------------------------------|-------------------------|
| | | Direkte Qualifizierte Verkäufe | Indirekte Qualifizierte Verkäufe | Amazon Influencer-Seite |
| Amazon Games | - | 20 % | 1 % | 20 % |
| Amazon Fashion Bekleidung, Schuhe, Schmuck, Uhren, Gepäck, Amazon Fashion Damen, Herren & Kinder Private Label, Prime Erst probieren, dann zahlen, Luxusmode | < 15,000 € | 10 % | 1 % | 10 % |
| | ≥ 15,000 € | 12 % | | |
| Handmade | - | 10 % | 1 % | 10 % |
| Home Möbel, Baumarkt, Haushalt, Küche & Esszimmer, Terrasse, Rasen & Garten, Elektro- und Handwerkzeuge | < 40,000 € | 7 % | 1 % | 7 % |
| | ≥ 40,000 € | 8 % | | |
| Consumables Bier, Wein & Spirituosen, Lebensmittel, Haustierprodukte, Babyartikel, Schönheit, Luxus-Beauty, Gesundheit und Körperpflege, Körperpflegegeräte, Büroartikel | < 40,000 € | 6 % | 1 % | 6 % |
| | ≥ 40,000 € | 7 % | | |
| Digital and media Bücher*, Kindle eBooks*, Musik, DVDs & Blu-ray, digitale Videospiele, Software, Digital Software, Musik-Downloads, Videospiele-Downloads | < 20,000 € | 6 % | 1 % | 6 % |
| | ≥ 20,000 € | 7 % | | |
| Hobbies & Auto Outdooraktivitäten, Spiele und Spielwaren, Sport und Fitness, Musikinstrumente, Auto & Motorrad, Gewerbe, Industrie & Wissenschaft | < 20,000 € | 6 % | 1 % | 6 % |
| | ≥ 20,000 € | 7 % | | |
| Amazon Geräte Eero, Fire TV, Kindle und Echo-Geräte und Zubehör | < 5,000 € | 3 % | 1 % | 3 % |
| | ≥ 5,000 € | 4 % | | |
| Elektronik & Computers Computer, Elektronik, Kamera, Elektro-Großgeräte, Fernseher und Heimkino, Smartphones und Handys Videospiele | < 80,000 € | 3 % | 1 % | 3 % |
| | ≥ 80,000 € | 4 % | | |
| Konsolen | - | 1 % | 1 % | 1 % |
| tegut... bei Amazon Lebensmittel & mehr am selben Tag geliefert | - | 3 % | 3 % | 3 % |
| Alle übrigen Produkte (außer Geschenkgutscheine) | - | 3 % | 1 % | 1.5 % |
| Geschenkgutscheine | - | 0 % | 0 % | 0 % |

(Amazon 2024)

Appendix 6: Gifty Income Statement

Gifty INCOME STATEMENT

| | |
|---------------|------------|
| DATE PREPARED | 11.09.2024 |
| START YEAR | 2025 |
| END YEAR | 2029 |

| REVENUE | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--|----------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Core | | | | | | |
| E-Commerce Tier 1 Low provision | 89.784 € | 313.324 € | 621.159 € | 1.022.128 € | 1.523.870 € | 2.136.482 € |
| E-Commerce Tier 2 Mid provision | 135.904 € | 473.917 € | 939.236 € | 1.545.237 € | 2.303.444 € | 3.229.089 € |
| E-Commerce Tier 3 High provision | 85.176 € | 297.066 € | 588.780 € | 968.702 € | 1.444.057 € | 2.024.402 € |
| E-Commerce Tier 1% passive provisions | 12.467 € | 25.812 € | 37.138 € | 49.576 € | 63.488 € | 79.220 € |
| 323.332 € | 1.110.120 € | 2.186.313 € | 3.585.643 € | 5.334.859 € | 7.469.192 € | 7.469.192 € |
| Non-Core | | | | | | |
| Paid promotions (higher product listing) | - € | 203.239 € | 412.093 € | 835.570 € | 1.694.224 € | 3.435.254 € |
| Data sales | 121.041 € | 282.436 € | 441.739 € | 613.909 € | 800.207 € | 1.002.191 € |
| 121.041 € | 485.675 € | 853.832 € | 1.449.479 € | 2.494.431 € | 4.437.444 € | 4.437.444 € |
| NET SALES | 444.373 € | 1.595.794 € | 3.040.145 € | 5.035.122 € | 7.829.290 € | 11.906.637 € |
| COST OF GOODS SOLD | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Database & Hosting | 8.887 € | 31.916 € | 60.803 € | 100.702 € | 156.586 € | 238.133 € |
| Maintenance | 4.444 € | 15.958 € | 30.401 € | 50.351 € | 78.293 € | 119.066 € |
| TOTAL COST OF SALES | 13.331 € | 47.874 € | 91.204 € | 151.054 € | 234.879 € | 357.199 € |
| GROSS PROFIT/LOSS | 431.041 € | 1.547.921 € | 2.948.940 € | 4.884.068 € | 7.594.412 € | 11.549.437 € |
| OPERATING EXPENSES | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Sales & Marketing Expenses | | | | | | |
| Influencer Marketing | 360.000 € | 960.000 € | 1.440.000 € | 1.920.000 € | 2.400.000 € | 2.880.000 € |
| Paid Advertisement Budget | 600.000 € | 730.890 € | 1.042.074 € | 1.485.748 € | 2.118.321 € | 3.020.220 € |
| General Budget | 90.000 € | 90.000 € | 90.000 € | 90.000 € | 90.000 € | 90.000 € |
| TOTAL COST OF G&A | 1.050.000 € | 1.780.890 € | 2.572.074 € | 3.495.748 € | 4.608.321 € | 5.990.220 € |
| General & Admission Costs | | | | | | |
| Salaries & Benefits | - € | - € | 20.000 € | - € | 240.000 € | 480.000 € |
| Dues & Subscriptions | 6.000 € | 12.000 € | 12.000 € | 12.000 € | 18.000 € | 24.000 € |
| Product & Development | 300.000 € | 60.000 € | 60.000 € | 60.000 € | 60.000 € | 60.000 € |
| General & Admin | 72.000 € | 144.000 € | 216.000 € | 216.000 € | 216.000 € | 216.000 € |
| TOTAL COST OF G&A | 378.000 € | 216.000 € | 308.000 € | 288.000 € | 534.000 € | 780.000 € |
| Professional Fees | | | | | | |
| Legal | 145.000 € | 120.000 € | 120.000 € | 120.000 € | 120.000 € | 120.000 € |
| Accounting | 60.000 € | 60.000 € | 60.000 € | 60.000 € | 60.000 € | 60.000 € |
| Other | 36.000 € | 36.000 € | 36.000 € | 36.000 € | 36.000 € | 36.000 € |
| TOTAL COST OF Professional Fees | 241.000 € | 216.000 € | 216.000 € | 216.000 € | 216.000 € | 216.000 € |
| Other Costs | | | | | | |
| Misc | 8.887 € | 31.916 € | 60.803 € | 100.702 € | 156.586 € | 238.133 € |
| Development | 250.000 € | - € | - € | - € | - € | - € |
| TOTAL Other Costs | 258.887 € | 31.916 € | 60.803 € | 100.702 € | 156.586 € | 238.133 € |
| TOTAL OPERATING EXPENSES | 1.927.887 € | 2.244.805 € | 3.156.877 € | 4.100.450 € | 5.514.907 € | 7.224.352 € |
| NET INCOME BEFORE TAXES | - 1.496.846 € | - 696.885 € | - 207.936 € | 783.618 € | 2.079.505 € | 4.325.085 € |
| Corporate Tax (30%) | 0 | 0 | 0 | 101.870 € | 623.851 € | 1.297.526 € |
| NET INCOME/LOSS | - 1.496.846 € | - 696.885 € | - 207.936 € | 681.748 € | 1.455.653 € | 3.027.560 € |

Appendix 7: Giftify Cash Flow Statement

Giftify

Cash Flow Statement

| | For the year ending: | | | | | | |
|---|----------------------|------------------|------------------|------------------|--------------------|--------------------|--|
| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| Operating Activity | | | | | | | |
| Direct | 323.332 € | 1.110.120 € | 2.186.313 € | 3.585.643 € | 5.334.859 € | 7.469.192 € | |
| Indirect | 121.041 € | 485.675 € | 853.832 € | 1.449.479 € | 2.494.431 € | 4.437.444 € | |
| <i>Cash paid for</i> | | | | | | | |
| Sales & Marketing Expenses | - 1.050.000 € | - 1.780.890 € | - 2.572.074 € | - 3.495.748 € | - 4.608.321 € | - 5.990.220 € | |
| COGS | - 13.331 € | - 47.874 € | - 91.204 € | - 151.054 € | - 234.879 € | - 357.199 € | |
| Wage expenses | - € | - € | - 20.000 € | - € | - 240.000 € | - 480.000 € | |
| General & Admission Costs | - 378.000 € | - 216.000 € | - 288.000 € | - 288.000 € | - 294.000 € | - 300.000 € | |
| Professional Fees | - 241.000 € | - 216.000 € | - 216.000 € | - 216.000 € | - 216.000 € | - 216.000 € | |
| Other | - 258.887 € | - 31.916 € | - 60.803 € | - 100.702 € | - 156.586 € | - 238.133 € | |
| Income taxes | - € | - € | - € | - 101.870 € | - 623.851 € | - 1297.526 € | |
| Net Profit from Operations | - 1.496.846 € | 696.885 € | 207.936 € | 681.748 € | 1.455.653 € | 3.027.560 € | |
| <i>Additions to cash</i> | | | | | | | |
| Depreciation | - € | - € | - € | - € | - € | - € | |
| Amortization | - € | - € | - € | - € | - € | - € | |
| <i>Subtractions from Cash</i> | | | | | | | |
| Increase in Accounts Receivable | - | - | - | - | - | - | |
| Increase in Inventory | - | - | - | - | - | - | |
| Total Cash from Operating Activities | - 1.496.846 € | 696.885 € | 207.936 € | 681.748 € | 1.455.653 € | 3.027.560 € | |
| Investing Activities | | | | | | | |
| <i>Cash receipts from</i> | | | | | | | |
| Purchase of equipment | - | - | - | - | - | - | |
| Investor loan | - | - | - | - | - | - | |
| Total Cash from Investing Activities | - € | - € | - € | - € | - € | - € | |
| Financing Activities | | | | | | | |
| <i>Drawing/Distribution</i> | | | | | | | |
| Repayment of loans | - | - | - | - | - | - | |
| Total Cash from Financing Activities | - € | - € | - € | - € | - € | - € | |
| Beginning Cash | - € | - € | - € | - € | - € | - € | |
| Total Change in Cash | - 1.496.846 € | 696.885 € | 207.936 € | 681.748 € | 1.455.653 € | 3.027.560 € | |
| Ending Cash | - 1.496.846 € | 696.885 € | 207.936 € | 681.748 € | 1.455.653 € | 3.027.560 € | |

Appendix 8: Valuation

| DCF Method | | 12% (Assumed from industry average of 10-15% for tech, SaaS, and e-commerce startups) | | |
|-------------------------|------------------------|---|----------------|--|
| WACC | | | | |
| Year | FCF (€) | DF | PV (€) | |
| 2025 - | 1.496.846 € | 0,89286 - | 1.336.469,61 € | |
| 2026 - | 696.885 € | 0,79719 - | 555.552,26 € | |
| 2027 - | 207.936 € | 0,71178 - | 148.004,88 € | |
| 2028 | 681.748 € | 0,63552 | 433.263,04 € | |
| 2029 | 1.455.653 € | 0,56743 | 825.976,71 € | |
| 2030 | 3.027.560 € | 0,50663 | 1.533.855,90 € | |
| Terminal Value | | | | |
| growth | | 2% | | |
| TV | 30.881.108 € | | | |
| PV of TV | 15.645.330,17 € | | | |
| Enterprise Value | 16.398.399,07 € | | | |
| Equity Stake | | | | |
| Investment amount | 2.700.000,00 € | | | |
| Pre Money Valuation | 16.398.399,07 € | | | |
| Post-Money Valuation | 19.098.399,07 € | | | |
| Equity Stake | 14,14% | | | |

For Investing 2.7M right now the investor would receive 14,43% in equity

| Equity Stakes founders pre Investment | |
|---------------------------------------|------|
| Founder 1 | 25% |
| Founder 2 | 25% |
| Founder 3 | 25% |
| Founder 4 | 25% |
| Sum | 100% |

| Equity Stake founders post Investment | |
|---------------------------------------|--------|
| Founder 1 | 21,47% |
| Founder 2 | 21,47% |
| Founder 3 | 21,47% |
| Founder 4 | 21,47% |
| Sum | 85,86% |

IRR 21,22%

Appendix 9: Final Funding Required

| | |
|---|-----------------------|
| Funding required | |
| Platform Development | 250.000,00 € |
| Business Development (negative CFs) Cash Burn | 2.164.094,45 € |
| Total Cash Burn | 2.414.094,45 € |
| Buffer | 11,84% |
| Investment ask | 2.700.000,00 € |
| Investment rounded | 2.700.000,00 € |