

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Bachelor Thesis

**Business plan for a ramen bar in Prague with emphasis on
marketing**

Le Minh Nhat Pham

© 2020 CZU

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Bc. Le Minh Nhat Pham

Systems Engineering and Informatics
Informatics

Thesis title

Business plan for a ramen bar in Prague with emphasis on marketing

Objectives of thesis

The aim of this work is to create a business plan for a ramen bar in Prague, putting particular emphasis on marketing.

Methodology

The thesis is divided into two main parts: theoretical and practical

The theoretical part comprises a study of scientific literature and scientific resources from various academic and other reliable sources.

For the practical part, a detailed business plan will be created and presented. It will be based on surveys conducted to find data about potential customers and about the competitors. Finally it will propose suitable and appropriate marketing to promote the success of the business and its products.

The proposed extent of the thesis

Approx 40-50 pages

Keywords

marketing, plan, business, business plan, ramen, marketing plan

Recommended information sources

- Berry T. (2006), The Book on Business Planning, 6th edition, Eugene, OR. USA.: Palo Alto Software, Inc; 6th edition, 232pp. ISBN-13: 978-0971218529
- Bingham F.G. (1997), Business marketing management, Lincolnwood Il. USA.: NTC Business Books, 632pp., ISBN 0-8442-2964-4
- Dunne P.M., Lusch R.F., Carver J.R. (2013), Retailing. 8th edition, Boston MA. USA.: Cengage Learning, 720pp., ISBN-10: 1133953808
- Miles D., Scott A. (2005), Macroeconomics : understanding the wealth of nations, Hoboken, NJ. USA: Wiley & Sons, 632pp, ISBN-13: 978-0470868911
- Richardson B., Richardson R. (1992), Business Planning: an approach to strategic management, 2nd edition, London UK.: Financial Times, 304pp., ISBN-13: 978-0273037200
- Varey R.J. (2002), Marketing communication: Principles and practice, London UK.: Routledge, 416pp., ISBN 0-415-23040-3

Expected date of thesis defence

2019/20 SS – FEM

The Bachelor Thesis Supervisor

Ing. Richard Selby, Ph.D.

Supervising department

Department of Management

Electronic approval: 16. 3. 2020

prof. Ing. Ivana Tichá, Ph.D.

Head of department

Electronic approval: 16. 3. 2020

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 16. 03. 2020

Declaration

I hereby declare that I have worked on the diploma thesis titled Business plan for a ramen bar in Prague with emphasis on marketing completely on my own under supervising of Ing. Richard Selby, Ph.D. and that literature and other information sources I used or cited are listed in the References section and cited in the text.

In Prague, March 2020

_____Pham Le Minh Nhat_____

Acknowledgement

This way I would like to thank to my supervisor Ing. Richard Selby, Ph.D. for his guidance, assistance and valuable advices during processing of my thesis. I cannot forget express my thanks to Ing. Le Minh Cau, Mr. Hoang Son Le, my colleagues and teachers who make my studies, researches possible and thus provide my access to wonderful knowledge I could gain today.

Business plan for a ramen bar in Prague with emphasis on marketing

Summary

It is not difficult to open a store in Prague because it is a great market opportunity with a stable economic, low level of unemployment, great working situation and the most famous characteristic of Prague is a city of tourism; but to success in a new business it is necessary to have appropriate strategies in the first steps, because it will decide the future of the business. With the idea of opening a ramen bar operating in the field of gastronomy, based on a business plan that being used as a reference in opening a new business in the center of Prague - Czech Republic.

The thesis is divided into two main parts consist of theoretical and practical.

The theoretical part comprises a study of scientific literature and scientific resources from various academic and other reliable sources.

For the practical part, a detailed business plan will be created and presented. It will be based on surveys conducted to find data about potential customers and about the competitors.

Finally, it will propose suitable and appropriate marketing to promote the success of the business and its products.

Keywords: marketing, business, ramen, plan, business planning, marketing plan, financial plan.

Podnikatelský plán pro ramen bar v Praze s důrazem na marketing

Souhrn

Otevření obchodu v Praze není obtížné, protože je tu skvělá tržní příležitost se stabilní ekonomikou, nízkou mírou nezaměstnanosti a skvělými pracovními podmínkami. Nejznámější charakteristikou Prahy je cestovní ruch; ale aby byl podnik úspěšný, je nutné mít vhodné strategie v prvních krocích. Tyto kroky rozhodují o budoucnosti celé podnikání. S myšlenkou ramen baru působícího v oblasti gastronomie, založeného na obchodním plánu, který se blíží realitě, tento podnikatelský plán bude použit jako reference při otevírání nových obchodů v centru Prahy i v České republice.

Tato práce je rozdělena na dvě hlavních částí, které se skládají z teoretické a praktické.

Teoretická část zahrnuje studium vědecké literatury a vědeckých zdrojů z různých akademických a jiných spolehlivých zdrojů.

V praktické části bude vytvořen a představen podrobný podnikatelský plán. Bude založen na průzkumech prováděných za účelem nalezení údajů o potenciálních zákaznících a konkurentech. Nakonec navrhne vhodný a výstižný marketing na podporu úspěchu firmy a jejích produktů.

Klíčová slova: marketing, obchod, ramen, plán, obchodní plánování, marketingový plán, finanční plán.

Table of Contents

| | | |
|------|--|----|
| I. | Introduction..... | 13 |
| II. | Objectives and Methodology | 14 |
| | 1. Objective | 14 |
| | 2. Methodology | 14 |
| III. | Literature Review | 15 |
| | 1. Business Plan..... | 15 |
| | 2. Marketing Plan | 15 |
| | 2.1. What is marketing?..... | 15 |
| | 2.2. Definition of marketing plan..... | 16 |
| | 2.3. Retail in marketing | 17 |
| | 2.3.1. Types of retail establishments | 18 |
| | 2.3.2. The role of modern marketing in retail activities of goods..... | 18 |
| | 3. Price & Pricing | 19 |
| | 3.1. Price..... | 19 |
| | 3.2. Pricing by competitors..... | 19 |
| | 3.3. Pricing by cost and profit – CVP | 20 |
| | 3.4. Pricing according to food standards | 21 |
| | 3.5. Pricing by supply and demand..... | 21 |
| | 4. Business Management | 21 |
| | 4.1. Business Model..... | 21 |
| | 4.2. HRM..... | 22 |
| IV. | Practical Research..... | 24 |
| | 1. Introduction | 24 |

| | |
|------------------------------------|----|
| 2. Market Analysis..... | 24 |
| 2.1. Micro Analysis..... | 24 |
| 2.1.1. Market Segment..... | 24 |
| 2.1.1.1. Geographic location | 24 |
| 2.1.1.2. Demographics | 24 |
| 2.1.2. Competitors | 26 |
| 2.1.2.1. Direct Competitors..... | 26 |
| 2.1.2.2. Indirect Competitor | 27 |
| 2.1.3. Supplier | 27 |
| 2.1.4. Customer | 27 |
| 3. Product and Services..... | 28 |
| 3.1. Product..... | 28 |
| 3.2. Alternatives..... | 29 |
| 3.3. Production..... | 29 |
| 4. Marketing Plan | 29 |
| 4.1. Target Market..... | 29 |
| 4.2. Marketing Channel..... | 30 |
| 4.2.1. Advertising | 30 |
| 4.2.2. Online marketing | 30 |
| 4.2.3. Community program..... | 32 |
| 5. Brand Strategy..... | 32 |
| 5.1. Rental..... | 32 |
| 5.2. Brand Logo | 33 |
| 5.3. Communication Messages | 34 |

| | | |
|--------|-----------------------------------|----|
| 5.4. | Promotion | 34 |
| 5.4.1. | At Sale Point..... | 34 |
| 5.4.2. | Direct Communication..... | 35 |
| 6. | Analysis of SWOT and PESTLE | 35 |
| 6.1. | SWOT Analysis..... | 35 |
| 6.2. | Macro Analysis using PESTLE..... | 35 |
| 7. | Business Management | 37 |
| 7.1. | HRM..... | 37 |
| 7.1.1. | Management Model..... | 38 |
| 7.1.2. | HR Policy | 38 |
| 8. | Financial Plan | 38 |
| 8.1. | Equipment Cost..... | 38 |
| 8.2. | Production Cost..... | 40 |
| 8.2.1. | Ramen Cost | 40 |
| 8.2.2. | Broth Cost | 40 |
| 8.2.3. | Topping | 41 |
| 8.2.4. | Infused oil..... | 42 |
| 8.2.5. | Side Dishes..... | 42 |
| 8.2.6. | Other spices | 43 |
| 8.2.7. | Drinks..... | 43 |
| 8.3. | Employees..... | 44 |
| 8.4. | Other Services | 45 |
| 8.5. | Accumulation Depreciation | 46 |
| 8.6. | Price Strategy..... | 47 |

| | |
|------------------------------------|----|
| 8.7. Breakeven Point | 48 |
| 8.8. Starting budget funding | 51 |
| 8.8.1. Total cost..... | 51 |
| 8.8.2. Funding method..... | 52 |
| V. Conclusion..... | 54 |
| VI. References | 55 |
| VII. Appendix | 56 |

Table of Figures

| | |
|--|----|
| Figure 1 Project magic triangle | 16 |
| Figure 2 CVP function..... | 20 |
| Figure 3 Competitors overview..... | 26 |
| Figure 4 Intended logo for the store | 33 |
| Figure 5 SWOT analysis..... | 35 |
| Figure 6 Intended human resource | 37 |
| Figure 7 Intended management model | 38 |
| Figure 8 Equipment cost..... | 39 |
| Figure 9 Cost of dishware & other tools | 39 |
| Figure 10 Cost of making ramen..... | 40 |
| Figure 11 Cost of making ramen bone broth | 41 |
| Figure 12 Cost of making ramen vegan broth | 41 |
| Figure 13 Cost of making ramen topping | 42 |
| Figure 14 Cost of making ramen infused oil | 42 |
| Figure 15 Potential cost of side dishes | 43 |
| Figure 16 Cost of additional spices | 43 |
| Figure 17 Cost of nonalcoholic drinks | 44 |
| Figure 18 Cost of alcoholic drinks | 44 |

| | |
|--|----|
| Figure 19 Employees salary..... | 45 |
| Figure 20 Services cost..... | 45 |
| Figure 21 Monthly cost | 46 |
| Figure 22 Depreciation for equipment | 46 |
| Figure 23 Depreciation for dishware and other tools | 47 |
| Figure 24 Ramen cost break down..... | 47 |
| Figure 25 Cost break down and pricing for nonalcoholic drinks..... | 48 |
| Figure 26 Cost break down and pricing for alcoholic drinks | 48 |
| Figure 27 Monthly expense | 49 |
| Figure 28 Breakeven point..... | 49 |
| Figure 29 Data for breakeven point..... | 50 |
| Figure 30 BEP graft..... | 50 |
| Figure 31 Total cost for a month after BEP..... | 51 |
| Figure 32 Angel investor (dis)advantage..... | 52 |
| Figure 33 Venture capital (dis)advantage..... | 52 |

I. Introduction

Long ago, with adapted the noodle the Chinese brought to Japan, many food stalls were roaming the street until 1910, when the first ramen shop was opened in Tokyo. Back in the day, the owner claimed that they were serving thousands of bowls per day. Not stopping there, they started to use different types of bones for broth, with a little addition of Shoyu sauce which make it become became the standard Tokyo style and started spreading from Tokyo to Yokohama, Honshu, later all over Japan. Not until 1985, thanks to the movie "Tampopo" by Juzo Itami that ramen was introduced to the world and became a trend ever since.

Coming from an Asian country that influenced by Japan culture, ramen left an unforgettable impact on who ever tasted it. Here in Prague - Czech Republic, you can find many types of Japanese food, you can drink many types of sake but no Ramen to be found.

This is a great market opportunity with a stable economic, low level of unemployment, great working situation to investing in a new development business suitable not only with the local but with the characteristic of Prague as a city of tourism.

The aim of the bachelor thesis to create a business plan with emphasis on marketing of a new ramen bar in Prague. Where in order to be successful in a competitive market with business rises and falls so easily, it is a must to construct a new concept to approach customers through marketing, and in the end satisfies customers based on quality food and great customer experience.

II. Objectives and Methodology

1. Objective

The aim of this work is to create a business plan for a ramen bar in Prague, putting particular emphasis on marketing.

Through the use of practical theories to get solutions to develop activities that are considered reasonable, especially the solutions to perfect the marketing technology, thereby improving the efficiency of the business operations. To prove the highest possibility of success, major aspects such as management, HR and marketing are put to practice to ensure the highest percentages of success.

2. Methodology

The thesis is divided into two main parts consist of theoretical and practical

For the theoretical part, it's based on the study of scientific literature and scientific resources from various sources.

For the practical part, a detailed business plan will be created and presented. It will be based on surveys conducted to find data about potential customers and about the competitors. Finally it will propose suitable and appropriate marketing to promote the success of the business and its products.

III. Literature Review

1. Business Plan

“Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.” [1]

The first impression is very important whether you are meeting someone new or interviewing for a job; a business plan is a tool in making impression to the investors.

In particular, business plan has to mention what the intended audience is, what is its current market? What are the estimating revenues, costs and profits? How much money needed to conduct the business and where the money comes from.

Convincing readers about the potential for success and growth of the field in which being invested in by giving specific evidence. Specifically, by make a financial plan to show that all revenues and funding sources can meet and pay for all payments. The plan also present specific business activities within the next several years.

2. Marketing Plan

2.1. What is marketing?

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” [2]

Marketing has long been an indispensable industry in the national economy and is essential for businesses that want to improve production and business efficiency. In the world, most large-scale enterprises such as multinational companies to small and medium-sized enterprises organize a Marketing department to conduct market research activities and penetration strategies. market, ensuring input and consumption for products of enterprises. [3]

For the Czech economy, production and business activities of enterprises of all economic sectors require implementation of activities related to marketing and need trained marketing experts.

To meet the maximum needs of customers requires retail marketing technology in stores must be streamlined.

2.2. Definition of marketing plan

Source 1 <http://www.ambysoft.com/> [5]



Figure 1 Project magic triangle

Taking the project magic triangle to account, there are 3 main pillars to a great plan. Take the giant sequoia the biggest tree on earth as an example. There won't be any tree unless a seed was planted and a tree can't fully growth overnight; to do anything, there must be time being invested into them, depends on what type of work times can be various from minutes to centuries. Not only that, during the life circle the tree also produces oxygen and fertilize the soil.

A marketing plan is an analyze of past work or cases to determine what to do now and in the future. Planning is an important system to help businesses control their future. Planning to develop and maintain strategic adaptation between the goals and capabilities of the business and the other side are opportunities. The marketing plan will include:

- What businesses hope to achieve
- Ways business can do to achieve them
- When business achieved it

The business marketing plan outlines the overall direction for the business through:

- Specify products that the company will produce
- Markets that businesses will target
- Set goals that need to be achieved for each product

2.3. Retail in marketing

The retailing process of a store depends on environmental factor, social factor and natural factor, other conditions and therefore it has its own characteristics. These characteristics include:

- The retailing of goods is a process that requires complex technical technology.
- The quantity and volume of goods exchanged once are often small and after sale the value of use will be realized.
- Retailing labor is a labor based on high technology associated with continuous improvement and improvement of customer service.
- In the process of retailing goods, it is required to optimally solve the money-goods economic relationship, the relationship between people and people according to said laws or material relations based on said or physical system on the basis of natural laws and relations of many different fields.
- The effectiveness of retail business depends on the business items, the level of technical infrastructure and the ability of the seller.

The concept of retailing therefore can be view from may angle with different perspective in term of production and consuming:

- Looking from the economic perspective: Retailing is selling goods and services directly to end consumers, which changes the value of goods from money to money in order to satisfy customers' needs and implement brand names. results in the sales process.

- In the modern technology view: Retailing of goods is a complex combination of technological and service activities calculated from the time when goods are imported into retail enterprises, goods are nominally transferred. for final consumers, turning the particular value of the goods into social value, turning the potential use value into the real value of the goods.
- Approach from a marketing perspective: Retail behavior is basically the end of the marketing process, in which the functions of the seller are usually a store, a service establishment and a buyer, a consumer. Mainly used is the exchange of economic goods and services for the direct consumer of individuals, families or social organizations. [4]

2.3.1. Types of retail establishments

A retail store is purely a physical location of a business to separately perform marketing functions, in which sales are primarily conducted for the consumer.

Each type of retail establishment has the appropriate sales technology, the characteristics of each different item and the appropriate application of business types will bring high efficiency to the business. Here are the types of retail establishments that are classified according to a type of criteria:

- According to the scope and nature of commercial goods: mixed, combined, specialized stores, supermarkets and trade centers.
- In the form of base ownership class: Independent monolithic shops, retail stores, outlets.
- According to the size of the business establishment: Big, small, medium size business depending on the area of the store.

2.3.2. The role of modern marketing in retail activities of goods

In every trading activity, the role of marketing is very important as it has a close relationship and is directly related to the profit of that process.

Retail is a very complex activity, it requires the seller with the skills and knowledge to apply in marketing to capture the needs, convince and draw customers back to the business.

Specifically, in retail trade; marketing has roles such as: Adapting products to market demand, mediating in the movement of goods, regulating functions, and taking risks.

As such, marketing is an essential and important activity for every business in general and especially in particular is retailing goods in stores. It promotes the consumption of goods, determines sales, costs, profits and thereby affects the overall business results, the image and position of the Company in the market.

Finally, marketing has an active role in overcoming a business inconsistency, incompatibility in integrating and behaving flexibly, flexibly and intellectually with the happenings and market situation, stimulating research, rationalization, innovation of the business growth and development.

3. Price & Pricing

3.1. Price

Long ago, ever since man learn how to exchange one thing to another a concept of one thing have a certain value was born. Continue in time, human race come up with price and everything comes with a price. Price can de define as:

- An amount of money in exchange for a good or service.
- A sensitive factor in business activities in general and commercial activities in particular, because the price is related to personal conflicts of interest between the seller and the buyer.
- The expected price is the price that the market accepts - the fair price of the product that consumers are willing to pay in exchange for the satisfaction of the demand from the use of products or services from the manufacturer.

An amazing product is not going to sell if it doesn't put it on the market for the right price.

3.2. Pricing by competitors

This is a simple and easy way and is mostly applied by owners. Using this method is to set a price based on the market price or the price competitors are proposing. Typically, the owner will set the price as his competitor or slightly lower compared to the opponent to attract customers who prefer high quality products with a better price

3.3. Pricing by cost and profit – CVP

This method required many calculation and estimation in order to setup the price of the products.

Source 2 <https://www.slideserve.com/> [6]

$$\bullet Sx = VCx + FC + P$$

- S= Selling Price
- X= Sales Volume
- VC = Variable Cost per unit
- FC = Fixed Cost
- P= Profit

Figure 2 CVP function

To determine the variables to apply into the calculation formula, these aspects must be put into consider:

- The direct cost: is the cost associated with making the product, including: the cost of raw materials, the cost of a portion, including the costs of the discarded portion because badly brewed or broken or due to processing only the best ingredients, ...
- Indirect cost: is the cost that does not include the actual ingredients that make up the product, but the added value such as brand, service quality, deliciousness of the product and the model of the selling place.
- Labor cost: can be understood as the workers preparing the product and deliver it to the customer.
- Other expenses: are expenses including depreciation, expenses for equipment investment, equipment expenses, selling expenses, operating personnel of the shop (security, cashier, service, ...). Although these costs are included in the total operating costs of the restaurant, it creates decisive added value to the price of drinks.
- Variable cost: affected when there is a difference in the quality of the product that change easily with the seasons. For example, hot weather will reduce supply and the price of raw materials will increase.

- Expected profit level: need to determine the desired profit level for each item according to the relative value (percentage) or the absolute value (profit over cost / item)

3.4. Pricing according to food standards

This is also a common way by considering the cost of the drink, clearly calculating the cost of each dish / drink and then pricing the menu based on the ratio of cost. For example:

Supermarket using this method on the bio products.

3.5. Pricing by supply and demand

This method requires the most research on the needs and affordability of customers. If the supply is large and the demand is small, then the price will decrease and vice versa. For example, diners drink in remote places, food supply is difficult, so they will accept higher prices. Or maybe there is only one place that sells attractive drinks, and the idea is that prices will be pushed up. On the other hand, the cafe possesses unique drinks and has a unique and novel architectural space that other shops do not have, they can still be priced high.

4. Business Management

4.1. Business Model

In order to manage the employee efficiently a business must have a clear organizational structure, which include different relationships of the people in the business, different levels in a business or an organization is called hierarchies, this only occurs when people are given some title or rank in the business.

Every business has different kinds of employee working in different levels and different responsibilities and several employees in each level depends on the business organizational structure. There are three typical organizational structure, they are: hierarchy, flat and matrix.

- Hierarchy is mainly use in a big company or organization addition to that the structure have a weakness of slow in communication and changes if there is a problem.
- In flat structure have a lower level of hierarchy and wider span of control meaning lower level employee can communicate with each other and with their leader or

manager more easily and quickly. This structure is used mainly by small businesses or start up because it allows the user to change rapidly to respond to the market, the customer or the competitor. However, the downside of this is more work and responsibility to the manager or the one responsible for making decision with the flow of the business.

- Lastly is the matrix structure. It's mainly used for a project or a short period job because this type of structure consists of many people from many departments with different strength to help business or organization achieve their goal and because of this characteristic, once the project is over then this structure is over.

A good business owner or manager doesn't control by issuing order or telling people exactly what to do in other word is micromanaging; they set a guide line to the business and to the employees, which is why the traditional hierarchy is drawn upside down, this method meaning the frontline staff is the one making decision or making the successful of the business not the top manager or the owner they are the one with the power. However, this particular type of management only work if the frontline staff is well trained, loyal, dedicated to what they're doing and love what they're doing. [7]

4.2. HRM

“A good team is everything, you are nothing without a good team”

Anna Wintour

Human resources are the backbone of any business. Well managed this asset not only provide qualified services toward customers but also created a strong business. A strong team of human resources included many members with different self in terms of opinions, backgrounds, age, genders, etc. that enjoyable, respectful not only by their knowledge and opinions but also others, having strengths that can cover other weaknesses.

“CFO: What happens if we train them and they leave? CEO: What happens if we don't and they stay?” – Peter Baeklund

No team just come together randomly and work out. It has to be trained to work together. By avoiding micromanage; communication is the most important key in a great team. Interaction between one and other as quick and honest as possible throughout the process because people work much better when the feedback they have is at the point and directly at the problem.

Nobody works well in a lazy, slow atmosphere because spending time in that makes people lose their energy, their confidence, the sense of their surroundings, eventually causing great damage to the whole business.

A strong team must know that not everyone is going to agree with each other, each and every member have to know how to accept criticism because criticism can point out moment of mislead, moment of danger in the business, self-mistakes, ... In all making a better team with better performance.

It's also important to have someone in the team who can make a final decision that is not necessary the owner of the business or project, but this person must be loyal, positive, straight talker, and mostly important is passionate about what they are doing.

IV. Practical Research

1. Introduction

Although Prague is an old city in central Europe, that does not mean it is an outdated city, it always grows to keep up with the trend. Because of that, people here also developed according to that trend, they changed every day. Therefore, the cuisine here becomes richer thanks to the entrepreneurs from different countries from different part of the world.

With the idea of a store serving fast food to the local with Asian cuisine that stand out from the usual Vietnamese or Chinese bistro in the center of Prague, the store 's specialty is Vietnamese bread and side dishes.

At present, there are several stores selling this product, but their product has not really described the deliciousness of the original taste. Therefore, this store called " Tendo ramen store" or “(天道ラーメン店)” will bring the most authentic feeling about ramen. In contrast to other competitors, a serving will consist of a portion of drinking water, soup based on a 100% natural vegetable or/and bone. In addition, there are several options for vegetarians.

2. Market Analysis

2.1. Micro Analysis

2.1.1. Market Segment

2.1.1.1. Geographic location

Prague is a great city with high population density and rhythm compare to other big cities in Czech like Brno, Ostrava, etc.

Central streets have many facades, near office buildings and in neighborhoods commercial centers, supermarkets.

Tourist is also one of major factor contribute in the economy of Prague.

2.1.1.2. Demographics

After conducting research on market segmentation, the segment that the store will target will be the objects with average or relatively high or medium income. Most of them are teenagers

who regularly use the Internet and social networks. Moreover, tourists will also be one of the store's potential customers.

➤ Target group 1:

Men and women 23 - 40 years old

Working in the office from 8: 00-9: 00 to 17: 00-16: 00

Received income on a total of 27,000 CZK

There are special customer cards and coupons from their companies

Come for lunch or dinner during breaks or work.

➤ Target group 2:

Tourists aged 30-60 years old

Working in a variety of fields or being retired with a pension

Receive income over 30,000 CZK total.

Come to meals at 13:00 and have dinner after 18:00

Find a place to enjoy fast food with many different delicate flavors.

➤ Target group 3:

Men and women 19 - 26 years old

University students in Prague, international, exchange and locals

Receiving income from scholarships or from parents

Happy hour from 15:00 to 18:00 or dinner after 20:00

Looking for a place that offers good taste for food and special promotions

2.1.2. Competitors

2.1.2.1. Direct Competitors

Currently in the F&B industry, there are many restaurants, bistro with different products and business scales. On the other hand, noodle products are varied and plentiful. However, specifically in Prague, the places that actually selling ramen aren't much because it's quite a new type to eat noodles.

Across central Prague, there are five strong competitors in this specific type of food.

Source 3 TripAdvisor

| Direct competitors/Review | Review rating excellent | Review rating very good | Review rating average | Review rating below average | Service point | Food point | Atmosphere point | Value point | Expensive level | Overall point |
|---------------------------|-------------------------|-------------------------|-----------------------|-----------------------------|---------------|------------|------------------|-------------|-----------------|---------------|
| Kitchen Ramen Bar | 46.54% | 34.30% | 9.50% | 9.66% | 4 | 4.5 | 4.5 | 4 | \$\$-\$\$\$ | 4 |
| Taiko | 90.00% | 3.33% | 3.33% | 3.33% | 5 | 5 | 5 | 5 | \$ | 5 |
| BON Fresh Ramen & Soba | 76.67% | 20.00% | 3.33% | 0.00% | 4.5 | 4.5 | 4 | 4.5 | \$ | 4.5 |
| Thai Thai & Ramen | 32.16% | 30.41% | 18.13% | 19.30% | 3.5 | 5 | 3 | 3.5 | \$ | 3.5 |
| Miska Ramen | 25.00% | 41.67% | 33.33% | 0.00% | 3.5 | 4.5 | 4 | 4 | \$\$-\$\$\$ | 4 |

Figure 3 Competitors overview

According to TripAdvisor [8] an internet specializes in recommending places to go to, there are 5 big sharks in this field of selling ramen in Prague. Kitchen Ramen Bar was open in early 2018, Taiko was just opened recently in late June 2019, BON Fresh Ramen & Soba was open in November 2018, Thai Thai & Ramen was open in June 2018, Miska Ramen was open in the third quarter of 2017.

Starting of with the main problems is the price of what they are selling, in the table \$ equals to 189Czk, \$\$ is 778Czk and \$\$\$ is 1367Czk; although some of them are selling their products with high prices but the customers review shown that the product is not worth what they paid for.

Second, is the services they provide. Just one of them satisfies the majority of the customers.

Next is the atmosphere they created affect the diners want to return. Finally, in the end is the value, which the customer received.

2.1.2.2. Indirect Competitor

In addition to the direct competitors that has been identified, indirect competitors are also issues of concern. New entrants to business in the industry can reduce the profits of the business by putting into use new production capacities, hoping to gain market share and the necessary resources. The problem for businesses is to maintain a legal barrier to prevent outside intrusions.

These barriers include: economies of scale, product differentiation, access to distribution channels, capital requirements, conversion costs...With increasing demand for food.

Underestimating anyone in the market whether new or old is the worse way to end your business; the indirect competitors because in some cases, these substitutes have the ability to change the whole situation of the market and entice consumers on their side. These can simply be carbonated and non-carbonated drinks.

Noodles is a popular product but not suitable for everyone. It is not suitable for people who have digestion problems, problems often encountered in the elderly, or the business environment of competitive pressure today can lead pain in the abdomen. At that time, healthy drinks such as soft drinks (green tea, milk tea, fruit tea, herbal tea, juice, natural water mixed with milk ...) will be favored.

2.1.3. Supplier

Pressure on the quality of raw materials. Suppliers can assert their power by threatening to raise prices or reduce the quality of products and services provided.

The subjects that needed to pay attention to are: suppliers of materials, equipment and services suppliers; financial providers; the bank credit institutions; labor sources.

2.1.4. Customer

These days, the desire of customers is to choose a place to eat that is reputable, quality, hygiene and food safety have to be ensured. For some customer, those who are vegetarian, on diet or with partners, friends or loved ones we will have products to suit the diverse needs and differentiate with the competitors so we will be the first choice of customers.

Moreover, we planned to make a breakthrough by having menus change by seasons that bring out the best of every ingredients.

3. Product and Services

3.1. Product

In Prague, if you're looking for a noodle meal most people will direct you to Vietnamese Pho or to a Chinese bistro or perhaps a Korean restaurant with Udon but surprisingly Japanese Ramen is hardly mention because it's quite new to Czech and to European in general.

Ramen noodles are one of the most famous dishes of Japan beside the most well-known Sushi. This is also a traditional dish that Japanese people are very fond and proud.

The ramen noodles are usually made from wheat and salt with a very dark yellow color.

Ramen noodles are small, with different shapes for different type of ramen, it can be curly, straight, round or square. Because of its popularity, Ramen noodles can be found anywhere in Japan.

The broth of Ramen is mainly stewed from pork bones or chicken bones for at least 10 hours to ensure a juicy, rich taste. Usually, Ramen noodles are served with thinly sliced pork, seaweed, eggs, Japanese fish cake, corn and cabbage.

With base like that, ramen that going to be served in the store are:

- Shoyu Ramen: a type of ramen that the broth has a light brown color and a characteristic scent of soy sauce because this broth is made from chicken cooked with vegetables and soy sauce.
- Miso Ramen: a type of ramen that the broth has a slightly sweet taste, the attractive aroma is because of a combination of chicken fat or fish broth, or sometimes lard. Miso Ramen noodles are usually thick, curly and slightly chewy.
- Tsukemen Ramen: a type of ramen that the broth is not spread over the noodles but is separated. When eating, diners will dip noodles in a bowl of thick broth with rich flavor. The noodles are usually thicker than regular Ramen and must be cold when served. Therefore, people prefer to eat this ramen when the weather is hot.

- Vegan Ramen: a type of ramen that the broth is cooked from vegetables, mushrooms, seaweeds and corns so the broth can have the same richness and aroma like those made from bones.

3.2. Alternatives

To pass the time while customers waiting for their food to be made side dish is a great way to freshen up their palate of flavors. For start we offer:

- Edamame or can be said in a simpler way as Salted boiled soybeans. This can be served as a combo with beer because of the salty flavor in the beans.
- Sweet and sour mixed vegetables which is made by carrot and cucumber mixing with apple vinegar.
- Tonjiru: a soup made from pork, sweet potato and white radish
- Oden: a kind of stewed can be served hot as soup of the day. This dish is made mainly by potato and daikon, later can be added with variety of ingredients so it can be made for vegetarians as well.

3.3. Production

For teenage customers: With this audience who likes to experience the novelty of foreign flavor, we retain the typical style of traditional ramen flavor and variety of products for this target audience.

For other customers: we bring a strong flavor ramen with pairing drink of choice to maximize the experiences with the food, leaving a deep impression in the minds of them.

4. Marketing Plan

4.1. Target Market

We consider a scenario where the products being introduced are not fully accepted by the customer, as was previously thought. So consider using 5Ws 1H to understand the problem and its extent of impact.

- Why is it important to start a marketing plan?
- What do you have that other competitors don't?

- Who is going to eat at your place?
- Where is the location to sell the product?
- When is the suitable time frame for such a product?
- How hard is it going to be to make this product from scratch?

4.2. Marketing Channel

Media implementation plan: Includes point of sale communication; Internet advertising, television, outdoor billboards and community PR programs. Deploy before the products enter the market about 3 to 6 months and continue after.

4.2.1. Advertising

Advertisement or ads is a powerful tool for a business to reach out to their customer because every business wanted to create as much profit as possible and to do that business firstly, have to attract attention of the customer by getting people interested in what the business is selling. Then, increase the desire so it inspire them to go out for this product. A basic ad included a logo, a slogan and a picture of a product; this requirement are met in magazines.

People buy magazines to read the articles, look at the pictures and do the puzzles. They don't buy magazines to look at the ads so advertiser needs clever strategies to ensure magazines advertisements will help boost the sale. One of the ways is to place the advertisement in a magazine that have the same target audiences as the business, in Czech are magazines like: Časopis Apetit, Masooo, Prima FRESH, Beverage & Gastronomy, etc. Another method is having a lottery or a small game with a certain price the customer will received.

Beside placing an Ad on magazines, outdoor advertising such as: billboards, posters, signs; also is a good attraction to potential customers.

4.2.2. Online marketing

People said, "A picture is worth a thousand words" because there is a phenomenon called "Butterfly Effect". In a simple term that means a photograph not only can decide the destiny of a person but also the course of a war. Today, in this digital era it means so much more when information can travel in a blink of an eye.

A nice picture with a good comment on the online network can keep people to associate with positive thoughts toward the business but a bad comment can easily bankrupt a business.

4.2.2.1. Social networks

These days, online social networks play an important role in most of our daily life. They are the mean of communication, socializing, connecting, reacting to other no matter the distance.

Facebook is one of the largest companies in the world specialize in social network. Millions are using their platform every day, so having a Facebook Page is a game changer for many because it can provide information to the public and improve the name of the business on the market; beside that advertising on Facebook is possible with the fee of 3.99 USD(approximately 87.78 CZK depends on the exchange value) for Cost per “mille” (CPM) advertising method means you pay 3.99 USD for every 1,000 impressions the ad receives on the platform about the F&B industry.

4.2.2.2. Webpage

Webpage is considered the online face of a business because looking into a webpage, viewers can see news, pictures, video or important topics related to the business and what the business trying to communicate with their customers. That said, the better performance of the webpage the better chance to attract customers. Depends on the needs, the webpage can cost around 2000 – 12000 CZK to create and cost around 1700 CZK each month to keep the webpage online and in the best condition.

4.2.2.3. Food distribution service

People tends to shop online quite often these days, most of them use computer to search for what they wanted to buy, second to that is through mobile devices. Thanks to that delivery companies are thriving.

By becoming a partner with the food distribution service, the business is better known by online shopping customers. Here in Prague there are many well-known food delivery brands like Dáme jídlo, Wolt, Uber Eats. To join them, the business can choose to pay a one-time activation fee and/or paying service fee that calculated as a percentage of each order made

through their application. These fees are various depend on which brand the business cooperate with.

4.2.2.4. Travel company

A business not only serving locals but also tourists come to Prague and looking for a good place to experience the food that might be new to them or remind them of great memories. One of the ways to be noticed by them is through the travel company operating in Prague.

TripAdvisor is an online travel company that operates all over the world where traveler can find places to go, to stay, to eat, etc. Listing the business on this platform is giving the business's webpage a chance to be visited by more customers, not only that, with a high ranking on the platform comes with the high amount return guests in high-competition areas.

4.2.3. Community program

These program on one hand is to promote the brand with locals and on the other hand is to create a base of potential customers. Furthermore, these activities can rank the brand higher than other competitors.

- Actively participating in community events such as charity programs, participating in trade fairs, etc.
- Organize contests of ramen cooking to invite people to participate in.

5. Brand Strategy

5.1. Rental

To start the business there must be a physical location, the location determines lots of aspect of the business from accumulating expenses of the business to advertising methods or ways to build up the business. After researching in the Czech market of real estate [10], there are places with enormous potential to start up a business. However, these proposals only accessed for a limited time period.

- The first option is located on the ground floor of Olympic office and shopping building Prague 1. After contact the leasing office, Olympic office and shopping building has 1 space of 46.54 m² leased with rents per m² 1500 CZK with surcharge is 500 CZK.

total is 80.000CZK every month. To be sure of leasing space, it's required 5-year signing contract and prepaid at least 3 years of rent (2. 880. 000 CZK) when signing a contract, this fee has been charged VAT.

- The second is located on the food floor of Palladium shopping mall Prague 1. The leasing office offered 1 space of 200 m2 with a 7-year signing contract, monthly payment is 135 562 CZK without other expense (electricity, water, commission, etc.)
- The shop is located on the 3rd floor of Nový Smíchov shopping mall Prague 5. With 5-year signing contract, monthly payment is 195 000 CZK. With the addition of dining furniture.

5.2. Brand Logo

When it comes to gastronomic logo design, logos are always trying to describe "taste, quality and appeal". Restaurant logos will often be red or yellow, because according to psychologists' research, warm colors will make people feel more palatable and more appetizing. It will be their trust and they will come towards you without any second thoughts

Source 4 Self generate using logomakr.com



Figure 4 Intended logo for the store

In detail, the red background is reserved for high-end brands. And this is also the color that attracts the most attention, shows dynamism, energetic and creates a sense of eroticism, stimulating curiosity. It also evokes passion, love and lust, which no other color can do; on the

other hand, yellow is quite suitable in the design of extrovert, dynamic as tourism, discovery, camp, or the logo, banner calling customers to use products.[11]

5.3. Communication Messages

From the above-mentioned target audience, the content of the communication message should focus on the different factors that can have advantages compared to other.

The design characteristics suitable for the representative culture such as decoration no need to be too wide or luxurious, just have a little style (wall paintings, the layout of space with Japanese style).

Create a space to enjoy ramen suitable not only for local but for other foreigners.

Message: “Better food better mood”

Highlighting time-saving features: you can enjoy the perfect bowl of ramen, while still saving valuable time in your busy life.

Highlight on modern technology, hygiene and food safety (Through PR articles, advertising). This is also an advantage because the situation of food safety has become a concern recently, there are many articles written about food safety and hygiene in Asian market in Czech such as SAPARIA in Prague such as: dirty working place, trash, with unsanitary equipment, etc.

5.4. Promotion

5.4.1. At Sale Point

Promotion programs for gifts on Christmas or new year.

Promotions on fixed days of the week / may even set a golden hour.

Printing the surprise reward at the bottom of the ramen bowl, if the customer does not win the prize, they can see meaningful messages in life, work or love.

Distribute discount coupons for purchases after using the product within the time period set.

Links with other brands. Example: discount while eating ramen with specific other type of food/drink; or discount when buying more than several amount products.

5.4.2. Direct Communication

Train qualified staff who are knowledgeable about the actual products, enthusiastically friendly with customers. With this they will be the diplomats in the store, who gain customer satisfaction, from which the store can find the loyal customers.

6. Analysis of SWOT and PESTLE

6.1. SWOT Analysis

Source 5 Self generate

| Strengths | Weakness |
|-----------------------------|---|
| Fast & healthy products | Expensive new equipment |
| Easy to make | Hard to be known at the beginning |
| Friendly atmosphere | Language barrier |
| Experienced staff | New to the market |
| New products | |
| Opportunities | Threats |
| Lack of good authentic food | Preferred location might not be available |
| Advantages from competitors | Continuous law changing |
| Digital advertisement | Idea can be copy |
| Food delivery services | |

Figure 5 SWOT analysis

SWOT analysis is a great tool to have a complete view of the current market in Prague. It served as a foundation to conducting macro and micro analysis; looking at the analysis above, the main strength is the nutritious value this fast food can bring. The greatest opportunity the store can have is the expansion of information through online network of this digital era. Beside all of that, the new business mean new thing and new thing is hardly accepted by the customers; not only that, location is one of the factors determine the success of the new business, for instance some great locations are not authorized by the owner to open a store related to cooking.

6.2. Macro Analysis using PESTLE

❖ Political (Political):

Political institutions are relatively stable.

Always expanding opportunities for foreign businesses.

Improved business laws, tax policies and incentives for foreign-invested enterprises.

❖ Economic (Economic):

The economy is on a rapid development, with GDP per capita growing at a high rate.

The government's economic development policies have been effective.

There are policies and efforts to curb inflation.

❖ Culture (Sociocultural):

The lifestyle of young people tends to follow a lifestyle from other cultures such as America, Korea, Japan, ...

The traditional culture is still quite clear.

Young population, increasing living conditions.

❖ Technology (Technological):

Quickly absorb high technology.

The Government attaches importance to technology development investment.

Being one of the world's leading internet users and influences.

❖ Legal

Start a business does not mean automatically visa for foreign owner.

Threat of lawsuits –taxation (EET)

❖ Environmental

Appetite for new option of familiar food

Eco-friendly options in F&B industry

Vegan/Vegetarian are the new lifestyle

7. Business Management

7.1. HRM

To open a new business, beside newly hired employees, the owner also participate in the develop of the human resource team.

Rather this business is quite new and still small, the number of employees will be limited but still enough to function.

Source 6 Self generate

| Position | Ammount |
|-----------------|---------|
| Manager | 1 |
| Chef | 1 |
| Sous Chef | 2 |
| Waiter/Waitress | 2 |
| Cleaner | 2 |

Figure 6 Intended human resource

Taking that into account, the business must have a chef who in control in the back of the house (BOH); his job not only preparing the food but making sure that every meal is up to standard. To help him there are sous chefs. Beside that the cleaner is there to do the dishes, cooking equipment, etc.

In the front of house (FOH) there is a manager, who control the activities happen around. Since the business is new there is the possibility of letting one of the waiter/waitress hold on to the cashier position.

7.1.1. Management Model

Source 7 Self generate

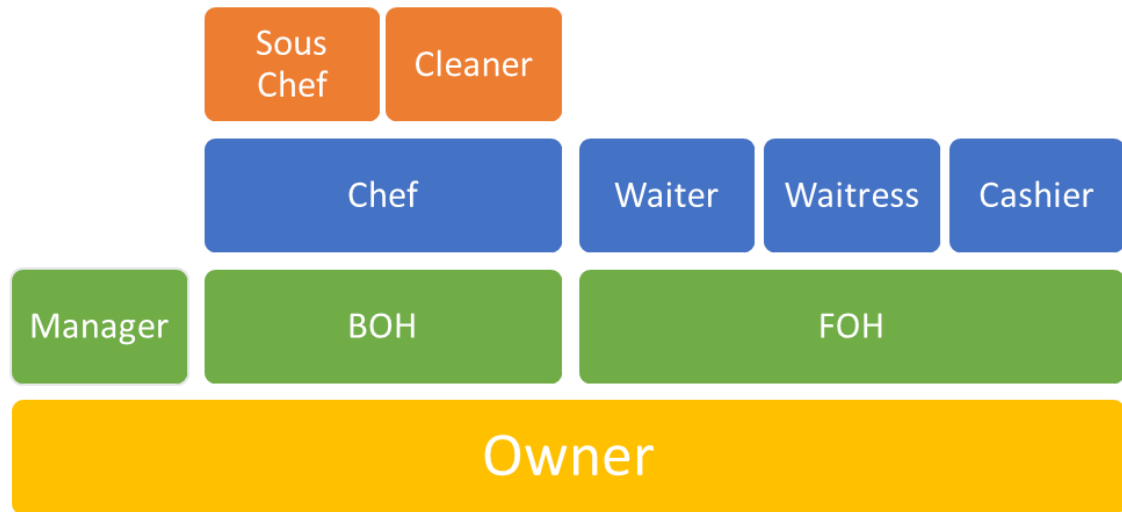


Figure 7 Intended management model

7.1.2. HR Policy

Every business, every company has their own cultural and that cultural is form overtime through the policies of that place. These policies also give a guidance to employees on certain matters on: Dress code, sick leave, breaks during working shift (bathroom break, lunch break, etc.), health care, etc.

8. Financial Plan

To prove feasibility when the store will go into operation and will make a profit. Investment and financial plans will include initial investments, cost recovery, fixed and variable costs, revenue forecasts and other relevant information.

8.1. Equipment Cost

Obviously, without the equipment to produce products, it is difficult to provide services to customers. Moreover, the good food and good taste is essential for customers to return. Below is a price list attached device should have:

Source 8 Self generate

| Equipment | Amount | Price/product | Total price |
|---------------------|--------|---------------|---------------|
| Kitchen table | 1 | 17,000.00 Kč | 17,000.00 Kč |
| Cooker | 1 | 96,000.00 Kč | 96,000.00 Kč |
| Double Sink | 1 | 15,000.00 Kč | 15,000.00 Kč |
| Single sink | 2 | 15,000.00 Kč | 30,000.00 Kč |
| Kitchen shelf | 2 | 10,000.00 Kč | 20,000.00 Kč |
| Oven | 2 | 20,000.00 Kč | 40,000.00 Kč |
| Smoke consumer | 1 | 25,000.00 Kč | 25,000.00 Kč |
| Cash register | 1 | 10,000.00 Kč | 10,000.00 Kč |
| Microwave | 1 | 3,000.00 Kč | 3,000.00 Kč |
| Pot of 10L capacity | 3 | 1,454.00 Kč | 4,362.00 Kč |
| Pot of 3L capacity | 3 | 803.00 Kč | 2,409.00 Kč |
| Pot of 6L capacity | 3 | 975.00 Kč | 2,925.00 Kč |
| Vegetable's basket | 2 | 100.00 Kč | 200.00 Kč |
| Freezer | 2 | 11,000.00 Kč | 22,000.00 Kč |
| Refrigerator | 2 | 31,000.00 Kč | 62,000.00 Kč |
| Total | | | 349,896.00 Kč |

Figure 8 Equipment cost

As far as the table we can see the initial investment in the store's equipment will be up to 349 896 CZK including VAT.

Source 9 Self generate

| Equipment | Amount | Price/product | Total price |
|----------------------|--------|---------------|--------------|
| Bowl 11 cm | 50 | 40.00 Kč | 2,000.00 Kč |
| Bowl 17 cm | 100 | 59.00 Kč | 5,900.00 Kč |
| Plate | 50 | 49.00 Kč | 2,450.00 Kč |
| Teacup | 16 | 5.00 Kč | 80.00 Kč |
| Drinking glass | 90 | 16.50 Kč | 1,485.00 Kč |
| Teapot | 4 | 129.00 Kč | 516.00 Kč |
| Reusable chopstick | 120 | 12.25 Kč | 1,470.00 Kč |
| Spoon | 120 | 35.50 Kč | 4,260.00 Kč |
| Teaspoon | 50 | 13.00 Kč | 650.00 Kč |
| Kitchen utensils set | 4 | 169.00 Kč | 676.00 Kč |
| Kitchen knife set | 2 | 999.00 Kč | 1,998.00 Kč |
| Total | | | 21,485.00 Kč |

Figure 9 Cost of dishware & other tools

Dishware and other tools for the use in the store cost around 21 485 CZK including the VAT.

With all figures mention above, the total initial investment in equipment, dishware, tools can reach up to 371 381 CZK

8.2. Production Cost

Products that will serve customers include: ramen is the main product, soup, side dishes and drinks. In order to produce these products, it is necessary to prepare materials and estimate the initial investment. In order to reduce the cost of running a store, it is important to create relationships with distributors because it ensures price stability as well as supply.

Below are price tables of materials but the prices of these materials may vary depending on the price or promotions offered by the parties. As well as the cost of raw materials may vary depending on the recipe and cooking method of the chef. (The value of the materials referenced from the websites of suppliers such as: <https://nakup.itesco.cz/groceries/en-GB/> ; <https://www.lidl.cz/cs/index.htm> ; <https://www.albert.cz/> ; <https://www.kaufland.cz/> ; <https://www.kosik.cz/> ; ...), these cost are considered in 20L of broths in serving of 80 portions.

8.2.1. Ramen Cost

The very first element of every ramen is the noodle. To make the great noodle it's best to do it from scratch; the noodle can be made 4-5 days in advance due to the specificity of the noodle.

Source 10 Self generate

| | Ammount for 80 serving | Price for 1kg ingredient | Price for 80 serving |
|------------------------|------------------------|--------------------------|----------------------|
| All purpose flour (kg) | 4.8 | 38.00 Kč | 182.40 Kč |
| Baking soda (kg) | 0.2 | 39.00 Kč | 7.80 Kč |
| | | Total | 190.20 Kč |

Figure 10 Cost of making ramen

The total cost of ingredients for 80 bowl of ramen is 190.2 CZK including VAT without any added spices.

8.2.2. Broth Cost

Ramen broths is the key to open the door to success of a great ramen. The ramen broths will be prepared from the main ingredients such as vegetables, bones and other spices and it is

divided into 2 main categories: bone broth and vegetable broth for vegetarian customers.

Depending on the number of guests, the store will cook up to 20 liters of broth to serve. Here is the price list for the ingredients of the soup.

Source 11 Self generate

| | Price of 1kg incl. VAT | Amount (kg) for 3-3.5L broth | Amount (kg) for 10L broth | Price for 10L broth |
|---------------------|------------------------|------------------------------|---------------------------|---------------------|
| Chicken bone(kg) | 30.50 Kč | 1.5 | 4.5 | 137.25 Kč |
| Beef/Pork bone (kg) | 31.20 Kč | 2 | 6 | 187.20 Kč |
| | | Total | 10.5 | 324.45 Kč |

Figure 11 Cost of making ramen bone broth

Source 12 Self generate

| | Amount for 3-3.5L broth | Amount for 10L broth | Price of 1 incl. VAT | Price for 10L broth |
|--------------------|-------------------------|----------------------|----------------------|---------------------|
| Tomato (piece) | 3 | 8 | 7.24 Kč | 57.92 Kč |
| Carrot (piece) | 2 | 6 | 2.59 Kč | 15.54 Kč |
| Potato (piece) | 4 | 12 | 3.26 Kč | 39.12 Kč |
| Onion (piece) | 3 | 10 | 1.20 Kč | 12.00 Kč |
| Lemongrass (piece) | 2 | 5 | 7.98 Kč | 39.90 Kč |
| Spring onion (gr) | 0.5 | 1.5 | 4.78 Kč | 7.17 Kč |
| Garlic (cloves) | 3 | 10 | 4.76 Kč | 47.60 Kč |
| Ginger (kg) | 0.05 | 0.2 | 7.99 Kč | 1.60 Kč |
| | | Total | 39.80 Kč | 220.85 Kč |

Figure 12 Cost of making ramen vegan broth

The total cost of ingredients for cooking 10L ramen broths is 545.3 CZK including VAT without any added spices.

8.2.3. Topping

No ramen bowl called ramen without the topping. Each type of ramen has its own topping but basically, the ramen bowl is topped with pork belly, eggs, seaweed, fish cake, spinach.

Source 13 Self generate

| | Selling price | Amount for 1 bowl | Price for 1 bowl | Price for 80 bowl |
|-----------------------|------------------|-------------------|------------------|--------------------|
| Pork belly | 81,90 Kč/1.5 kg | 100gr | 5.46 Kč | 436.80 Kč |
| Egg | 19.90 Kč /10ks | 1 ks | 1.99 Kč | 159.20 Kč |
| Fish cake(Narutomaki) | 140,26 Kč /160gr | 1 gr | 0.88 Kč | 70.13 Kč |
| Seaweed | 84,90 Kč /20 ks | 1 ks | 4.25 Kč | 339.60 Kč |
| Spinach | 159,60Kč/kg | 100gr | 15.96 Kč | 1,276.80 Kč |
| | | Total | 28.53 Kč | 2,282.53 Kč |

Figure 13 Cost of making ramen topping

The cost of topping for 80 bowl of ramen is 2282.53 CZK including VAT without any added spices.

8.2.4. Infused oil

What separate one bowl of ramen to another is this oil, depend on the ingrediencies this is the game changer to success.

Source 14 Self generate

| | Price of 1kg incl. VAT | Amount (kg) for 3-3.5L broth | Amount (kg) for 10L broth | Price for 10L broth |
|------------------|------------------------|------------------------------|---------------------------|---------------------|
| Dry Sardine Fish | 625.50 Kč | 0.1 | 0.5 | 312.75 Kč |
| Scallions (kg) | 29.90 Kč | 0.5 | 1.5 | 44.85 Kč |
| | | Total | 2 | 357.60 Kč |

Figure 14 Cost of making ramen infused oil

The total cost of ingredients for cooking infused oil for 10L ramen broths is 357.6 CZK including VAT without any added spices.

8.2.5. Side Dishes

A side dish is a product that can be sold separately as well as combine with other product in the menu. However, making one required one or many ingrediencies with various costs.

Source 15 Self generate

| | Selling price |
|--------------|-----------------|
| Edamame | 69 Kč/454gr |
| Carrot | 2.59 Kč/ 1ks |
| Cucumber | 19.9 Kč/ 1ks |
| Sweet potato | 31.46 Kč/ 1ks |
| Taro | 53.24 Kč/ 100ks |
| Potato | 3.26 Kč/ 1ks |
| White radish | 46 Kč/ 1ks |

Figure 15 Potential cost of side dishes

Because customers can have different taste and different preferences to a side dish, this can be sold by seasons, offer, or changes by day according to the chef. Therefore, cost for these side dishes will be calculated after discussion with the chef.

8.2.6. Other spices

During the process of cooking, spices are very important to create a deep and flavorful flavor to whatever being cooked.

Source 16 Self generate

| | Price |
|--------------------|-------------|
| Black Pepper (1kg) | 500.00 Kč |
| Cinnamon (1kg) | 382.00 Kč |
| Salt (1kg) | 45.00 Kč |
| Soy sauce (1L) | 160.00 Kč |
| Fish sauce (750ml) | 83.00 Kč |
| Pepper (1kg) | 650.00 Kč |
| Total | 1,820.00 Kč |

Figure 16 Cost of additional spices

The payout for those spices can be estimated around 1820 CZK included VAT

8.2.7. Drinks

It is a basic product that must be available at any restaurant, depending on the type of business, its diversity varies. According to recently research [9], Czechia is the number 1 in beer consumption around the world, in addition to some basic items such as spring water

(carbonated, non-carbonated), soft drinks (Pepsi, Coca-Cola, Sprite, etc.), the products that can be added are homemade drinks such as lemonade, tea.

Source 17 Self generate

| Products | Capacity | Price of 1 bottle | Price of 48 bottle |
|-------------------|----------|-------------------|--------------------|
| Water without gas | 0.5L | 8.90 Kč | 427.20 Kč |
| Water with gas | 0.5L | 8.90 Kč | 427.20 Kč |
| Pepsi | 0.33L | 7.20 Kč | 345.60 Kč |
| Coca Cola | 0.33L | 7.20 Kč | 345.60 Kč |
| Sprite | 0.33L | 7.20 Kč | 345.60 Kč |
| Capri-Sun | 0.2L | 5.29 Kč | 253.92 Kč |
| | | Total | 2,145.12 Kč |

Figure 17 Cost of nonalcoholic drinks

Source 18 Self generate

| Products | Capacity | Price of 1 inc. VAT |
|----------------------|--------------|---------------------|
| Gambrinus | 30L | 966.79 Kč |
| Pilsner Urquell | 30L | 1,583.89 Kč |
| OZEKI KARATANBA SAKE | 1.8L | 1,375.00 Kč |
| OZEKI SAKE | 375ml | 220.00 Kč |
| | Total | 4,145.68 Kč |

Figure 18 Cost of alcoholic drinks

The total cost to drinks are 6290,8 CZK all included with VAT. However, the cost for the drinking products can be reduced if the business establishes connection or relationship with the brand original supplier in the country; such as: Coca-Cola for non-alcoholic beverages, Pilsner Urquell for related products, local brewery for beer or wine. This connection not only helps the business with financial matter in the long run but also a stable goods supply.

8.3. Employees

Employees hired under full-time presence 40h / week, all benefits as insurance premiums, holidays, etc Employees include managers, chef, sous chef, housekeeper, cashiers and part-time employees. The minimum wage in the Czech Republic is 12.200 CZK per month according to news.expats.cz number in 2018. We can assume the salary as follows:

Source 19 Self generate

| Position | Ammount | Salary | Total employer payout |
|-----------------|---------|----------------------|-----------------------|
| Manager | 1 | 60,000.00 Kč | 60,000.00 Kč |
| Chef | 1 | 40,000.00 Kč | 40,000.00 Kč |
| Sous Chef | 2 | 25,000.00 Kč | 50,000.00 Kč |
| Waiter/Waitress | 2 | 25,000.00 Kč | 50,000.00 Kč |
| Cleaner | 2 | 18,000.00 Kč | 36,000.00 Kč |
| Total | | 168,000.00 Kč | 236,000.00 Kč |

Figure 19 Employees salary

The total salary that the store has to pay for employees is about 236 000 CZK in a month.

8.4. Other Services

- Designer: the service once to store architecture suitable environment and appropriate style. The average price of the service is 160 000 CZK for the store.
- Lawyer: to solve all problems with licenses, documents, legal issues. The average price is 42,000 CZK.

Source 20 Self generate

| Services | Price include VAT |
|-------------------------------|-------------------|
| Designer for the store | 160,000.00 Kč |
| Lawyer | 42,000.00 Kč |
| Designer for menu, logo, etc. | 150,000.00 Kč |

Figure 20 Services cost

- Marketing, graphic design, menus, etc .: money to create a web-site , fan page on popular social networking sites along with other services is approx. 200.000 CZK.
- Accounting: store will need accountants to calculate the costs, the monthly rent is 10.000 CZK

Source 21 Self generate

| Monthly expense | |
|-------------------|--------------|
| Marketing | 50,000.00 Kč |
| Accountant | 10,000.00 Kč |
| Telecome services | 1,500.00 Kč |
| Security | 2,000.00 Kč |
| Electricity | 3,000.00 Kč |
| Water | 1,200.00 Kč |
| Gas | 1,000.00 Kč |
| Trash | 300.00 Kč |

Figure 21 Monthly cost

- During the operating the use of electricity, water, gas, etc are unavoidable, and they can sum up to 9000 CZK.

Total cost for the service that stores use 421 000 CZK monthly fee which then includes promotional activities and accounting is 60,000 CZK

8.5. Accumulation Depreciation

Also, in the Czech Republic, each property All have their own groups and devalued in their own way over the years (Odpisy.estranky.cz, 2018). Below is a depreciation table for fixed assets intended to invest:

Source 22 Self generate

| Accumulation Depreciation | | | | | | |
|-------------------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|
| Total cost from the beginning | Depreciation level | 0.055 | 0.105 | 0.105 | 0.105 | 0.105 |
| | Year | 1 | 2 | 3 | 4 | 5 |
| 349,896.00 Kč | Depreciation over the year | 19,244.28 Kč | 36,739.08 Kč | 36,739.08 Kč | 36,739.08 Kč | 36,739.08 Kč |
| | Remain amount | 330,651.72 Kč | 293,912.64 Kč | 257,173.56 Kč | 220,434.48 Kč | 183,695.40 Kč |
| | Depreciation level | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 |
| | Year | 6 | 7 | 8 | 9 | 10 |
| | Depreciation over the year | 36,739.08 Kč | 36,739.08 Kč | 36,739.08 Kč | 36,739.08 Kč | 36,739.08 Kč |
| | Remain amount | 146,956.32 Kč | 110,217.24 Kč | 73,478.16 Kč | 36,739.08 Kč | 0.00 Kč |

Figure 22 Depreciation for equipment

According to the current law of the first year after being put into use, the equipment will lose 5.50% of the initial value and from the second year onwards this level will be 10.50%. We can

see from the table the first year the property will lose value 19 244,28 CZK, 2nd year onwards is 36 739,08 CZK and to the 10th year, the assets will be lost completely of the value.

Source 23 Self generate

| | | | | | | |
|-------------------------------|----------------------------|--------------|--------------|-------------|-------------|-------------|
| Total cost from the beginning | Depreciation level | 0.11 | 0.2225 | 0.2225 | 0.2225 | 0.2225 |
| | Year | 1 | 2 | 3 | 4 | 5 |
| 21,485.00 Kč | Depreciation over the year | 2,363.35 Kč | 4,780.41 Kč | 4,780.41 Kč | 4,780.41 Kč | 4,780.41 Kč |
| | Remain amount | 19,121.65 Kč | 14,341.24 Kč | 9,560.83 Kč | 4,780.41 Kč | 0.00 Kč |

Figure 23 Depreciation for dishware and other tools

This also apply to dishware and other tools, with the same principle but the depreciation level only occurs in 5 years with 11% loss in the first year and 22.25% in the following years.

8.6. Price Strategy

For young and other customers: the price will set at the same level as competitors, so that customers do not feel expensive when using products.

For teen customers has the same pricing as the customers above, besides there are promotions for these teen customers.

Source 24 Self generate

| Component in a bowl of ramen | Fee for 80 bowl of ramen |
|------------------------------|--------------------------|
| Infused oil | 357.60 Kč |
| Bone broth | 324.45 Kč |
| Vegan broth | 220.85 Kč |
| Ramen | 190.20 Kč |
| Topping | 2,282.53 Kč |
| Spices | 1,820.00 Kč |
| Total | 5,195.63 Kč |
| Fee for 1 bowl | 64.95 Kč |

Figure 24 Ramen cost break down

Using the pricing method after our competitors than average out with 195 CZK for a bowl of ramen that included all necessary component, and for any extra of toping the price can increase from 20-50 CZK.

Source 25 Self generate

| Products | Buying Price | Selling Price |
|-------------------|--------------|---------------|
| Water without gas | 8.90 Kč | 34.98 Kč |
| Water with gas | 8.90 Kč | 34.98 Kč |
| Pepsi | 7.20 Kč | 48.96 Kč |
| Coca Cola | 7.20 Kč | 48.96 Kč |
| Sprite | 7.20 Kč | 48.96 Kč |
| Capri-Sun | 5.29 Kč | 35.97 Kč |

Figure 25 Cost break down and pricing for nonalcoholic drinks

Source 26 Self generate

| Products | Capacity | Selling Price |
|----------------------|----------|---------------|
| Gambrinus | 0.5L | 48.99 Kč |
| Pilsner Urquell | 0.5L | 48.99 Kč |
| OZEKI KARATANBA SAKE | 120ml | 175.00 Kč |
| OZEKI SAKE | 375ml | 350.00 Kč |

Figure 26 Cost break down and pricing for alcoholic drinks

For drinking products there are 2 categories of alcohol and non-alcohol drinks. Non-alcohol drinks come in type of bottle with fixed capacity and alcoholic dinks comes in big containers that can be divided into smaller serving.

8.7. Breakeven Point

Running a store every month requires different costs such as advertising, manpower, materials, etc., so knowing the break-even point is necessary to set a goal for the store. The breakeven point is the point at which the store has no profit or loss.

Source 27 Self generate

| Monthly expense | |
|------------------------|----------------------|
| Rental | 195,000.00 Kč |
| Salary | 236,000.00 Kč |
| Marketing | 50,000.00 Kč |
| Accountant | 10,000.00 Kč |
| Telecome services | 1,500.00 Kč |
| Security | 2,000.00 Kč |
| Electricity | 3,000.00 Kč |
| Water | 1,200.00 Kč |
| Gas | 1,000.00 Kč |
| Trash | 300.00 Kč |
| Unexpected expenditure | 10,000.00 Kč |
| Total | 510,000.00 Kč |

Figure 27 Monthly expense

Adding up the payment for rental and employee's salary to the monthly expense, then every month the business must pay 510 000 CZK.

Source 28 Self generate

| BEP for selling ramen | |
|--------------------------|---------------|
| Variable cost for 1 bowl | 64.95 Kč |
| Fixed costs | 510,000.00 Kč |
| Average price | 195.00 Kč |
| Accrued interest | 130.05 Kč |
| BE in unit | 3921 |
| Income | 764,873.54 Kč |
| Profit | 130.05 Kč |

Figure 28 Breakeven point

Meaning fixed costs per one month are 510 000 CZK. An average variable cost for cooking of one bowl of ramen mentioned above is 64,95 CZK. The result of the break-even point is 3921 units of production must be sold to reach the break-even point with the price of 195 CZK for a bowl.

Source 29 Self generate

| Amount | Income | Total cost | Profit |
|--------|---------------|---------------|----------------|
| 80 | 15,600.00 Kč | 515,195.63 Kč | -499,595.63 Kč |
| 160 | 31,200.00 Kč | 520,391.26 Kč | -489,191.26 Kč |
| 240 | 46,800.00 Kč | 525,586.88 Kč | -478,786.88 Kč |
| 320 | 62,400.00 Kč | 530,782.51 Kč | -468,382.51 Kč |
| 400 | 78,000.00 Kč | 535,978.14 Kč | -457,978.14 Kč |
| 480 | 93,600.00 Kč | 541,173.77 Kč | -447,573.77 Kč |
| ... | ... | ... | ... |
| 3760 | 733,200.00 Kč | 754,194.52 Kč | -20,994.52 Kč |
| 3840 | 748,800.00 Kč | 759,390.14 Kč | -10,590.14 Kč |
| 3920 | 764,400.00 Kč | 764,585.77 Kč | -185.77 Kč |
| 4000 | 780,000.00 Kč | 769,781.40 Kč | 10,218.60 Kč |
| 4080 | 795,600.00 Kč | 774,977.03 Kč | 20,622.97 Kč |
| 4160 | 811,200.00 Kč | 780,172.66 Kč | 31,027.34 Kč |
| 4240 | 826,800.00 Kč | 785,368.28 Kč | 41,431.72 Kč |

Figure 29 Data for breakeven point

The table above contains accumulated data for detail calculation and to construction of the graph below.

Source 30 Self generate

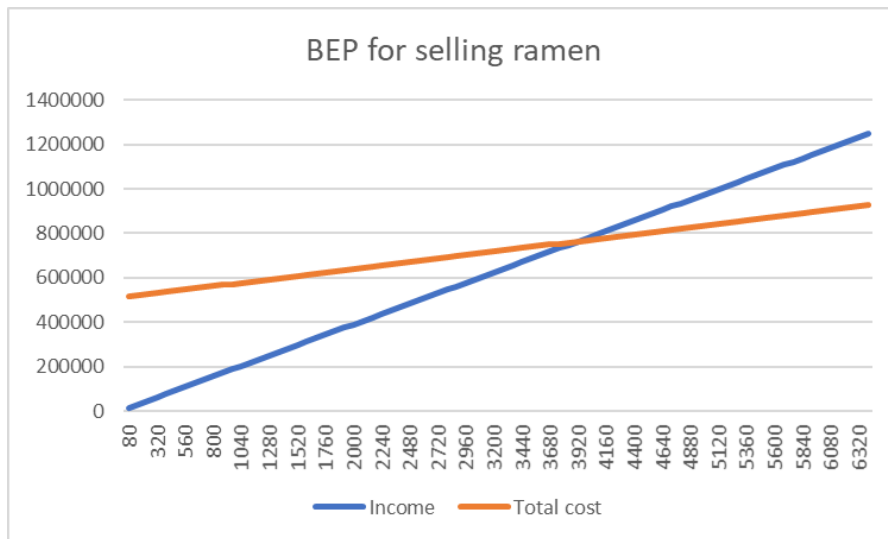


Figure 30 BEP graft

For more than 3921 bowl of ramen per month to achieve a point of profit meaning on average 131 bowl of ramen per day; With the cost of making 131 bowl of ramen is 8,507.84 CZK, leading to 255,235.23 CZK a month.

8.8. Starting budget funding

Businesses always have difficulty in funding to maintain their operations. It is more difficult when young, inexperienced business access the market. There are many ways for a new business to access a certain amount of capital, but each form has its own advantages and disadvantages, corresponding to each stage of development of a business.

8.8.1. Total cost

Looking back, every month the cost of running and bringing ramen to the customers is 808,830.55 CZK with the number of guests achieved breakeven point every day. However, the cost can change by many factors such as: the number of customers, the chef changing their cooking recipes, price of raw materials, holidays, etc.

Not to mention the cost of the equipment bought for the business is 371,381.00 CZK.

Source 31 Self generate

| Monthly expense | |
|------------------------|----------------------|
| Rental | 195,000.00 Kč |
| Salary | 236,000.00 Kč |
| Marketing | 50,000.00 Kč |
| Accountant | 10,000.00 Kč |
| Telecome services | 1,500.00 Kč |
| Security | 2,000.00 Kč |
| Electricity | 3,000.00 Kč |
| Water | 1,200.00 Kč |
| Gas | 1,000.00 Kč |
| Trash | 300.00 Kč |
| Ramen making for BEP | 255,235.23 Kč |
| Drinks/ month | 43,595.32 Kč |
| Unexpected expenditure | 10,000.00 Kč |
| Total | 808,830.55 Kč |

Figure 31 Total cost for a month after BEP

Combining these factors, all cost to open a new ramen bar and put it to operate in 1 month is 1,180,211.55 CZK and meaning the cost for 1 quarter is 3,606,703.18 CZK.

8.8.2. Funding method

Beside loaning an amount of fund from the bank to open the business with 3.8% interest in average [12], the other ways that might substitute this original method are having the angel investor or venture capital.

Source 32 Self generate

| Angel Investor | |
|---|--|
| Advantages | Disadvantages |
| They are risks taker with experiences in the market. Shared of knowledge between parties. Investment not having a commission or pay back as loan. | Have a higher leverage in negotiations Can get target, requirements exceed the possibility of the business. Shared the rights to make a decision in business |

Figure 32 Angel investor (dis)advantage

Many entrepreneurs, businesses prefer to have an angel investor because most of these investors have been entrepreneurs or leaders at companies, either individually or in group, it also brings business relationships that are very useful in the future through the angel investor channel.

Source 33 Self generate

| Venture Capital | |
|---|--------------------------|
| Advantages | Disadvantages |
| Don't have to return the money to investor | Time consuming |
| Wider connection to improve funding opportunity | Fast changes and growths |
| Huge amount of capital | Overspending |

Figure 33 Venture capital (dis)advantage

Venture capital often chosen by businesses that have developed for a while, reputable or have a name in the market. The main point of raising capital from this investment fund is the large capital source, the ability to help businesses in the development stage, for example, help expand production, penetrate deeply into the market, create new products ...

V. Conclusion

To localize the ingredients and create different style based upon the region and that is really the next step of evolution to Ramen. But the soul of every bowl of ramen is the personality behind every Ramen chef because even though ramen looks simple, just soup, noodle, topping to create a bowl of ramen but they are different because of the chef who put their own personality, their own style into the bowl, which make it unique and that's why Ramen have so many appeal as ramen continue its global renaissance, it has become the perfect blank canvas for regional variation and chef led experimenting.

It is not difficult to open a store and penetrate the market, but it is necessary to have appropriate strategies in the first steps, because it will decide the future of the business. With the idea of opening a ramen bar operating in the field of gastronomy, based on a business plan that being used as a reference in opening a new business in the center of Prague - Czech Republic. The plan purpose is to attract the attention of potential customers along with creating a certain number of loyalties customers in the long run. This will be achieved by an emphasis in marketing of the company through classical methods like advertisements on magazines, signs and with modern methods on social sites like Facebook, Instagram or travel site such as TripAdvisor and even food sites like Uber Eats, Wolt, Dáme jídlo, etc.

With a clear purpose, this bachelor thesis was written to create a realistic and clear business plan for the concept of a new ramen bar in Prague. The goal of theoretical part was to set a base ground of relevant knowledge about business planning, marketing, etc. to be a strong backbone for the thesis while practical part is about implementation of these knowledges.

VI. References

- [1] Smith A., The Wealth of Nations: Book IV Chapter VIII. ReadaClassic.com (reprint 2011), ISBN-10: 1611044383
- [2] [Online source] Available at: <https://www.ama.org/the-definition-of-marketing-what-is-marketing/>
- [3] Berry T., The Book on Business Planning. Palo Alto Software, Inc; 6th edition (2006), ISBN 0971218528
- [4] Dunne P.M., Lusch R.F., Carver J.R., Retailing. Kindle edition: Cengage Learning; 8th edition (2013), ISBN-10: 1133953808
- [5] The "Broken Iron Triangle" [online] Available at: <http://www.ambysoft.com/essays/brokenTriangle.html> (accessed on October, 2019)
- [6] COST-VOLUME-PROFIT RELATIONSHIP [online] Available at: <https://www.slideserve.com/jolie-vargas/cost-volume-profit-relationship> (accessed on October, 2019)
- [7] Timpson J., Upside Down Management: A Common Sense Guide to Better Business. Kindle edition: Wiley; 1 edition (2010), ISBN: 9780470689455
- [8] TripAdvisor [online] Available at: https://www.tripadvisor.com/Restaurants-g274707-zfd11722-Prague_Bohemia-Ramen.html (accessed on February 2020)
- [9] [Online source] Available at: <http://worldpopulationreview.com/countries/beer-consumption-by-country/> (accessed on February 2020)
- [10] [Online source] Available at: <https://www.remax-czech.cz/reality/re-max-atrium/manh-cuong-nguyen/> (accessed on June, 2019)
- [11] [Online source] Available at: <https://logomakr.com/> (accessed on December 2019)
- [12] Personal loan [online] Available at: <https://www.kb.cz/en/individuals/loans/personal-loan> (accessed on January 2020)

VII. Appendix

To research the market and the competitors, a small survey was conducted by a series of questions sent to ramen shops in Prague; to name a few: Kitchen Ramen Bar, Taiko, BON Fresh Ramen & Soba, Miska Ramen, etc. However, the responder is not so active or not at all, this leads to an incomplete database to form a report.

[Online source] Available at:

https://docs.google.com/forms/d/e/1FAIpQLSewvYCycEepbEGa_c-41Nvc8jTT3Kk1lSUKfRbgrghu8LwntA/viewform?usp=pp_url

Survey about ramen bar in Prague

Hello sir/madam, I am a student of Economics Faculty of Czech University of Life Sciences - Prague; I am currently writing a bachelor thesis on the F&B business in Prague, specifically Ramen. I have some questions intended to use to write in my thesis, I hope you will take some time to help me complete the thesis and thank you.

1. How long has your store been in operation?

Mark only one oval.

- 1 year
- 2 years
- 3 years
- More than 3 years

2. Do you think the location of the store is important?

Mark only one oval.

- Yes
- No

3. The ramen you are using now are

Mark only one oval.

- Homemade
- Buy from a reliable source

4. Can you give a sneak peek about how many customers are served in a day?

Mark only one oval.

- Around 50
- 50-100
- More than 100

5. The main customers that your shop serves are:

Tick all that apply.

- The local
- The tourist
- Other (Student, elder, etc)

6. What is the average selling price for a bowl of ramen?

Mark only one oval.

- 129 CZK
- 129-229 CZK
- More than 229 CZK

7. Do you have ramen making equipment at the store?

Mark only one oval.

- Yes
- No

8. What is the cost of these equipment you have invested?

Mark only one oval.

- Less than 100.000 CZK
- 100.000-200.000 CZK
- 200.000-500.000 CZK
- More than 500.000 CZK

9. Do you import ramen ingredients or buy them in the Czech Republic?

Mark only one oval.

- Import
- Buy here
- Both of the cases

10. How many ramen store do you know in Prague?

11. Do you know why your customers use the products of your own ramen store and not those of another?
