

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

**Business plan and strategy for a Marketplace E-Business
startup company**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

CEM UYSAL

Business Administration

Thesis title

Business plan and strategy for a Marketplace E-Business startup company

Objectives of thesis

The main objective of this thesis is to provide a concrete business plan for the intended company which will be providing services to expat niche for those who are living in the capital city of Czech Republic, Prague. Among these services, the primary product will be offering a business directory with underlying affiliate marketing model.

Within this thesis work, different strategic analysis, marketing plan, financial plan and numerous different topics such as planning, management as well as entrepreneurial activities will be defined and conducted. Nevertheless, since a business plan covers a very big set of information focus will be on strategic analyses and the marketing part of the business plan.

Secondary objectives of this thesis are:

- Explaining the business model,
- Choosing the legal status of the company,
- Conducting strategic analyses,
- Determine the marketing mix,
- Estimate the financial program of the company.

Methodology

This thesis will be composed of two parts which first of them is the theoretical part that will show the literature review and second is the practical part that will show the business plan.

In the first part of the thesis work, the literature review will be composed of the definitions regarding business model, a variety of marketing and strategic analyses, financial analyses those will be used in next parts of the thesis work. Information regarding these definitions will be extracted from online library sources, academic publishers as well as the related articles. Also, the relevant websites will be used to extract necessary information.

The practical part of the thesis work will outline the business plan which will define the secondary objectives among with including the analyses such as:

- PESTLE Analysis,
- Porter's 5 Forces Model,
- SWOT Analysis,
- Value Chain Analysis,
- Break-even Point Analysis,
- Return on Investment Analysis,
- GANTT Chart,

As it can be understood from the related part of the thesis, a business plan would include variety of different topics such as, strategic plan, marketing plan, operations and/or production, research and development, management and organization, forecasts and financial plan etc. Since optimum length of a master thesis would be 60-80 pages, we believe that focusing on limited number of mentioned parts would bring a higher quality of work rather than slightly mentioning all of them. Therefore, this thesis work will be mentioning and defining all the parts that were mentioned, however, the main focus will be on strategic, marketing and financial plans.

The proposed extent of the thesis

Approx 60-70 pages

Keywords

Business Plan, Strategic Analyses, Marketing Plan

Recommended information sources

- BRNO INTERNATIONAL BUSINESS SCHOOL, – ČERVENÝ, R. *Business plán : krok za krokem*. V Praze: C.H. Beck, 2014. ISBN 978-80-7400-511-4.
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Declaration

I declare that I have worked on my diploma thesis titled " Business plan and strategy for a Marketplace E-Business startup company" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on on 31/03/2017

Cem UYSAL

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I would like to thank to my family and friends for their support and help while writing this thesis. I also would like to thank my supervisor Ing. Richard Selby, Ph.D. for his useful recommendations and guidance.

Business plan and strategy for a Marketplace E-Business startup company

Abstract

This master thesis work includes a business plan of an E-Business start up company that aims to provide an easier life to foreigners those who are living in Prague with its offering through the selected vendors.

Defining and analysing both end customer and service provider market within the focused industries as well as the different parts of the business plan such as executive summary, description of the company and operational plan are among the achievement of this thesis. After all, based on the analyses and calculations that was conducted as part of this study, recommendations take place as well.

As results of this study, it was seen that majority of correspondents who would buy any of offered services through online channels are between 24-37 years old, mainly men and would earn 20.000 – 40.000 CZK per month.

In conclusion, there is a quite big space in the targeted market for the company. High profitability possibility, amount of required initial investment, low rivalry in the industry are also among the key findings of this master thesis.

Keywords: E-business, business plan, strategic planning.

Business plán a strategie a trní prostředí E-Business startup firmy

Abstrakt

Tato diplomová práce zahrnuje business plán E-business začínajícího podniku, který zlepšuje život pro cizince žijící v Praze, díky výběrovým prodejcům.

Vymezením a analýzou obou – finálních zákazníků a poskytovatelů služeb. V rámci konkrétních průmyslů, jakož i různé části business plánu, jako řídicího shrnutí, popisu firmy a provozuschopného plánu jsou mezi výsledky této diplomové práce. Nakonec, podle všech analýz a výpočtů, které byly provedeny během studia, rekomendace taky mají místo.

Výsledkem studie je, že většina odpovídajících, kteří by využili jakýkoliv služeb, mezi online nabízející patří zpravidla muži ve věku 24-37 let, kteří mají měsíční plat 20.000- 40.000 korun českých.

Na závěr mohu říct, že firma má hodně místa na cílovém trhu. Možnost vysoké rentability, množství potřebujících počátečních investic, nízkou rivalitu průmyslů jsou taky mezi hlavní klíčové závěry této diplomové práce.

Klíčová slova: E-business, business plán, strategické plánování.

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1. Introduction

With the effect of globalization and thus increased integration among the countries, number of foreigners those who work in abroad is increasing every year.

Czech Republic, especially the capital city Prague is a very good example of this hypothesis. With numerous reasons Prague became one of most popular location both for the companies and individuals in many different business fields. As of 2015, there were 465.000 foreigners living in Czech Republic, while there were more than 170.000 of these people living in Prague.

Of course, the limited communication skills in terms of local language is a great struggle for these people as they cannot execute their daily task as easily as others. Numerous services that requires human interaction such as cleaning, repair, construction, consultancy services etc. can be counted as some of these tasks.

Within this master thesis work, an online business directory that will conduct its business operations in three major business lines, where the individual customers and service providers will meet and make the purchase transactions will be evaluated in shape of a business plan. Furthermore, calculation of different assumptions, opportunity of use as a checklist and increased communication possibility of whole idea are some of the other benefits of a business plan for the entrepreneurs.

This study has been conducted by analyzing the external environment, defining the key characteristics of the market, comparing the competitors, analyzing the situation of the company in the market, defining the marketing agenda and operational plans and last but not the least calculations and analyses such as projected profit and loss statement, break-even point and return on investment were done to estimate the financials of the company.

Conclusively, it was searched that if the evaluated business idea could be successful and deliver any additional value to the end customers while sustain profitability and growth.

2. Objectives and Methodology

2.1. Objectives

Main objective of this thesis is to provide a concrete business plan for the intended company which will be providing services to expat niche for those who are living in capital city of Czech Republic, Prague. Among these services primary product will be offering a business directory with underlying affiliate marketing model.

Secondary objectives of this thesis are:

- Explaining the business model,
- Choosing the legal status of the company,
- Conducting strategic analyses,
- Determine the marketing mix,
- Estimate the financial program of the company.

2.2 Methodology

This thesis will be composed as two parts which first of them is theoretical part that will show the literature review and second is practical part that will show the business plan.

In first part of the thesis work, literature review will be composed of definition of numerous strategic analyses and financial analyses those will be used in next parts of the thesis work. Information regarding to these definitions will be extracted from online library sources, academic publishes as well as the related articles. Also, the relevant websites will be used to extract necessary information.

Furthermore, a survey will be conducted to determine the consumer behavior among the target market. Based on the results from the survey, financial estimation and projection of sales forecast will take place.

Practical part of the thesis work, will outline the business plan which will define the secondary objectives among with including the analyses such as:

- Porter's 5 Forces Model,
- PESTLE Analysis,

- Value Chain Analysis,
- SWOT Analysis,
- GANTT Chart,
- Break-even Point Analysis,
- Return on Investment Analysis,

As it can be understood from the related part of the thesis, a business plan would include variety of different topics such as, strategic plan, marketing plan, operations and/or production, research and development, management and organization, forecasts and financial plan etc. Since, optimum length of a master thesis would be 60-80 pages, it is believed that focusing on limited number of mentioned parts would bring a higher quality of work rather than slightly mentioning all of them. Therefore, this thesis work will be mentioning and defining all the parts that were mentioned, however, the focus will be on strategic, marketing and financial plans.

3. Theoretical Part as Business Plan

3.1. Types of Business Entities

To conduct business operations individuals are obliged to register legal entities in Czech Republic. There are several types of legal entities can be registered as a corporation in Czech Republic. Those several types of legal entities are can be counted as, Limited Liability company, Joint Stock Company, General Commercial Partnership, Branch Office, Co-operatives, Civic Association, Budgetary Organizations, Contributory Organizations and Foundations. (Czechinvest, 2017)

Below, it will be listed some certain types of legal entities which are more common than others and it is also believed that the more aligned with the business idea it will be easier to explain in this diploma thesis.

3.1.1 Limited Liability company

This type of entity is also called as ‘s.r.o or společnost s ručením omezeným’. It can be formed by one to fifty stakeholders. Meanwhile this type of entity would not have a board of directors, one person can be the sole owner as well as the executive of the company. Limited liability companies are mostly used by small and medium enterprises.

Registered capital of s.r.o is defined as minimum 20.000 CZK and in case if the there is one owner this amount must be fully paid. (Czechinvest, 2017)

3.1.2. Joint Stock company

This type of entity shows similar specifications with joint stock companies in other European countries. With original name is called as ‘a.s or akciová společnost’. While a joint stock company in Czech Republic is entitled to have at least 3 stakeholders, its shares can be traded easily. Joint stock companies are usually used for large companies rather than small and medium enterprises.

Registered capital of a.s must be minimum 2 million CZK in case if its non-public and in case if the corporation is public the minimum registered capital has to be 20 million CZK. (Czechinvest, 2017)

Furthermore, to register a legal entity in Czech Republic there are some several things needs to be done by stakeholders for all kind of entities. Opening a bank account for the legal entity, obtaining related business licenses and presenting criminal records are some these things. (Czechinvest, 2017)

3.2. Types of Business Plan

There are quite a lot of different definitions for business plan and most of them are defining the term in a very comprehensive way. As one of the clearest definition of business plan it would best to quote a definition such as, “A Business Plan is written document describing the nature of the business, the sales and marketing strategy, and the financial background, and containing a projected profit and loss statement. A business plan is also a road map that provides directions so a business can plan its future and helps it avoid bumps in the road.” (Chembezi, 2015)

Furthermore, a good business plan should also be able to provide answer for the questions such as;

- *Tells a coherent, consistent and cohesive, customer focused story;*
- *Clearly defines the market, its prospects, the customers, suppliers and competitors;*
- *Contains credible business planning assumptions and forecasts;*
- *Describes how the business will achieve sustainable competitive advantage;*
- *Identifies the assumptions to which the business is most sensitive, the potential risks and any mitigating actions;*
- *Is supported by those that must implement it;*
- *Contains a description of the individuals involved in managing the business;*
- *Identifies the funding requirement for the business, the use of the funds and investors' expected returns.* (Friend, Graham, and Zehle, 2010)

Business plan can be prepared for several different purposes. Therefore, there is no certainly correct, one type of business plan exists in the literature. That is the reason for each kind of different purposes there are different business plans takes place. Of course, for each different purpose there are needs of different components in those plans. Some of these different business

plans that are most common can be counted as, lean business plan, start-up business plan, growth or expansion business plan and feasibility plan. (Berry, 2015)

3.2.1 Lean Business Plan

A lean business plan is not very different than a traditional business plan except than excluding the summaries, descriptions or personal backgrounds. Therefore, a lean business plan targets to be faster for the companies. Nevertheless, a lean business plan comes with diverse set of principles such as,

- Setting the strategies like long term goals, business offerings and company description with bullet points with as less as possible text.
- Choosing methods to execute these strategies such as, marketing mix, specifications of products and services with bullet points with as less as possible text.
- Concrete specifics like KPIs to be tracked, breakthroughs and milestones and so on.
- Essential numbers such as sales forecasts, in and out cash flows. (Berry, 2015)

3.2.2. Start-Up Business Plan

Nowadays, start-up companies tend to have a business plan as a matter of guideline and list of assumptions with different scenarios. Of course, as a complete beginner this companies needs to know what will be their expenses, how long it will take them to create the company and conduct the operation, what kind and amount of inventory they need and last but not the least the amount of cash they need in their bank account. For this reason, this companies mostly have a lean business plan but as most of them face with lack of capital they need to seek investments from variety of institutions and investors. That means this business plan will be read by many different people from variety of diverse backgrounds with different education levels. Therefore, having a plan that is very understandable is crucial for this companies. Moreover, as a start-up business plan exists out of assumptions sometimes some figures and numbers could be not easy to find. In this case of incidents, best educated guess should be used to determine these numbers. (Berry, 2015)

3.2.3. Growth or Expansion business plan

This kind of business plans are used by already established companies to determine the expected outcome of an offered business project in a specific business area of the company. Meanwhile, these plans could be written for a new product development, creating a subsidiary company etc. it answers some certain questions such as, company description, product and the market information, is the project requires additional investment other than company's own sources and if there is how much it would be. From this perspective, it is not much different than a standard business plan because at the end investors would be looking for the same kind of information in these plans. (Berry, 2015)

However, since this kind of a plan is specifically focused on a certain offering, company's general financial situation or cashflow forecasts wouldn't be needed. Although, sales forecast or possible earnings and returns from the proposed project should be detailly shown. (6 Types of Business Plans, 2017)

3.2.4 Feasibility plan

A feasibility plan is a formal analysis of a prospective business idea with a specific goal of determining if the potential outcome of the project is feasible or not. While this feasibility measurement could be potential sales and profit, this kind of study would focus on the market size and shares of existing competitors, comparable products or services and pricing structure. Briefly, this plan would support the entrepreneur's decision making process of conducting the project or not. (Business Plan, 2017)

3.3. Business Plan Components

As it was mentioned above, there are several types of business plans in that took place in business literature. However, the components of these business plans are still alike each other from many perspectives. These components represent and explain different kind of areas that will be included to the business idea. Based on the literature review which was to conclude where components of the business plan as listed below.

- Executive Summary
- Description of the Company

- Marketing Plan
- Operational Plan
- Financial Plan

3.3.1. Executive Summary

While an executive summary would be prepared for almost all business reports, it would also be appropriate for a business plan as well. As the first part of the business plan, executive summary is maybe the most key component of all. Additionally, as the first part of the business plan, an executive summary should engage the reader to the whole paper and can give the message in a pure and simple way so any reader would understand. This part should also include the financial metrics, concept of the plan as well as the other metrics. (Ford, Bornstein and Pruitt, 2007)

An executive summary of a business plan should include information such as;

- *Current state of the business*
- *Products and services and the customers*
- *Sources of sustainable competitive advantage*
- *Shareholder objectives and business strategy*
- *Summary financial forecasts*
- *Decision or funding being sought, the use of funds raised and expected returns.* (Friend, Graham, and Zehle, 2010)

Furthermore, when writing the executive summary some key points should be considered. Any kind of business would survive the competition because of a simple fact that they would identify a problem, propose a solution and in return of this solution they would earn profit. That is the reason why executive summary should, first, explain the identified problem by introduction, mission or approach, second, offer the proposed solution by analysis, facts and recommendations and third expected outcome and conclusion. (Thompson, 2013)

An exit strategy as well as the targeted milestones should also be included in executive summary to put an end to the plan. In this way viewers of the business plan could have a complete understanding of the idea from beginning to end and obviously, that would be a crucial benefit

as it would help to remove a lot of question marks from the minds of the readers. (Ford, Bornstein and Pruitt, 2007)

3.3.2. Description of the Company

If it is considered that the executive summary as a display windows of the business plan, this part would be the first component of the body. In this part, variety of background information should take place as well as the detailed description of general business information.

The section should include answers for questions such as, will the company conduct business as a retailer, manufacturer or service business? Who are the target audience? What is it offered benefit to its customers and how? Where will it be located? Will the company conduct business in local, national or international level? (Ford, Bornstein and Pruitt, 2007)

Additionally, in this part mission and vision statement of the company should be clearly defined and information about the entrepreneurs as well as the current situation of the company should take place. The section also should include answers of questions such as, if the company is already in the market? If the products are already developed and being marketed and so on. (Shelton, 2014)

Last but not the least this section of the plan should also include about the targets of the company such as, if the company planning to go public? If the company will seek to be acquired? If the company will develop new lines of business and get expand. (Ford, Bornstein and Pruitt, 2007)

3.3.3. Operations / Products

Before the plan gets into details of how it does its marketing and conduct its operations its very important to describe the company's products and services. Once more it is quite important to repeat that the business plan will be reviewed by people from variety of diverse backgrounds with different knowledge. Therefore, one can assume that mentioned business idea among with products and services could be not familiar to the readers. That is the reason why this part should be explained in a clear and uncomplicated way. (Ford, Bornstein and Pruitt, 2007)

Among with the products and services, this part should also include answers of questions such as, what is the competitive advantage of the company, preventions and protections to secure

these competitive advantages, unique satisfactory factors of products or services. (Shelton, 2014)

To be more specific, if the company is a manufacturer it is important to explain the physical appearance of the product with a photograph, a drawing or a brochure. In case if the company is offering a service explaining the service with a diagram would be beneficial. The strategic analyses that was explained above will help the entrepreneurs to define the competitive advantage of its products and services in terms of its use and functions. (Ford, Bornstein and Pruitt, 2007)

3.3.4. Marketing Plan

In this section of the business plan entrepreneur will target to identify the relativity of company's product and services to the market among with marketing strategies and opportunities, thus potential investors as well as the other readers of the plan could get insights of the business idea. (Ford, Bornstein and Pruitt, 2007)

Furthermore, there will be also some of the strategic analyses conducted in this part of the business plan to be able to make more precise estimations and forecasting to achieve better results at implementation of the marketing plan. Some of these tools will be used will include but not limited to, PESTLE Analysis, Porter's 5 Forces Model, SWOT Analysis, Value Chain Analysis.

After conducting the strategic analyses, there will be a solid ground of market analyze which market segmentation can be built on. Afterwards, there will be following part with market targeting and through the marketing mix it market positioning will be defined. (Friend, Graham, and Zehle, 2010)

Since these mentioned terms will be used in practical part of this work, we believe it would be beneficial to define them as well.

3.3.4.1. Market Analysis

3.3.4.1.1. Porter's 5 Forces Analysis

To analyze the industry which, the business will be conducted in and competing, Porter's 5 forces analysis is a very popular analyze in business literature. Therefore, it is believed that using this tool would be highly beneficial in terms of defining the industry and the on-going trends among the competitors. (Kotler and Keller, 2012)

This analyze approaches to the industry from an external point therefore, framework of the tool identifies into 5 categories that drives the competition. These 5 categories are,

- Threat of substitutes,
- Buyer power,
- Supplier Power,
- Threat of new entries to the market,
- Rivalry.

Threat of substitute products, applies when the demand of a specific product would change in accordance to its substitutes price. In an industry where the number of substitute products are high, a raise in the price would be higher than the normal scenarios. Therefore, competition in the industry would be correlated with the threat of substitutes trough limitations on the price changes.

Threat of buyers' growing bargaining power, could be explained with an essential economic theory of supply and demand. If a buyer has many different suppliers, its power would be higher than the other cases. Because in this case the customer would set the price which would be a struggle to the firms that are trying to survive in a competitive market.

Threat of suppliers' growing bargaining power, just like buyer power if number of suppliers in an industry would be low there would be a situation where only the suppliers could set the price which would affect the cost of production. Therefore, the ideal market would be with less supplier power.

Threat of new entrants, is another very important competition indicator in the industry. This indicator would depend on the characteristics of the market just like other indicators but meanwhile the companies also tend to decrease this risk with keeping their competitive advantages secret and making them sustainable.

Threat of intense segment rivalry, could be explained through typical characteristics of the industries. These characteristics would be entry barriers, exit barriers, number of competitors and the trend of the market. The ideal market would be where the entry barriers are high and exit barriers are low while the trend would be increasing.

3.3.4.1.2. PEST analysis

“A pest analysis of Political, Economic, Social and Technological factors will reveal many of the external environmental influences on a business’s performance. Some practitioners have extended the acronym to pestel or pestle to include environmental and legal considerations.”
(Friend, Graham, and Zehle, 2010)

When setting up a new business, one needs to be realistic about their awareness and knowledge regards to the environment that the business will be conducted as well as the possible changes and the factors that leads that change. Therefore, PESTLE analysis shows a high importance for the management of the businesses. (Friend, Graham, and Zehle, 2010)

Some of the factors that might be included in PESTLE analysis are included but not limited to,

- **Political**, tax environment such as VAT, corporate and income tax, market demand and influence on customer spending, monetary policy of the country with regards to exchange rates, competition law, local practices such as bureaucracy and corruption. (Friend, Graham, and Zehle, 2010)
- **Economic**, business cycle and industrial trends of the mentioned country, employment level, inflation, exchange and interest rates, economic development, availability of credit. (Friend, Graham, and Zehle, 2010)
- **Social**, population growth, age structure, rural to urban migration and social and cultural shifts. (Friend, Graham, and Zehle, 2010)

- **Technological**, level of expenditure on R&D by competitors, creation of new markets by technology, change in the production methods, rate of adoption of new technology. (Friend, Graham, and Zehle, 2010)

3.3.4.1.3. Value Chain Analysis

Michal Porter proposed a tool to identify way to create more of the customer value named the Value Chain. This model suggests that all the businesses are a synthesis of activities which are performed to design, produce, market, deliver and support its products. Therefore, to create or to increase the customer value and the provided benefit, companies must know where they stand with these activities. (Kotler and Keller, 2012)

Porter explains these activities as followed. *“The primary activities are (1) inbound logistics, or bringing materials into the business; (2) operations, or converting materials into final products; (3) outbound logistics, or shipping out final products; (4) marketing, which includes sales; and (5) service. Specialized departments handle the support activities-(1) procurement, (2) technology development, (3) human resource management, and (4) firm infrastructure. (Infrastructure covers the costs of general management, planning, finance, accounting, legal, and government affairs.)”* (Kotler and Keller, 2012)

Constantly re-engineering and improving these activities individually as well as increasing the coordination of these departments with benchmarking and studying best of class practices companies could achieve the sustained competitive advantage.

3.3.4.1.4. SWOT Analysis

Definition of SWOT analyses would be as following, *“the overall evaluation of a company’s strengths, weaknesses, opportunities, and threats is called SWOT analysis. It’s a way of monitoring the external and internal marketing environment.”* (Kotler and Keller, 2012)

As a very common analysis to monitor the environment of the business unit with the purpose of increase the ability of earning profit, SWOT analysis allows the companies to the develop business opportunities. (Kotler and Keller, 2012)

It consists of 2 main components that are called as, external environment that includes opportunities and threats and internal environment that includes the strengths and weaknesses. (Kotler and Keller, 2012) Only essential and necessary factors should be included in SWOT analysis and these factors should be listed in accordance with the importance. (Friend, Graham, and Zehle, 2010)

Some of the factors that should be in SWOT analysis are shown below but no limited to,

- **Strengths**: Market dominance, Core competencies, Economies of scale, Low-cost position, Leadership and management skills, Financial resources, Manufacturing skills and technology, Research and development, Brand and reputation, Differentiated products, Patents and copyrights.
- **Weaknesses**: Low market share, Few core competencies, Old plant, High cost base, Weak balance sheet and cash flow, Low R&R capability, Undifferentiated product, Weak positioning, Quality problems, Lack of distribution and Skills gap.
- **Opportunities**: Technology innovation, New demand, Diversification opportunity, Market growth, Demographic and social change, Favorable political support, Economic upswing, Acquisition and partnerships, Cheap funds and Trade liberalization.
- **Threats**: New market entrants, Competitive price pressure, Higher input prices, changing customer needs, Consolidation among buyers, Threat from substitutes, Capacity growth outstrips demand growth, Cyclical downturn, Demographic change, Regulation and legislation and Threat from imports. (Lynch, R., 2000)

As a snapshot of the business and its environments SWOT is a well understood and easily communicated analysis. Therefore, it gives the management a good understanding of the industry and the business itself, while it provides the input the generation of strategic options. (Friend, Graham, and Zehle, 2010)

Apart from all these analyses and tools which were mentioned above, a benchmarking analysis will also be conducted to determine the strengths and the weaknesses of the competitors that are serving to the same niche. As a widely-used management tool, benchmarking analysis has been

recognized as appropriate tool to identify and enhance marketing capabilities of the companies. (Vorhies and Morhan, 2005)

3.3.4.2. *Market segmentation*

Market segmentation is used for identifying and divide the market into different groups based on similar characteristics needs that are different than other groups, is a very efficient tool requires a very good understanding of customer needs and demands better than the competitors. In order to have a successful marketing plan, targeted market segment should be chosen very carefully. Therefore, there are some key points that needs to be well studied in this part. These points would be,

- Market segments should be **measurable** by the size and the purchasing power,
- Market segments should be easily **identified** from one another with their differences,
- Market segments should be within the **accessibility** range of the company in terms of communication and distribution,
- Market segments should be big enough to **justify** the cost that is needed to reach them,
- Market segments should have **unique** responses to the action compared to another segment. (Kotler and Keller, 2012)

While there are different markets such as B2B, B2C, B2G, C2C etc. for sure there are different kind of segmentations. Since the practice of the market segmentation will be based on customer market related segmentation methods could be listed as,

- **Geographic**: Regional, Physical size, Population, Climate, etc.
- **Demographic**: Age, Gender, Income, Occupation, Education, Nationality, etc.
- **Psychographic**: Activities, Hobbies, Opinions and ideas, Attitudes, etc.
- **Behavioristic**: Brand loyalty, Usage rate, Readiness to buy, etc. (Kotler and Keller, 2012)

3.3.4.3. *Marketing Mix*

Marketing mix, as a tool that is used for product positioning in the market, it was originally introduced as 4Ps of marketing and since then it is one of the key components of every marketing

plan. These four Ps are, product, price, place and promotion. With the changing environment, this concept was also updated with three new elements which are, people, process and physical evidence. All these different components would constitute the offer together. If we would take a closer consider these parts of marketing mi would be as listed below.

- **Product** would include, design, features, quality, quantity, variations, packaging, brand and service.
- **Price** would include, list price, discount, credit terms, repeat purchase and payment method.
- **Place** would include, geography, channels, retailers, opening times, order taking, fulfillment and delivery.
- **Promotion** would include, advertising, direct marketing, sales promotion, coupons, bundling, joint promotion, loyalty programs and public relations.
- **People** would include, employees, organization culture, customer service and customer relationship management.
- **Process** would include, standardization and service delivery.
- **Physical evidence** would include, interface, artefacts and facilities. (Kotler and Keller, 2012)

As we have mentioned above, marketing mix is used for determining the product positioning in the market. Therefore, any of these seven elements could be used to achieve a differentiated positioning in the market. But it is very important to keep in mind that there are some important points to be considered when seeking to achieve this differentiation. These points to be considered are,

- *The difference must be of additional benefit to the customer.*
- *A sufficiently large demand must exist for the benefit.*
- *The difference must be readily perceived.*
- *It must be easy to communicate the difference and the benefits associated with it.*
- *The difference must be an improvement compared with existing offers.*

- *The incremental cost of producing the difference must be lower than the incremental revenue.* (Friend, Graham, and Zehle, 2010)

This part of the business plan also should be able to identify demographic factors of targeted market segment such as income level, age range, gender, educational level, ethnicity among with behavioral factors of potential customers such as frequency of product purchase. (Thompson, 2013)

Since, marketing is considered as a key point of a business plan for many evaluators, this part should be written in a very clear and a simple fashion. It also should be able to communicate the message how the business will manipulate the existing market to generate its sales. To achieve this goal many experts suggests writing a marketing plan in subsections so it would prevent any possible confusion. (Ford, Bornstein and Pruitt, 2007)

3.3.5. Operational Plan

The operational plan in business plan should be explaining how the business is structured, what kind of resources are required for its production of service or products and how these resources are used to achieve the strategic goals of the company. It basically explains where the money is spent. In financial terms, it shows the most operational expenditure items and tools as well as the capital expenditure items as parts into the business plan. Some of the questions that are crucial to answer in this part would be as listed below.

- What is the general approach to manufacturing? What are the sources of raw materials?
- Which processes will be used in manufacturing? What are the labor requirements?
- How will suppliers and vendors be used? (Friend, Graham, and Zehle, 2010)

Since the business plan will be most likely be used to attract investment and plan further stages before the idea would be commercialized it is very important that the products or services would explained in depth so the potential problems that will outcome during the later steps could be solved or prevented in advance. Being said that, it is also very important to keep the simplicity high to make it understandable but it should also be fancy so it could attract the attention of reader. (Ford, Bornstein and Pruitt, 2007)

Furthermore, a good operational plan should contain a description of its organizational structure, including an organizational chart which would help readers to understand if the organization would have a functional, matrix or divisional structure. In addition, human resources activities as a big part of operational costs such as payroll etc. as well as the cost and the structure of most operational and capital expenditure items such as, office space, machinery and plant should be included in this part. (Friend, Graham, and Zehle, 2010)

Legal form of business and other documentational formalities would be another point which should be covered in operation plan part of the business plan. In this part, number of staff to cover shifts, vacancies, sickness, number of managers per staff, salary levels, are trained staff available or do staff must be trained to be able to carry on the operations of the company, recruitment costs, staff turnover rate, working hours should be explained as well. (Friend, Graham, and Zehle, 2010)

3.3.6. Forecasts and Financial Plan

In order to have a concrete business plan, financial estimations and forecasts are some of the crucial factors that needs to be considered. If these financial projections and forecasts are well studied and justified, attractiveness of the business plan will increase without doubt.

Therefore, an analysis of start-up cost budget, operational costs, a projection of profit or loss table and various profitability analyses such as break-even point analysis and return on investment will be taking place in this chapter.

3.3.6.1 Start-up Cost Budget

Aim of these calculations is to determine what is the required amount of initial investment before conducting the business and earning profits. That is the reason why there will be registration expenses, website development expenses, costs of hiring experts such as lawyers etc. taking place.

3.3.6.2 Operational Costs

Costs that could change in accordance to operation which is also variable costs will be evaluated in this part. Mainly, wages, rents, maintenance, marketing and advertisement costs will be included.

3.3.6.3. A Projection of Profit or Loss Table

To evaluate the success of the business, a one-year projection of profit or loss table will be taking place in within this part. These estimations will be calculated based on the market estimations and questionnaire that was done among the target market. In another word, primary research of this thesis work will be used here.

3.3.6.4. Breakeven Point Analysis

A break-even point analysis is very important to businesses to show where they stand with different amount of production or sales. How much profit or loss they will have will be guiding them to determine optimum level of output. This analysis has three main inputs which are, fixed costs, variable costs and sales costs. A brief formulation of this analysis would be;

Figure 1: Break-even point formula

$$\text{Break Even Point} = \frac{\text{Sales Costs}}{\text{Contribution Margin per Unit}}$$

3.3.6.5. Return on Investment

Another performance measure that is used for evaluating the efficiency of a business or to compare the efficiency of several different investments would be Return on Investment. Return on Investment aims to measure the amount of return on an investment as per the investment's cost in a period. To calculate the ROI, return of an investment is divided by the cost of the investment, and the result is expressed as a percentage or a ratio.

Figure 2: Return on investment formula

$$\text{Return on Investment} = \frac{\text{Gain from investment} - \text{Cost of investment}}{\text{Cost of investment}}$$

4. Practical Part the Business Plan

4.1. Executive Summary

This business plan has been developed to present the intended business directory which will be referred as the company, to prospective investors and to assist in raising the 250.000 CZK of equity capital needed to begin the conduct its business operations and development of its complete product line.

4.1.1. The Company

The business directory, as a start-up company will be based in capital city of Czech Republic, Prague. The company will be focused on delivering services such as cleaning, repairman and construction to foreigners that are living in the Prague.

With depth studies of this market it was seen that there is a huge gap between the organizations that are offering mentioned services and the foreigners in Prague. Small number of competitors in the market, language barriers as well as accessibility of these organizations were the reason of this gap.

Hence, the company plans to take advantage of the opportunities for the market development and penetration with help of the studies included in this business plan. The company believes that existing competitors are only aiming to provide information to its end customers and therefore, the company can fill the gap in the market by creating a virtual marketplace that includes popularity where the end customer can directly purchase the offered services from the company's vendors with high quality, safety and communication skills standards.

Based on the detailed strategic, market and financial analyses by the company's management, it is estimated that 250.000 CZK of equity investment is required to begin the company's operations successfully. Received funds will be used to finance business registration, complete development of the product line, initial marketing activities and to provide working capital for the first six months.

4.1.2. Market Potential

Market research that was done as part of this business plan shows that Prague city having an increase trend of number of foreigners living. This increase, combined with the future 5 percent annual growth rate of the foreigner population in Prague shows that total market is worth of 7.500.000 CZK per annum. Additionally, as most of the foreigner population in Prague are working class people which is one of the key criteria for target market, it is believed that it will also help to increase the popularity of the company.

The company will approach to the marketplace primarily at the locations where foreigners are mostly employed such as Chodov, Nove Butovice, Pankrac and Andel.

The specific target market the company will approach at these locations is:

Foreigners who are working in Prague, thus relatively good in financial means and have problems with finding the optimum work-life balance therefore struggling to find time and/or the energy for variety of services where the expertise required.

4.1.3. Major Milestones

- Approximately one third of the company's product line is ready to market. The remaining two third is expected to be ready within six months' time.
- Six months after the company begins its business operations it is expected to be debt free and complete its returns to the initial investment.
- One year after the company begins its business operations it is expected to be market leader and get in a position where it can regulate and shape the market.
- After getting the market leader position within the expected time period, developing new business lines and offering new services as well as increasing the market share will be target for second year.

4.1.4. Sources of sustainable competitive advantage

The company is uniquely positioned its competitive advantages for this market opportunity due to knowledge of the target market and the field expertise as well as the educational backgrounds of its founders and its product's unique benefits.

Cem Uysal and Sergej Glavan, both possess several years of experience in their field of expertise meanwhile both are meeting the criteria of target market. Mr. Uysal, is a business oriented young entrepreneur and has worked in various fields from business development, customer service and IT operations. Mr. Glavan is a technical expert in terms of software development and project management and has worked in software development industry over years. Both stakeholders have experience in working and living in foreign countries.

Together, the principals spent one and half year developing the business idea, refining, designing the processes and analyzing the market. It is believed that the company's offerings will meet the market demands going above and beyond by its differentiation strategy with increased quality and standards as value proportion.

4.3.5. Financial Summary

Based on the financial projections, if the company receives 250.000 CZK in funding, it will come to break-even point at the end of sixth month in worst case scenario. At the end of first year company is expected to make 717.000 CZK net profit after taxes.

4.2. Description of the Company

The intended business directory will be serving as a middleman between the individual customers and the companies that are serving in focused industries such as repair and handyman services, cleaning services and construction services. Therefore, the target audience of the company will be divided into two main categories. The first category of customers will be businesses that are offering mentioned services and the second category will be foreigners those who are living in Prague and seeking these services.

Offered benefits to its customer should also be handled in two parts according to the category of the customers. Firstly, the companies that are listed on business directory will gain a sustained and greater market share in the competition. Benefit for the second category that are individual customers will be high quality of service in terms of communication skills, punctuality, hygiene and trustworthiness.

The mission of the company will be providing an easier life to foreigners in Prague by gathering best possible service providers, maintaining the prominent level of service quality and customer satisfaction and introducing these two actors within the focused industries.

Vision of the company will be a be business directory which will include variety of different industries within itself serving at multiple locations on international level and making the life easier for foreigners.

The company's product portfolio will always need to be revised as the result of constant change in needs of foreigners those who are living in Prague. Nevertheless, to be able to grab a bigger market share and decrease the risk, company will be having only one product which is the described business directory. While the short-term plans will be aiming to increase the scale of business directory on a horizontal base by listing companies from different industries, long-term goals will be aiming to develop and launch new lines of businesses other than the described business directory.

Last but not the least, the company will not go public and listing its shares on stock market but opportunities to be acquired will be considered.

4.3. Marketing Plan

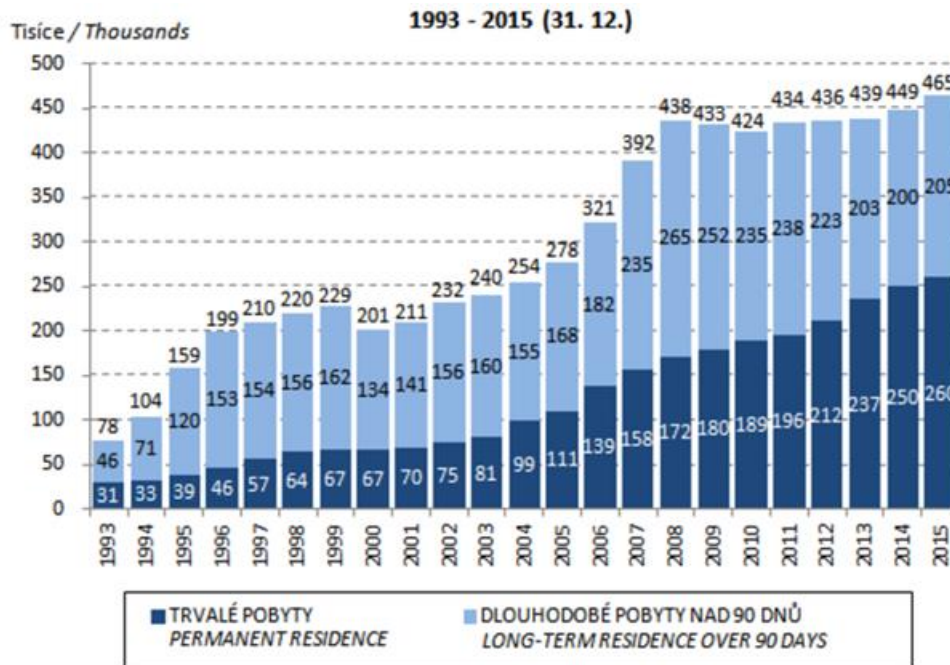
4.3.1. Market Segmentation

To prepare a solid marketing plan, we needed to have solid data that we can build our hypothesis on. To gather this data, we searched through web and came cross with number of different data sources that we can use. Some of these sources that we mostly used were, Czech Statistical Office and European Data Bank.

As it was said the intended company will have two different customer groups where the first group would be the companies those would have their pages in the directory webpage to reach the foreigners that are living in Prague. And the number two customers would be the individuals who would be seeking for the services that are provided by this companies. Furthermore, to determine the companies that are conducting their business activities in focused industries we used NACE code system.

The need of determining the market size of group number two was fulfilled by the data and the graph that was published by CZSO which can be seen below. Per this graph, the number of foreigners those who are living in Czech Republic are having increase trend and by end of 2015, their number is 465.000.

Figure 3: Trend in the number of foreigners in the Czech Republic by type of residence



Source: Directorate of Alien Police Service MI CR

Of course, as target audience of the intended company are the foreigners that are living in Prague we needed the find out this number. To be able to do determine the number of foreigners that are living in Prague we also used a publication that was done by CZSO. As it can be seen below the number of foreigners that are living in Prague is 171.408 by the end of 2015. Additionally, one can see that in the last 10 years, number of foreigners in Czech Republic is having a very high increase trend.

Being said that, to divide the market to its segments we needed a more detailed set of data that would help us to recognize what are the amounts of people in each segment. To be able divide the total market into its segments we gathered more data of foreigners in Prague region.

From the table below, one can see the number of foreigners that are living in Prague region of Czech Republic. There is an increase trend for number of foreigners that is approximately around %3 each year which is equivalent to 5000 new foreigners. Among these 170.000 foreigners in Prague, one third of the population is from EU28 countries and two third of the population is from other countries out of EU28 group.

Figure 4: Foreigners in the capital city of Prague as at 31st December 2015

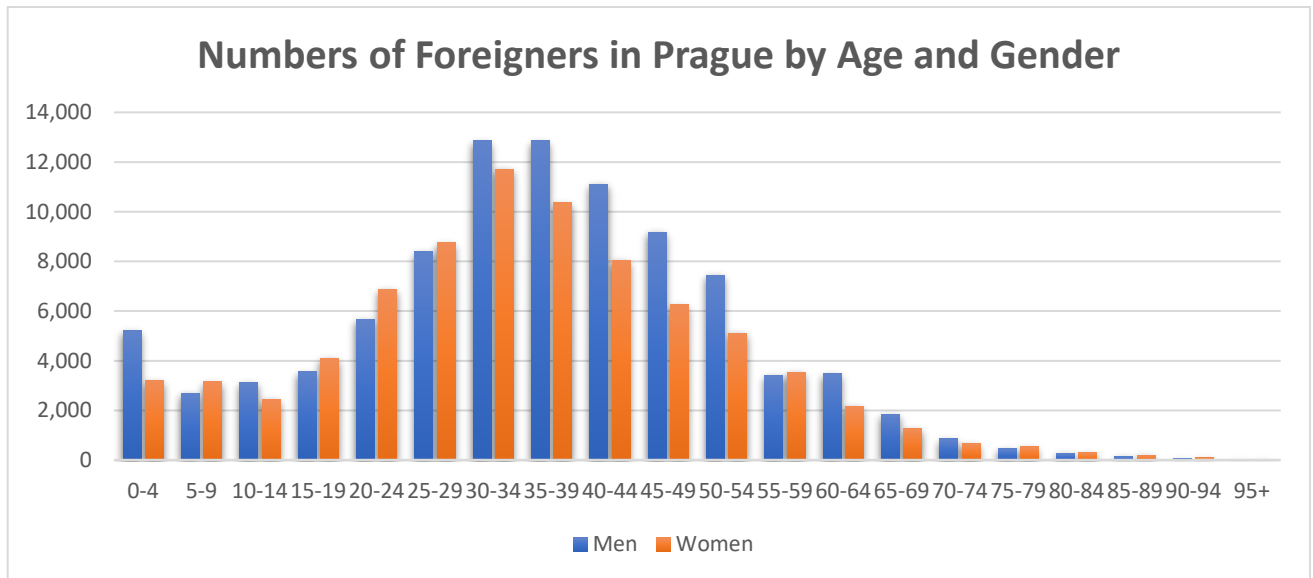
	2013	2014	2015	
Cizinci celkem	161,006	166,332	171,408	Foreigners, total
v tom: muži	87,932	90,292	92,636	Males
ženy	73,074	76,040	78,772	Females
Státní občanství				Citizenship
ze zemí EU 28	49,572	53,384	57,014	From the EU28
z ostatních zemí	111,434	112,948	114,394	From other countries
z toho:				
Ukrajina	44,998	45,533	45,633	Ukraine
Slovensko	24,819	26,281	27,563	Slovakia
Rusko	20,118	21,098	21,338	Russian Federation
Vietnam	10,902	11,277	11,707	Viet Nam
Čína	3,908	3,959	4,018	China

Source: Directorate of alien police service MI CR

To determine the segments that will provide the possible maximum output as a business as well as the intended business will be targeting foreigners those who are considered as adults we also needed to have numbers of foreigners in Prague by age other than the gender.

From the table below, one can determine that number of adult foreigners between 20-54 is approximately 125.000 people. Among this number there are roughly 67.000 men and 57.000 women are living in Prague and this numbers are the total market size for the customers of intended business.

Figure 5: Number of foreigners in Prague by age and Gender



Source: Czech Statistical Office, CZSO

As second another group of customers we have selected the companies which are in the focused industries by the intended company. As it is mentioned in the company description there will three primary business categories that will take place in the business directory. These three primary business categories will be cleaning services, handyman and construction industries.

To determine the exact amount of businesses that are conducting their operations within Prague area in Czech Republic we have used NACE system. Per NACE system,

- Focused cleaning services are categorized under N81.22
- Focused handyman services are categorized under S95.22
- Focused construction services are categorized under F43.22

Furthermore, to determine the market size of other customer category for the intended business we have gathered number of registered businesses from Prague Institute of Planning and Development report called 'The structure of the economic base of the City. m. Prague, some indicators compared with the regions and countries of the EU' with related NACE codes which can be seen in appendix.

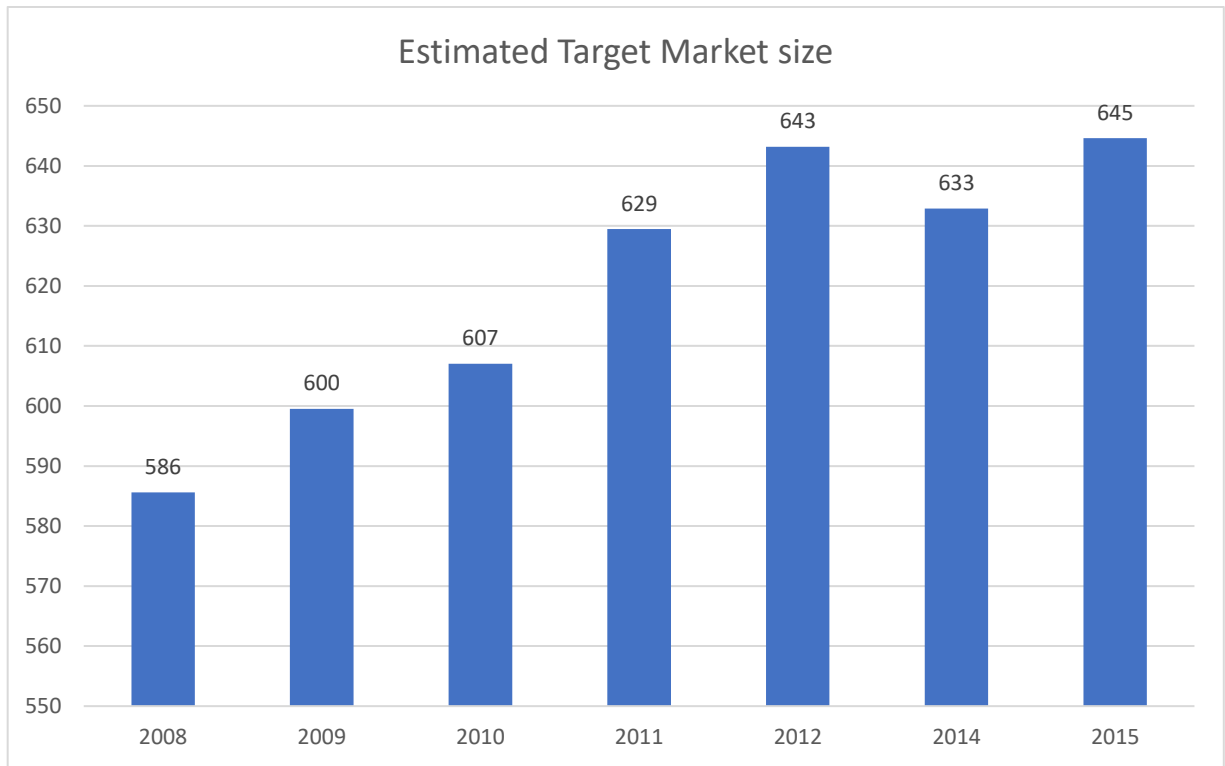
From here on we tried to determine the market with approximate numbers by free sampling method. Firstly, we established our hypothesis with coefficient number. For instance, while F section has 3 categories and focused category which is 'Specialized construction activities' includes 4 sub categories. Intended business would cover 2 sub categories among these 4 sub categories. Therefore, from this equation $1/3 * 1/4 * 2/3$ coefficient for F section would be 0,6 which is equivalent for %6.

With same method, we have calculated the category N as well. Among 6 sub categories intended business will focus on only one of them. This one sub category also has three sub categories and again only one sub category would be the focused as customers. As last, among four different sub categories intended business would cover two sections. Therefore, from the equation of $1/6 * 1/3 * 2/3$, coefficient for N section would be 0,4 which is equivalent for %4.

Lastly, with S section, we determined that there are main categories. Focused category within these three categories is also including two sub categories. The focused sub category is also including six different sub categories. And lastly, three of these six categories would be within the scope of the intended business. Therefore, from the equation of $1/3 * 1/2 * 3/6$, coefficient for S section would be 0,8 which is equivalent for %8.

After we determined the coefficient rates, we made a free sampling test to find out how many percent of these companies are offering their services in English. To do that we randomly checked first 10 results of web search engines with the equivalents of keywords such as cleaning, handyman and construction work.

Figure 6: Estimated target market size



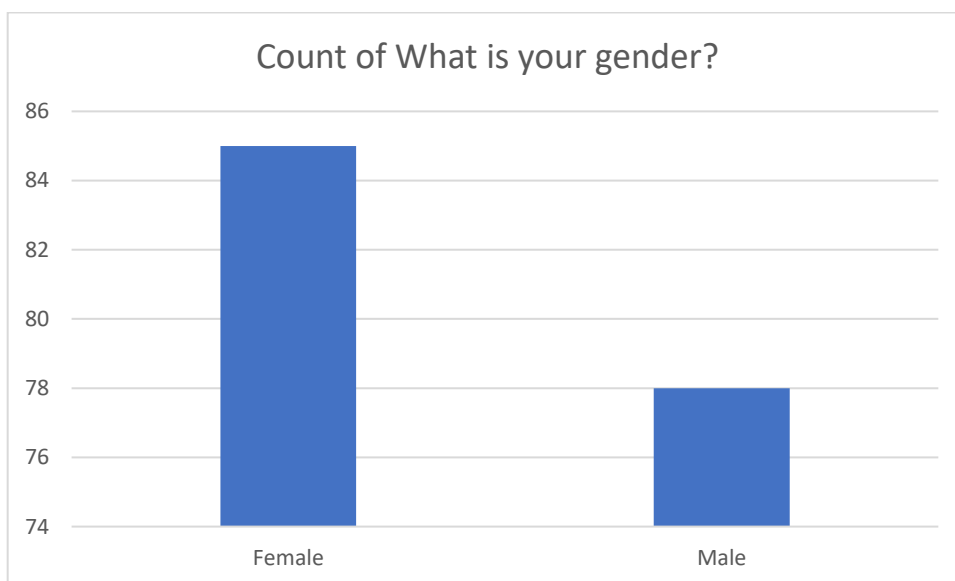
Source: Eurostat, nace.cz

As result, along with 125.000 individual customers those who lives in Prague city and are between 20 to 54 years old male and females, would need these services in a regular basis in terms of behavioral segmentation and would seek quality in the service and would be intending to buy, as well as approximately 650 businesses which are categorized in three different section within the NACE system and can be prospect customers of the intended business directory. Therefore, the targeted market would be a single or niche market from one of the aspects, while second category of the customers would be small-medium sized service providers who are able to provide the mentioned quality standards.

Furthermore, as a primary research practice there was a survey which can be seen in appendix part was conducted to estimate the revenue and cashflow. Results from the survey that was conducted among the target market can be seen below. At the end of the result accepting period there 258 correspondents to the survey. Among these 258 sets of answers 95 people said that

they could speak Czech language which would enable them to reach these mentioned services on their own without help. Therefore, the offered value proportion would be meaningless for them. To get a better result in terms of financial estimation, these sets of answers were excluded from the mass. The charts that are shown below represents 163 sets of answers that were eligible when considering the target market. Such as English speaking, in targeted aged groups, have a steady income that could afford mentioned services.

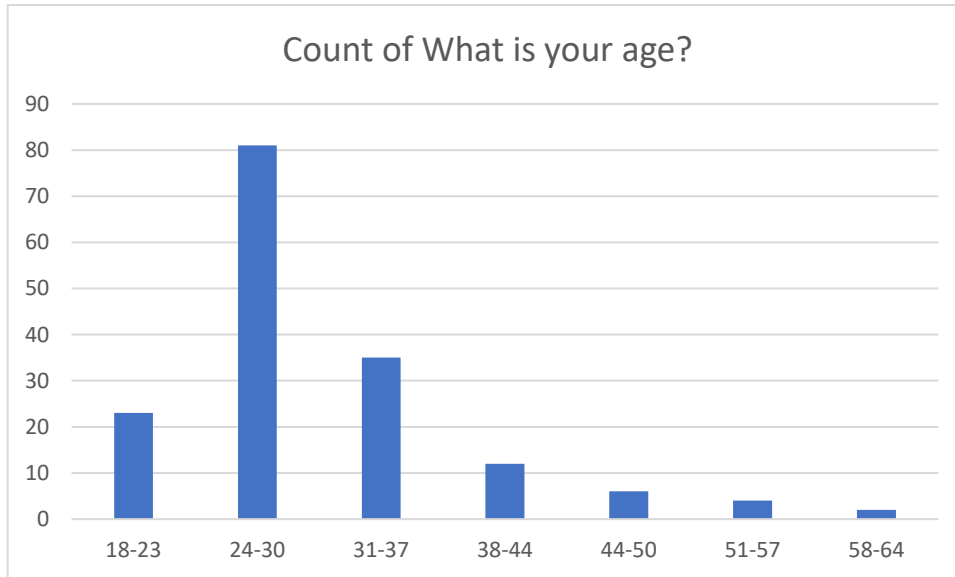
Figure 7: Count of what is your gender?



Source: Conducted survey

Among these 163 people there were 85 female and 78 male correspondents those who participated in the survey.

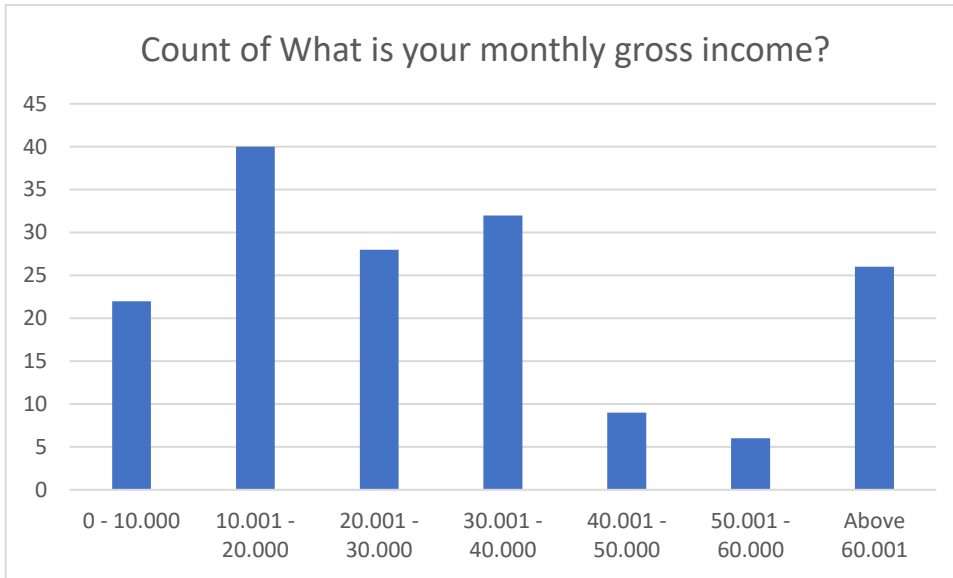
Figure 8: Count of what is your age?



Source: Conducted survey

As it can be seen in above graph there were mostly young people participated in the survey. That is a great advantage in this case as the target segment are mostly consists of young people.

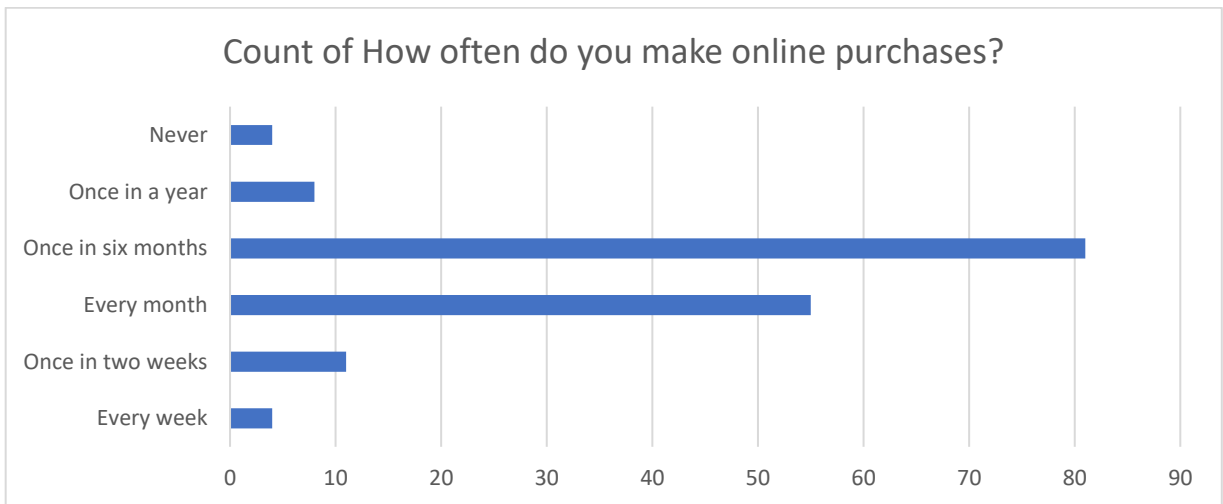
Figure 9: Count of what is your monthly gross income?



Source: Conducted survey

Most of the people among these 163 correspondents turned to be in middle wealth class and mostly earning between 10.000 to 40.000 CZK in a month as gross salary.

Figure 10: Count of how often do you make online purchases?

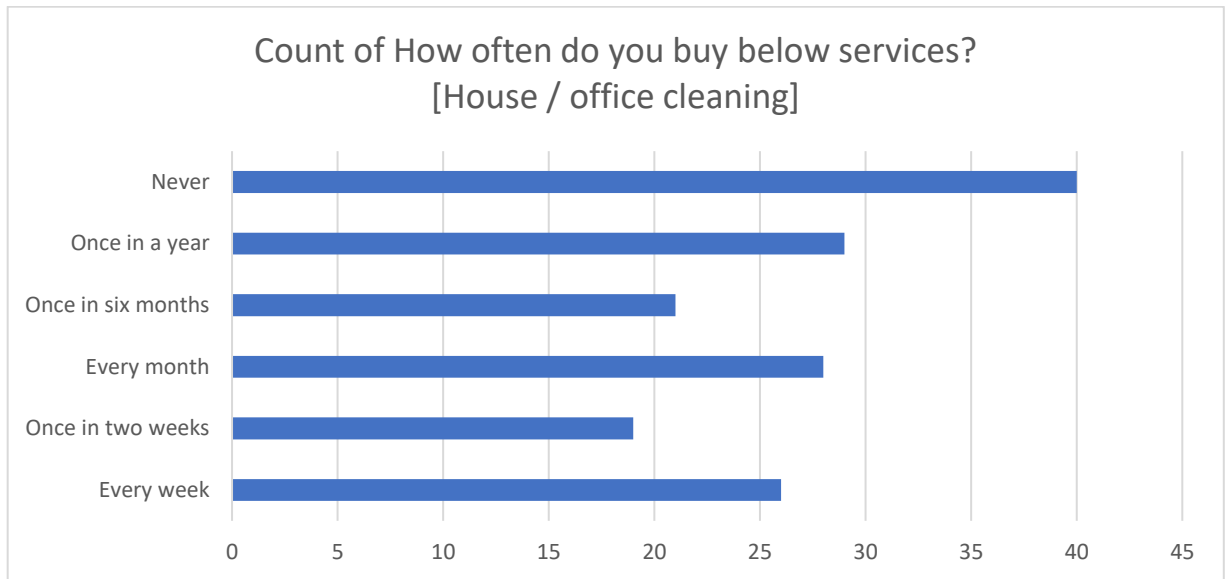


Source: Conducted survey

Furthermore, to determine the consumer behavior when it comes to buying goods and services online there was another question concluded in the survey. The result of question among 163

people a very considerable proportion of target segment are familiar with using internet as a tool when it comes to acquiring goods and services.

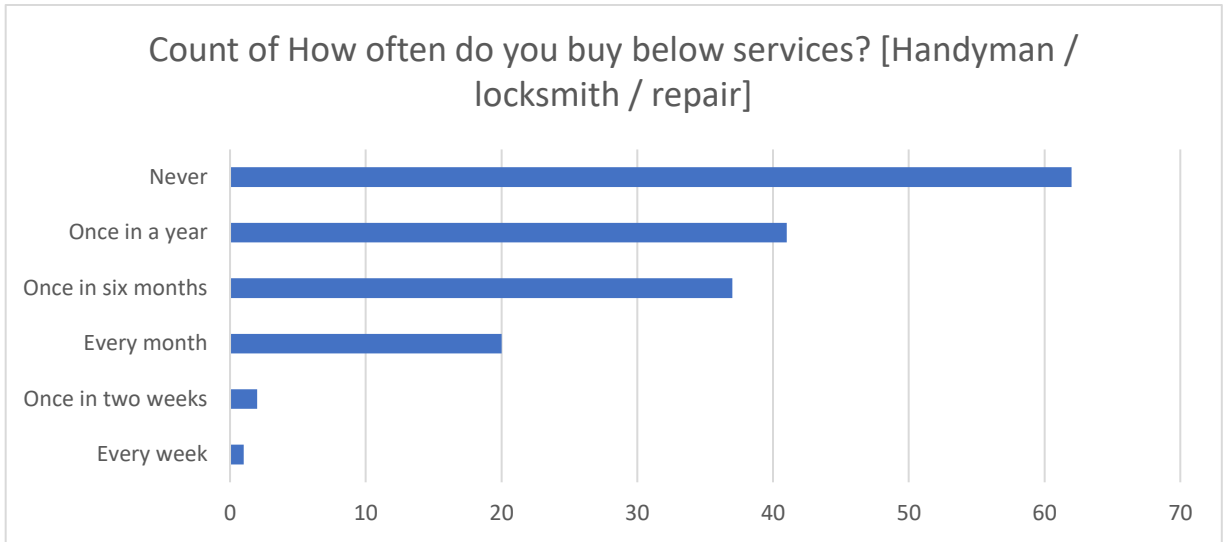
Figure 11: Count of how often do you buy below services? House/Cleaning



Source: Conducted survey

To estimate the demand for the mentioned services there was another question that was included in questionnaire. Where the results shown that only %25 per cent of correspondents would not buy cleaning services whether its offered online or offline.

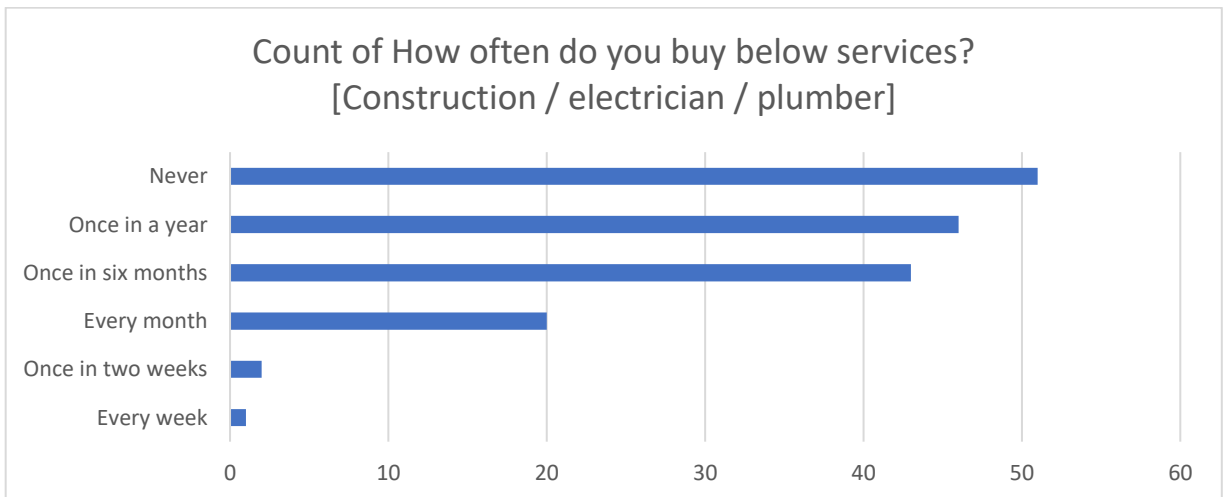
Figure 12: Count of how often do you buy below services? Handyman/Locksmith/Repair



Source: Conducted survey

As it was expected beforehand, results of this question shown that number of transaction for repair services would be less than cleaning services. However, %38 per cent of correspondents answered they have never bought this kind of services, other answer clusters were in favor of the hypothesis.

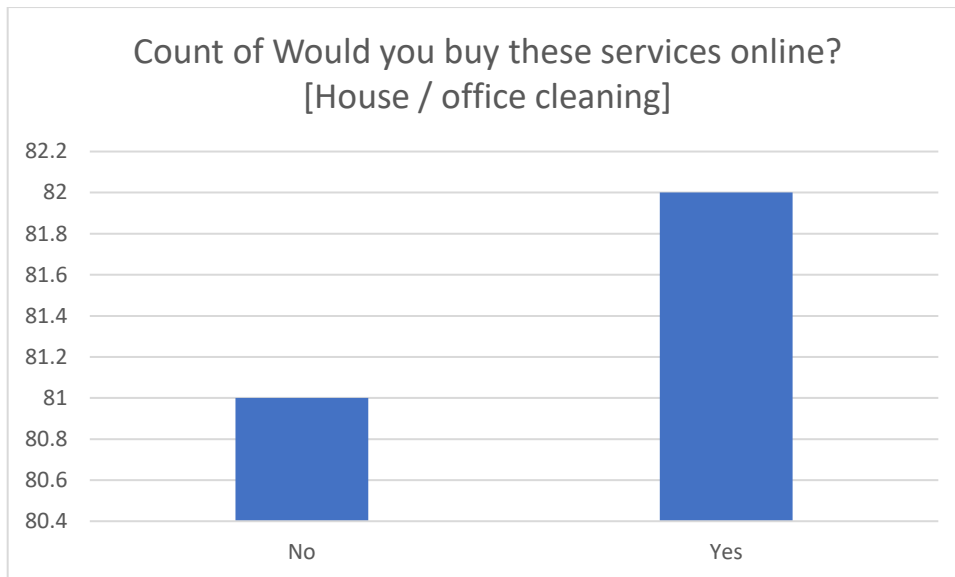
Figure 13: Count of how often do you buy below services? Construction/Electrician/Plumber



Source: Conducted survey

Results of this questions shown that just like the previous question of repair services, heavy construction is not a frequent service that would be needed. Even %30 per cent of the correspondents have answered the question as they have never bought this kind of services, second and third biggest clusters are also quiet in favor of the hypothesis.

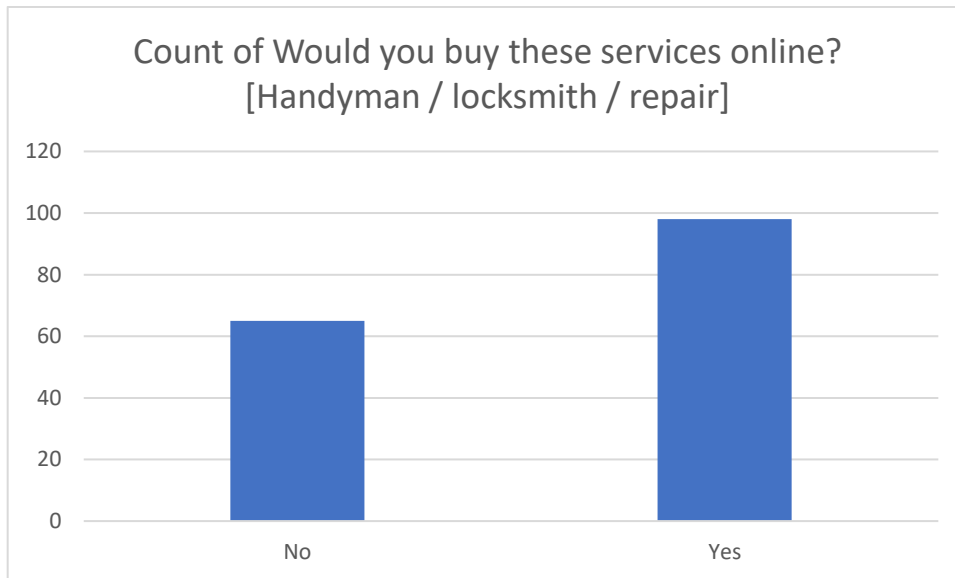
Figure 14: Count of would you buy below these services online? House/Office cleaning



Source: Conducted survey

Finally, in the survey there were three additional questions that was aiming to get customer insights about how likely they would buy these services online. These questions eventually will lead the financial analyses such as return on investment, break-even point and the cash flow. While, there was a quiet unexpected result for first question it was shown that half of the correspondents would not hesitate to buy cleaning services online.

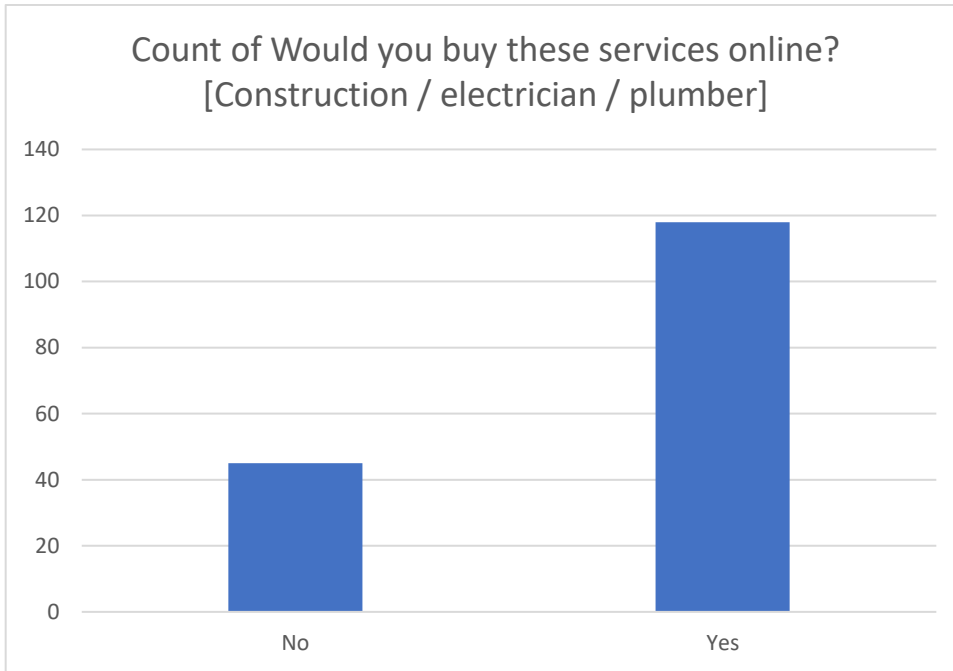
Figure 15: Count of would you buy below these services online? Handyman/Locksmith/Repair



Source: Conducted survey

When it comes to repair services there was a slightly better result when compared to first question. Out of 163 correspondents, 98 of them which is %60 per cent, said they would be comfortable with buying this kind of services online.

Figure 16: Count of would you buy below these services online? Construction/Electrician/Plumber

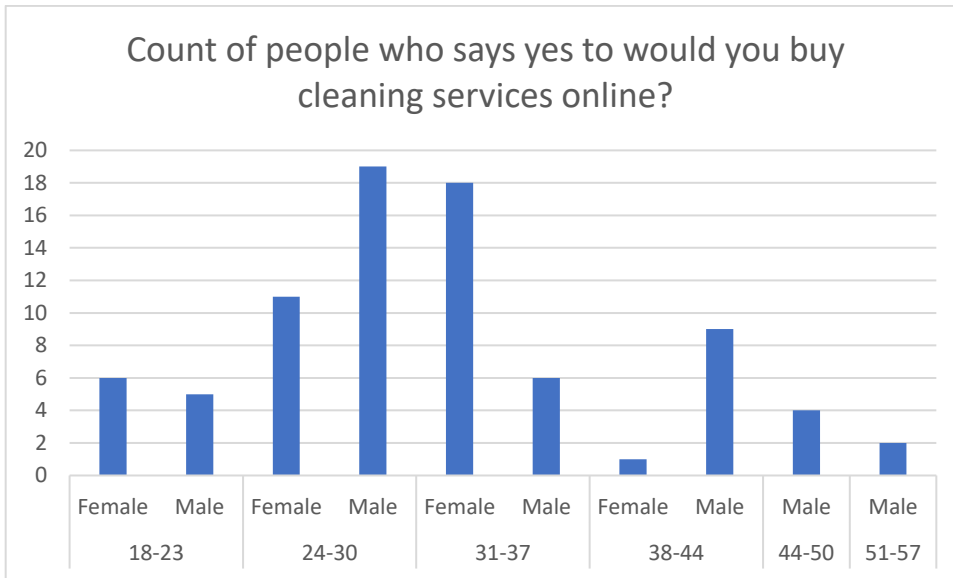


Source: Conducted survey

The results of last question of the survey which was about heavy construction services shown that almost %75 per cent of the target segment would be comfortable with buying these kinds of services online.

When the cross analysis would be implemented on survey results especially to those who said yes to the question of would you buy these services online, the results would be shown in below graphs.

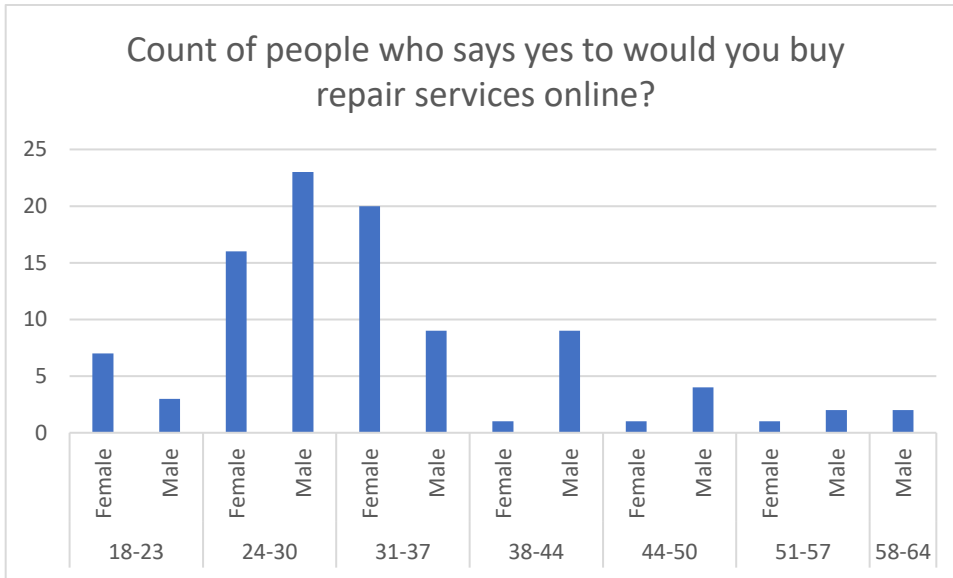
Figure 17: Count of people who says yes to would you buy cleaning services online?



Source: Conducted survey

It can be seen in above graph that people who says yes to would you buy cleaning services online are quite equal in terms of gender comparison. While there are 41 men says yes, there are 40 women gives the same answer to this question. Most of the people says yes to this question is between 24 to 37 years old people.

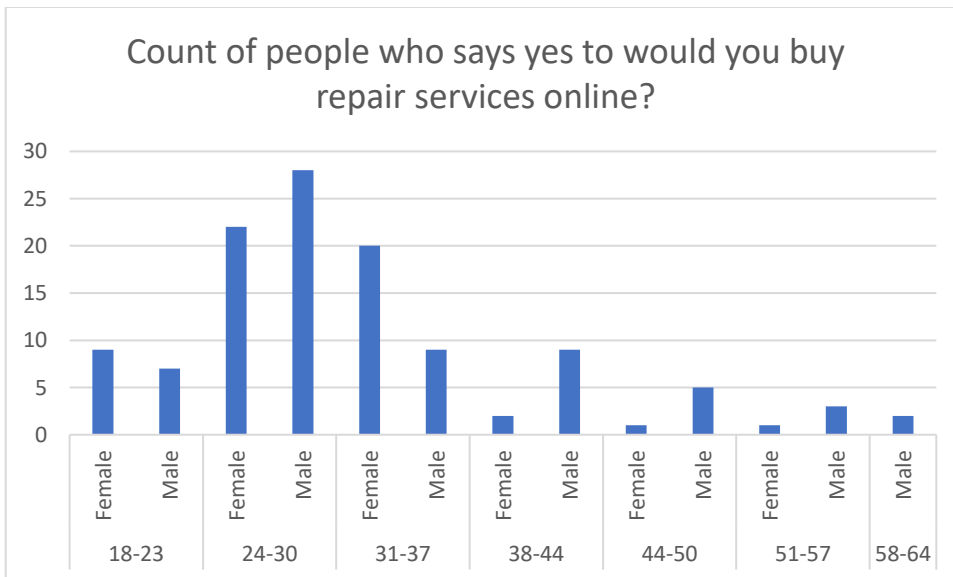
Figure 18: Count of people who says yes to would you buy repair services online?



Source: Conducted survey

As it can be seen from the above graph 52 men says yes to this question while, 46 women says yes. Just like the previous graph, in this one people who says yes to this question is people who are between 24 to 37 years old people.

Figure 19: Count of people who says yes to would you buy construction services online?



Source: Conducted survey

While there are 63 men says yes to question of would you buy construction services online, there are 55 women gives the same answer. And majority of them are also between 24 to 37 years old like previous two graphs.

4.3.2. Market Analysis

4.3.2.1. *PEST Analysis*

- **Political**: While VAT is 21% and reduced VAT is %10 for Czech Republic, corporate tax is 19%. Consumer spending seems to be around 49% of total GDP and it seems at the same level since the last 5 years. On the other hand, Czech Republic stands on #47 out 176 countries per Corruption Perceptions Index 2016 with 55 points out of 100. With regards to independent Czech National Bank's monetary policy and the membership of European Union other parameters like exchange rates and competition law also seems quite stable.
- **Economic**: after the 2009 crisis, business cycle and industrial trends seems to be quite stable and having an increase trend with the 98 points of composite indicator that is gathered from CZSO as of February 2017. Furthermore, 72.9% in December 2016 of employment level and 3.6% unemployment level that indicates the economic activities of the individuals 15-64 years old, the country seems to be quite good when compared to its neighbors. Additionally, with 0.7% inflation rate, overall 3.85% interest rate in market economy parameters of Czech Republic seems to be relatively fine when compared to rest of the countries in the world.
- **Social**: as it could be seen from the graph (excel table with increase index) population of foreigners will likely follow the growth trend for the coming years. While the age structure will most probably stay the same level of 20 to 55. As conclusion, it looks like increase trend for number of foreigners will be stay same meanwhile in social aspect there will not be any major change.
- **Technological**, with increase in last 10 years from CZK 9.67 billion to CZK 23 billion equal 2% of GDP as expenditure for R&D in Czech Republic is positioned as 31st most innovative country in The Bloomberg Innovation Index. It seems like Czech Republic is moving into the path of innovation with the state support as well as all other EU member countries.

4.3.2.2. *Porter's 5 Forces Analysis*

Bargaining power of buyers

Power of online buyers, is of course increased due to increased internet access and having a wider choice among with the increased customer knowledge and price comparability between the companies. Therefore, prices are likely to be forced down with the effect of these conditions. In a non-organized nor dominated market like the one mentioned where bargaining power of buyers are still high and switching from one to another service provider is quite easy. Whereas, 125.000 potential individual customers are being provided services through 650 companies in the selected industries and there is still no business directory exist that work with a well prepared, customer oriented structure. Therefore, we believe that we can resist and control the bargaining power of buyers. As result bargaining power of buyer seems to be **medium**.

Bargaining Power of Suppliers

As an organization that tends to penetrate in the market of foreigners living in Prague, suppliers will be one of most important stakeholders. Since the offerings will still be provided by these suppliers, maintaining the quality, customer satisfaction, safety and many more conditions will need to be constantly controlled. Therefore, finding the suppliers that meets with the criteria of the company which can provide high-end offerings can be a difficult milestone. Yet, the advantage of being the first company that tries to organize the market with different vendors and suppliers among the 650 companies can help to overcome the risk. As result, bargaining power of suppliers seems **low**.

Threat of Substitute Products and Services

While the threat of substitute products and services is maybe the most crucial risk that needs to be dealt with, low amount of competition in the market is great a great advantage. Nonetheless, we need to keep in mind that each industry could come up with a directory website or each company can digitize its own offerings. While this scenario is highly possible, one can assume that threat of substitute products and services would be **high**.

Barriers to Entry

Since entry barriers in this market is not high, it is a natural disadvantage of the business model that where the competition could increase easily. New entrants could become follower of the company and therefore a loss in the market share could be the result of this issue. As result intended company could face a **considerable risk** with entries to the market.

Rivalry

While there are plenty of businesses that are offering their services and products online, there are also quite few directory websites where the end users could engage with other companies that are included in those business directories. Especially, with the new web design tools it became quite easier to establish a website and become a player in the market number of this competitor are having an increase trend. Therefore, rivalry seems to be **very high** in this industry.

Conclusion

As result of the Porter's 5 forces analysis, we can assume that the general competition in this specific area is quite high. With strong five forces that are to determine the competition, intended company must have a unique and very strong value proposition and brand positioning.

4.3.2.3. Value Chain Analysis

Primary activities

(1) inbound logistics, or bringing materials into the business; As a business directory that will focus on limited industries and service branches, it will also have the advantage of being first in the sector. While being first of such a company will increase the negotiation power of the business directory, it will also be able to choose the best performing and/or most suitable vendors among determined market.

(2) operations, or converting materials into final products; Since everything will be done through the website of business directory, operations part will be mostly a process that will work end to end with individual customers and the vendors that are offering their services in website.

Customer satisfaction performance will be the main evaluation argument to make sure both sides would have fulfilled their expectations.

(3) outbound logistics, or shipping out final products; The selected industries are all having the common attribute that the provided services needs to be in specific location of individual customer's request. Therefore, outbound logistics will take a prominent place within this business process. Punctuality and communication skills will be some of the key factors that should be considered.

(4) marketing, which includes sales; An aggressive advertisement strategy to demote its competitors, establishing strategic partnerships with social media based news and entertainment companies, locating and physically promoting the business directory to the potential individual customers as well as the loyalty program which will encourage these individual customers to make repeat purchases through website will be main components of marketing plan.

(5) service. The major aim of the business directory website will be the achieving customer loyalty and thus establishing a repetitive purchase cycle through well standardized quality and important level of customer service.

Support activities

(1) procurement, since the business directory will be on line but not physical, its procurement needs and processes will not be one of the major components. Furthermore, as the main activity of the company is serving as a middleman between vendors and individuals, company will not have any material needs for its operations. Nevertheless, the needs of the company will be bought from a reseller that offers the best price – benefit combination.

(2) technology development, as the business directory will be an online entity, technology will be one the most important key factors among all. Online payments, online bookings, customer satisfaction surveys, loyalty points, website and server maintenance, further developments and new functions will require a very well managed technology know-how and the development phases.

(3) human resource management, the business directory will establish a set of automated processes between vendors and the individual customers. Therefore, human recourse requirements will be mostly on development phase. Once the development of the website is done, only human recourse required phase will be control part. Everything except the key components such as marketing, finance, legal and technical development management will be outsourced as the required skills of workforce will be changing by time.

(4) firm infrastructure will be consisting of different departments such as marketing, research and development, operations. The legal registration of company will be an incorporation which is S.R.O in Czech Republic. Necessary business regulative activities such as accounting and legal aspects will be outsourced to expert in these topics.

4.3.2.4. Competitor Analysis

There are quite several companies that exist in the market with somehow equivalent products so called business directories. Nonetheless, there are only three competitors when key factors such as scale of business, website design, usage, up to date information are compared. However, all three of these companies using the business directories as a secondary service.

Howlings s.r.o. is owning the most read English language media in Czech Republic and offering variety of products to its customers such as, job board, classified section, news, city blog, real estate board and business directory. Yet, the business directory that is part of www.expats.cz, which is the product of Howlings s.r.o., work on two-tier pricing system it does not provide any function except showing the listed company's contact and basic information regarding to business focus. As Expats.cz is a well-established old competitor in this market, they have the biggest share and audience for Prague as well as anywhere in Czech Republic.

PTV Media s.r.o. which is the parent company of www.prague.tv, www.praguemonitor.com, www.pragueconnect.cz and www.mansprichtdeutsch.cz claiming to be leading international web information services with the focus on three primary areas that are lifestyle, news and business in Czech Republic. PTV Media also provides two business directories in two different websites which are www.prague.tv and www.pragueconnect.cz. Both business directories

works on freemium business model yet both products are far from being effective. But their large community coverage they stand on a strong position.

As both companies that are offering somehow similar product along with many others, we will try to compare them by the product which is the main point of this business plan. To be more functional and user friendly there are four different dimensions that we think would be best to compare. User friendliness would be determined by accessibility, functionality would be determined existence of online booking and payment system and trustworthiness and service quality would be determined by customer satisfaction point.

Figure 20: Competitors Analysis

Competitors	Global Rank	Country Rank	Total Visits	Website Grade	Online Booking	Online Payment	User Ranking	Cost Range
expats.cz	#80.146	#1,021	1.4 M	72/100	N/A	N/A	N/A	599 or 998 CZK/M
prague.tv	#444.605	#8,421	196 K	67/100	Only for restaurants	N/A	N/A	500 CZK/M
pragueconnect.cz	#3.585.355	#86,894	11.8 K	47/100	N/A	N/A	N/A	416 CZK/M
December 2016 - February 2017, 3 months, Worldwide. Sources: Similarweb.com , website.grader.com								

Source: similarweb.com, website.grader.com

4.3.2.4. SWOT Analysis

Figure 21: SWOT Analysis

Strengths	Weaknesses
Strong educational background of stakeholders Social media and website management knowledge Assurance in service quality by selecting best vendors Ability of locating customers to advertise Understanding of niche's needs as a member Offering features which competitors do not Easier access to service Low initial investment requirement Ability to shift the supply down or upwards	Lack of brand awareness like any startup Lack of experience in service providing industry Easy to copy business model Expert need from various fields i.e Law, Accounting
Opportunities	Threats
Unique business model in the market Lack of organized market for mentioned services Increase trend of target market Lack of quality for mentioned services Constant need for mentioned services Chances to expand product range vertically and horizontally Chances to expand in other locations i.e Bratislava, Krakow	Low entry barriers therefore new entrants to market Strong competitors in market Unregulated competition on web Increased competition Lower cost at web development services

Source: Own source

4.3.3. Marketing Mix

To be able to determine the marketing mix we will defining the planned actions as described below.

Product, will be the introducing the cleaning, handyman and construction services with the target market with high quality service. When talked about quality the which is the differentiated benefit to the end user, maximized trustworthiness, punctuality, communication skills, customer service would be the measurement.

As the business directory will work with different vendors, naturally **prices** also would be different from one to another. Rewards systems to establish customer loyalty and repeat purchase will be also taking place. Furthermore, as payment process will be through the website online payment via internet banking or use of benefit points that are provided by employers to target market will be among payment methods.

Prague city would be the **place** within the marketing mix as both of customer categories are in Prague likewise. While the operating times would depend on the service provider, order taking or the booking system would be integrated through the business directory. Service delivery would be done by employers of these service providers in the end customer's site.

Promotion actions would include, online advertisement with Pay-Per-Click method, direct marketing activities such as advertising around international companies' premises to be able to reach the customer from first hand. A reward system where end customers would be able to buy selected offerings of business directory through the gaining via their purchases from business directory and public relations activities with the media that are targeting common audience.

As the mentioned services will be provided by **people**, it will be an important part of marketing mix. Positive attitude, high service quality, trustworthiness, punctuality, communication skills will be pre-standardized to achieve benefit maximization. Furthermore, to be able to control the differences and changes of these norms a user satisfaction survey and even personal trials by stakeholders will take places among the actions.

In order to standardize the service delivery **Processing** would have a high importance. To operate the business directory with the different service providers there will be for sure a need of different processes e.g. order taking process which will include payment transactions, service delivery process which will explain how the cooperation will happen, reward system process which will define how the end customer will earn the reward points and spend them etc.

Physical evidence would be the shaped by brand positioning of the business directory. As the delivery point of service would depend on the wish of the customer and the services are regarded as intangible goods. Such as, webpage, logo, brochures, uniforms and employee dresses could be shown as examples.

4.4. Operational Plan

To be able to determine the required initial investment and furthermore a good management of cash flow and finances of the company, we need to distinguish what are the expenditures of the company will be.

Since the company will be operating as a middleman, it will not have any production or material cost that is needed to the service. Most of the time, the expenses will be either later development of the platform and the marketing expenses. But of course, the registration fees to setup the company as well as the initial development expenses of website modules such as Vendor management module, Customer relationship management module, Customer management module, e-mail automation system for customer satisfaction surveys will be other parts of the expenses.

To explain the product that is intended to launch we need to mention several specifications of it. First, as all the individual end customer will be foreigners, communication skills with English language will be crucial. Additionally, as these people will be foreigners, trustworthiness will be another important measure to cover. Since the targeted market mostly consists of working people, punctuality will be also very important factor. And last but not the least, the highest service quality for the service that is provided will be the most important measurement.

Lifecycle of this services would be,

1-End customer makes the booking and transaction ->

2-Service provider gets notified of order ->

3-Service provider makes the arrangements and sends the employee at the right time ->

4-Service would be delivered at the end customer's site->

5-End customer would answer the customer satisfaction survey and gets the reward points.

As the company will be very small one, the number of employed people will be minimum. Therefore, the structure of the company will be very simple as well. At first company will consist of two stakeholders and several project based employees which will be outsourced through the employment agencies where they will also take care of payrolls and all the other human resources activities. And these outsourced employees will be helping to develop the web

platform. Also, a strategic partnership or a simple contract with a law firm will also take place to outsource all the legal especially the contracting matters. Additionally, a need for two-part time employees will also take place to do direct marketing activities.

While legal form if the business will be a limited liability company or S.R.O in Czech Republic, company registration will be done by a consultancy firm to have the assurance of the quality and trust about the procedures. To explain better, following GANTT chart would be an appropriate tool to take into consideration.

Figure 22: GANTT Chart

<u>Activity / Quarters</u>	1st	2nd	3rd	4th	5th	6th
Company Registration						
Product Development						
Business Development						
Marketing Activities						

Source: Self-made

4.5. Forecasts and Financial Plan

Its believed that in the beginning of the financial part of this plan explaining the basic of the hypothesis that is used how the calculations were made would be beneficial for the readers.

After excluding the correspondents who do not meet the criteria of target market, based on the survey that was conducted among the target market which is the primary research part of this thesis, there were six dimensions where the correspondents were asked to assess their buying behaviors in terms of numbers for each category of the service that will be offered through the mentioned business directory. The result of this questions can be seen from the table below.

Figure 23: Buying behavior of survey correspondents

	Cleaning	Repair	Construction
Once in a year	29	41	46
Once in six months	21	37	43
Every month	28	20	20
Once in two weeks	19	2	2
Every week	26	1	1
Total	123	101	112

Source: Conducted survey

Furthermore, to be able to estimate the sales there was another question where the correspondents were asked to assess their likeliness to buy these mentioned services online. The results of this mentioned question are shown below table.

Figure 24: Online buying behavior of survey correspondents

	Cleaning	Repair	Construction
Yes	82	98	118
No	81	65	45

Source: Conducted survey

As it was mentioned in earlier chapters, its estimated that there are 120.000 people who are meeting the criteria of target market for this business directory. Among these number of people, it was seen that %30 percent somehow is able communicate and fulfill their needs in the local language of Czech Republic. This %70 per cent of target market size would be equal to 84000 people. With a realistic scenario, the business directory will be targeting %10 of market within the first year and as a result there will be 8400 people will be expected to buy services through the mentioned business directory.

4.5.1. Required Investment

When survey results are applied to the market analyses that was done as a mean of secondary source based research, variety of indicators arose as outcome. Start-up cost budget, fixed and variable operating costs, estimated revenue etc.

Table 25: Required Initial Investment

Required Initial Investment	
Type	Costs
Start-up costs	
Lawyer	CZK 40,000.00
Server and Domain	CZK 6,000.00
Website Development	CZK 120,000.00
Total	CZK 166,000.00

Source: Self-made

Amount of initial investment needed for such a business directory would be 166.000 CZK as it is shown in the above table. This total cost amount includes average prices for each mentioned type of cost meanwhile the detailed calculations can be seen in the appendix.

4.5.1. Cost and Revenue Calculations

Figure 26: Operating cost for the first year

Operating Cost for the First Year	
Type	Costs
Fixed Costs	
Accountant	CZK 20,000.00
Variable Costs	
Website Maintenance	CZK 50,400.00
Online Promotion	CZK 162,000.00
Physical Promotion	CZK 30,000.00
Business Development	CZK 16,000.00
Total	CZK 278,400.00
Per month	CZK 23,200

Source: Self-made

Amount of operating costs would be 278.400 CZK for the first year meanwhile the monthly operating cost would be 23.200 CZK. This total cost includes average prices of accountants and variety of calculations for website maintenance, online and physical promotion as well as the business development activities. The detailed calculations of these costs also can be found in appendix.

Figure 27: Revenue projections

	Cleaning	Repair	Construction
Total estimated amount of transactions for first year	151452	38174	35700
Estimated amount of transaction per month	12621	3181	2975
Survey results applied to calculations (%50, %60, %72)	6311	1909	2142
Estimated % of transactions executed via platform %60	3786	1145	1285
Estimated revenue per transaction	CZK 10.00	CZK 18.75	CZK 30.00
Total estimated revenue / per month	<u>CZK 37,863.00</u>	<u>CZK 21,473.02</u>	<u>CZK 38,556.00</u>
Total estimated revenue for first year	-	-	<u>CZK 1,174,704.24</u>
Total estimated revenue / per month			<u>CZK 97,892.02</u>

Source: Self- made

Based on the calculations where the market analysis and the survey conducted used together and can be seen in appendix part of this thesis work detailly, estimated total revenue would be 97,892 CZK per month for the first year.

4.5.2. Profit or Loss Projection

Moving from this point the total profit and loss table for this intended business directory could be seen below.

Figure 28: Profit or loss projection

Total Revenue	CZK 1,174,704
Total Expenses	CZK 278,400
Operating Income EBIT	<u>CZK 896,304</u>
Earning Before Taxes EBT	CZK 896,304
Net Income EAT %20	<u>CZK 717,043</u>

Source: Self-made

Total amount of net income after taxes of the company for the first year is 717.043 CZK. Which would be equal to 59,753 CZK per month.

4.5.3. Break-even Point Analysis

Figure 29: Break-even analysis

Estimated total transaction for the first year	225326
Estimated total operating cost for the first year	CZK 278,400.00
Cost of each transaction	CZK 0.81
Average revenue per transaction	CZK 19.58
Contribution margin per transaction	CZK 18.77
Break-even point (as transaction)	<u>14829</u>

Source: Self-made

Breakeven point for the intended business would be 14829 transactions per year. Which would be equal to 1235 transaction per month.

4.5.4. Return on Investment Analysis

Figure 30: Return on investment analysis

Net Income EAT	CZK 717,043
Total Expenses	CZK 166,000
Return on Investment for first year	3.32

Source: Self-made

Return on investment for the intended business would be %332 at the end of the first year. In other words, the company would earn 3.32 CZK for each 1 CZK invested at the end of first year.

5. Recommendations

Based on the analyses that was conducted for developing this business plan, it was shown that company can penetrate the market quite easily. However, low entry barriers and easy to copy business model is rising a significant risk for the company. To be able to sustain its growth and profitability, the company must focus on increasing the added value and its competitive advantages.

To create a brand loyalty and sustain its market share with increasing the repetitive purchases of existing customers, company should also try to gain new market shares before the competitors reacts to this market penetration.

In an environment where technological development costs less than neighboring countries focusing on its tech capabilities could also benefit the company on extraordinary levels.

To assure the quality and other added values such as punctuality, safety and communication skills of the employees those who will be delivering the service, vendor selection becomes a strategic process. Therefore, it is highly important to set measurable KPIs and standards in this process.

While penetrating the market, it is also very important to keep an eye on the competitors as both competitors those were taken into consideration has several years of experience and capabilities to launch a product easier than anyone else.

6. Conclusion

As conclusion, it can be claimed that this master thesis meets all its objectives that was defined at the second part, objectives and methodology.

As subject of this master thesis, a business idea was defined, relative researches including literature review were conducted, diverse number of analyses took place and recommendations were made.

In theoretical part, most common business types of business entities in Czech Republic was defined, several types of business plans were explained, components of the business plan such as;

- Executive summary,
- Description of the company,
- Operations / Products,
- Marketing plan,
- Operational Plan,
- Forecasts and Financial Plan were introduced.

In practical part, a survey was designed, distributed, conducted and processed as a mean of primary research to determine the consumer behavior regarding to business idea. Additionally, as a mean secondary research, different websites, statistical data sets, social media sites, libraries, governmental agencies' publications were used to develop the business plan components of the company. Furthermore, various strategic analyses were done to explain the rivalry and the key players in the market.

Based on the conducted researches and analyses, a relevant, realistic and up to date data came out as a result that explains the industry, market, competitors and the customers.

Among these components, various tools took place as analyses such as;

- PEST analysis to define the macro environment,
- Porter's 5 analysis to explain the rivalry and key characteristics of the market,
- Value Chain analysis to define value adding advantages and strengths of the company,
- Competitor analysis to determine the capabilities and current situations of the key actors in the market,
- SWOT analysis to come to a determine the company's position in the market,
- GANTT chart to explain and define the expected calendar for company's actions,
- Variety of calculations to determine estimated cash flow,
- Break-even point analysis to determine the required minimum amount of sales,
- Return on Investment analysis to determine the profitability.

Furthermore, at the end, recommendations were made to improve the results of the company based on the researches, analyses and the calculations that was done.

Conclusively, all the primary and secondary objectives of this master thesis work have been successfully achieved and presented.

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Appendix

Appendix A

Years	2008	2010	2012	2014	2015
Total	471 183	506 273	544 840	557 736	573 682
A Agriculture, forestry, fishing	3 498	4 562	7 056	7 640	8 415
B Mining and quarrying	33 341	35 667	40 543	42 380	44 467
F Construction	42 109	45 968	49 212	45 796	46 616
G Wholesale and retail trade; repair of motor vehicles	125 864	135 080	146 759	143 039	149 016
H Transportation and storage	13 252	13 356	13 033	12 771	13 056
I Accommodation and food service activities	16 140	18 174	19 794	21 069	21 918
J Information and communication	17 711	20 544	19 506	19 502	20 587
K Financial and insurance activities	8 417	4 033	5 486	13 127	12 324
L Real estate activities	49 036	55 477	59 587	59 274	59 651
M Professional, scientific and technical activities	88 504	93 311	94 810	99 850	105 384
N Administrative and support service activities	17 347	16 420	16 607	14 994	14 903
O Public administration and defense; compulsory social security	308	332	255	262	263
P Education	8 458	8 662	8 836	9 014	9 291
Q Health and social care	6 165	6 271	6 652	6 560	6 726
R Arts, entertainment and recreation activities	11 415	11 857	12 099	12 437	12 712
S Wholesale	27 496	29 500	32 073	34 581	35 729
U Activities of extraterritorial organizations and bodies	157	123	119	64	58
Source: CSO Business Register; Office calculations analyzes and forecasts, SSP IPR					

Appendix B

F Construction
41 Construction of buildings
42 Civil engineering
43 Specialised construction activities
43.1 Demolition and site preparation
43.2 Electrical, plumbing and other cons. and instl. work
43.3 completion work
43.9 Other specialized construction activities
43.21 Electrical installation
43.22 Installation of water, waste, gas, heating and air conditioning
43.29 Other construction installation

Appendix C

N Administrative and support service activities
77 activities Rental and leasing
78 Employment activities
79 Travel agencies, travel agencies and related activities
80 Security and investigation activities
81 Services to buildings and landscape
82 Office administrative, office, business support service activities
81.1 Combined facilities support activities
81.2 Cleaning activities
81.3 Activities related to landscape
81.21 General cleaning of buildings
81.22 Other cleaning and cleaning of buildings and industrial facilities
81.29 Other cleaning activities

Appendix D

S Other service activities
94 Activities of organization established in order to promote common interests
95 Repair of computers and personal care, household
96 Other personal service
95.1 Repair of computers and communication equipment
95.2 Repair of personal and household goods
95.21 Repair of consumer electronics
95.22 Repair appliances and household equipment, home and garden
95.23 Repair of footwear and leather goods
95.24 Repair of furniture and home furnishings
95.25 Repair of watches, clocks and jewelry
95.29 Repair of other personal and household goods

Appendix E

Oblast, kraj Area, Region	Number of Foreigners										Index 15/14
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
ČESKÁ REPUBLIKA CZECH REPUBLIC	321,456	392,315	437,565	432,503	424,291	434,153	435,946	439,189	449,367	464,670	1.03
PRAHA (NUTS2)	103,482	129,002	141,841	148,123	148,447	160,783	162,715	161,006	166,332	171,408	1.03
Hlavní město Praha (NUTS3)	103,482	129,002	141,841	148,123	148,447	160,783	162,715	161,006	166,332	171,408	1.03
STŘEDNÍ ČECHY (NUTS2)	42,588	50,273	60,123	58,490	57,757	57,522	56,810	57,850	59,860	61,682	1.03
Středočeský kraj (NUTS3)	42,588	50,273	60,123	58,490	57,757	57,522	56,810	57,850	59,860	61,682	1.03
JIHOZÁPAD (NUTS2)	28,016	36,157	44,196	42,977	40,212	38,778	38,704	40,366	41,324	43,694	1.06
Jihočeský kraj (NUTS3)	12,584	15,171	16,560	15,415	15,037	14,894	14,838	15,200	15,366	16,390	1.07
Píseňský kraj (NUTS3)	15,432	20,986	27,636	27,562	25,175	23,884	23,866	25,166	25,958	27,304	1.05
SEVEROZÁPAD (NUTS2)	42,411	52,472	55,772	51,637	50,195	50,018	48,849	50,374	50,751	51,685	1.02
Karlovarský kraj (NUTS3)	16,075	19,419	20,321	19,643	19,617	19,411	18,388	18,854	18,873	19,073	1.01
Ústecký kraj (NUTS3)	26,336	33,053	35,451	31,995	30,578	30,607	30,461	31,520	31,878	32,612	1.02
SEVEROVÝCHOD (NUTS2)	34,144	41,362	46,425	44,525	43,637	42,233	40,988	41,432	41,873	43,588	1.04
Liberecký kraj (NUTS3)	13,148	15,288	17,320	17,309	16,776	16,660	16,604	16,819	17,048	17,894	1.05
Královéhradecký kraj (NUTS3)	13,326	15,512	16,517	15,244	14,798	14,078	13,269	13,312	13,266	13,683	1.03
Pardubický kraj (NUTS3)	7,670	10,562	12,588	11,972	12,063	11,495	11,115	11,301	11,559	12,011	1.04
JIHOVÝCHOD (NUTS2)	34,999	41,335	45,390	45,490	43,976	44,259	44,442	45,579	46,394	48,416	1.04
Kraj Vysočina (NUTS3)	7,016	8,729	9,771	8,583	8,023	7,873	7,752	7,775	7,806	8,050	1.03
Jihomoravský kraj (NUTS3)	27,983	32,606	35,619	36,907	35,953	36,386	36,690	37,804	38,588	40,366	1.05
STŘEDNÍ MORAVA (NUTS2)	15,095	17,961	18,322	17,573	17,497	17,774	17,775	18,044	18,216	18,951	1.04
Olomoucký kraj (NUTS3)	8,499	10,322	9,909	9,440	9,465	9,765	9,807	10,041	10,110	10,413	1.03
Zlínský kraj (NUTS3)	6,596	7,639	8,413	8,133	8,032	8,009	7,968	8,003	8,106	8,538	1.05
MORAVSKOSLEZSKO (NUTS2)	20,602	22,962	25,496	23,687	22,570	22,786	23,117	23,702	23,924	24,493	1.02
Moravskoslezský kraj (NUTS3)	20,602	22,962	25,496	23,687	22,570	22,786	23,117	23,702	23,924	24,493	1.02

Appendix F

Foreigners in Prague as of 31 December 2015 (excl. granted asylum)		
Age	Men	Women
0-4	5,218	3,193
5-9	2,697	3,155
10-14	3,125	2,455
15-19	3,549	4,085
20-24	5,672	6,873
25-29	8,381	8,749
30-34	12,863	11,709
35-39	12,849	10,363
40-44	11,100	8,042
45-49	9,169	6,250
50-54	7,446	5,112
55-59	3,421	3,539
60-64	3,478	2,171
65-69	1,853	1,274
70-74	851	650
75-79	456	533
80-84	272	294
85-89	146	186
90-94	65	97
95+	25	42
Total	92,636	78,772

Appendix G

Year	2008	2009	2010	2011	2012	2014	2015
Number of enterprises in section F within the scope	42,109	44,484	45,968	47,985	49,212	45,796	46,616
Coeficient	6%	6%	6%	6%	6%	6%	6%
F * c	2,339	2,471	2,554	2,666	2,734	2,544	2,590
Free sample test (10)	7%	7%	7%	7%	7%	7%	7%
Number of enterprises F (ENG)	164	173	179	187	191	178	181
Number of enterprises in section N within the scope	17,347	16,792	16,420	16,686	16,607	14,994	14,903
Coeficient	4%	4%	4%	4%	4%	4%	4%
N*c	642	622	608	618	615	555	552
Free sample test (10)	30%	30%	30%	30%	30%	30%	30%
Number of enterprises N (ENG)	193	187	182	185	185	167	166
Number of enterprises in section S within the scope	27,496	28,793	29,500	30,894	32,073	34,581	35,729
Coeficient	8%	8%	8%	8%	8%	8%	8%
N*c	2,291	2,399	2,458	2,575	2,673	2,882	2,977
Free sample test (10)	10%	10%	10%	10%	10%	10%	10%
Number of enterprises N (ENG)	229	240	246	257	267	288	298
Total Estimated Target Market Size	586	600	607	629	643	633	645

Master Thesis Questionnaire

*Required

What is your gender? *

- Male
- Female
- Prefer not to say

What is your age? *

- 18-23
- 24-30
- 31-37
- 38-44
- 44-50
- 51-57
- 58-64

Appendix I

Which languages do you speak? *

- English
- Czech
- Russian
- Vietnamese
- Other: _____

What is your monthly gross income *

- 0 - 10.000
- 10.001 - 20.000
- 20.001 - 30.000
- 30.001 - 40.000
- 40.001 - 50.000
- 50.001 - 60.000
- Above 60.001

Appendix J

How often do you make online purchases

- Every week
- Once in two weeks
- Every month
- Once in six months
- Once in a year
- Never

How often do you buy below services? *

	Every week	Once in two weeks	Every month	Once in six months	Once in a year	Never
House / office cleaning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Handyman / locksmith / repair	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Construction / electrician / plumber	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix K

Would you buy these services online? *

	Yes	No
House / office cleaning	<input type="radio"/>	<input type="radio"/>
Handyman / locksmith / repair	<input type="radio"/>	<input type="radio"/>
Construction / electrician / plumber	<input type="radio"/>	<input type="radio"/>

Appendix L

COST ESTIMATION	
START-UP COST BUDGET	
Lawyer	
Company registration and contract preparation for vendors	CZK 40,000.00
Server	
Average price of 10 providers for server per year	CZK 3,000.00
Domain	
Average price for buying domain	CZK 3,000.00
Website development	
Estimated required time for website	600 mh
Average price of website developer per hour	CZK 200.00
Estimated price of development	CZK 120,000.00
Total Estimated Initial Investment	CZK 166,000.00

Appendix M

OPERATING COST - FIXED COST FOR FIRST YEAR	
Accountant	
Average price for accountant per year	CZK 20,000.00
OPERATING COST - VARIABLE COST FOR FIRST YEAR	
Website technical maintenance	
Estimated work hours for needed for maintenance per week	7
Estimated work hours for needed for maintenance per month	28
Average price for website administrator per hour	CZK 150.00
Estimated price of website maintenance per month	CZK 4,200.00
Total estimated cost of website maintenance for first year	CZK 50,400.00
Online promotion	
Search engine optimization hours need per week	10
Search engine optimization hours need per month	40
Average price for search engine optimization agent per hour	CZK 150.00
Estimated price of search engine optimization per month	CZK 6,000.00
Estimated budget for online advertisement per month	CZK 7,500.00
Total estimated online promotion cost for first year	CZK 162,000.00
Physical promotion	
Estimated number of flyers per month	500
Hours needed for promotion - 150 flyers/Hour	3
Average price of flyer promoter	CZK 150.00
Average price of the flyer	CZK 5.00
Estimated price of the monthly promotion per month	CZK 2,500.00
Total estimated promotion cost for first year	CZK 30,000.00
Business development	
Business development hours need per month	100
Average price for business development per hour	CZK 160.00
Total estimated business development cost for first year	CZK 16,000.00
TOTAL ESTIMATED COST FOR FIRST YEAR	CZK 278,400.00
TOTAL ESTIMATED COST FOR FIRST YEAR / per month	CZK 23,200.00

Appendix N

REVENUE ESTIMATIONS				
	Cleaning	Repair	Construction	Average Profit
Transaction compensation				
Price per transaction	5%	7.50%	10%	
Estimated average price of business service	CZK 200.00	CZK 250.00	CZK 300.00	
Estimated revenue per transaction	CZK 10.00	CZK 18.75	CZK 30.00	<u>19.58333333</u>
Estimated Penetrated market size	8400			
Percentage of the people that use /buy services once in year	23%	41%	41%	
Percentage of the people that use /buy services once in six months	17%	37%	38%	
Percentage of the people that use /buy services once a month	22%	20%	18%	
Percentage of the people that use /buy services once in two weeks	15%	2%	2%	
Percentage of the people that use /buy services every week	21%	1%	1%	
Estimated amount of transactions by first group, per year	1932	3410	3450	
Estimated amount of transactions by second group, per year	2856	6154	6450	
Estimated amount of transactions by third group, per year	22176	19960	18000	
Estimated amount of transactions by fourth group, per year	32760	4325	3900	
Estimated amount of transactions by fifth group, per year	91728	4325	3900	
Total estimated amount of transactions for first year	151452	38174	35700	
Estimated amount of transaction per month	12621	3181	2975	
When survey results applied to calculations (%50, %60, %72)	6311	1909	2142	
Estimated % of transactions executed via platform / per month	60%	3786	1145	1285
One person 66 cleaning, 44 repair, 22 construction per month / 22 days	57	26	58	
If everyone would buy these services only from this business	CZK 1,514,520.00	CZK 715,767.33	CZK 1,071,000.00	
When survey results applied to calculations (%50, %60, %72)	CZK 757,260.00	CZK 429,460.40	CZK 771,120.00	
Total estimated amount of transactions executed via platform for first year	CZK 454,356.00	CZK 257,676.24	CZK 462,672.00	
Estimated % of transactions executed via platform	60%			
Total estimated revenue from transaction compensation for first year			CZK 1,174,704.24	
Total estimated revenue from transaction compensation / per month			<u>CZK 97,892.02</u>	