

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



## **Bachelor Thesis**

**Business Plan of the company «Beauty\_Go»**

**Irina Fedorova**

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# **BACHELOR THESIS ASSIGNMENT**

Irina Fedorova

Economics and Management  
Economics and Management

Thesis title

**Business Plan of the company «Beauty\_Go»**

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## **Objectives of thesis**

The objective of the thesis is to formulate, based on the research findings, a conceptual proposal of a business model and a business plan for the selected company.

## **Methodology**

The thesis will consist of two parts. The first should deal with an elementary theoretical overview focused on the theory of business planning and project planning, including principles, plan structure and their evaluation. The theoretical part of the thesis will be based on the critical review of information gained from the study and a comparison of relevant resources. The fundamental, empiric part will focus on a given company, its business analysis and planning. Data for the empiric part will be gained using appropriate data collection techniques – observation, interviews and questionnaires. Based on the research, the relevant conclusions of the thesis must be drawn.

Recommended structure of the thesis:

1. Introduction – explanation of the topic's importance.
2. Thesis objectives and methodology – the main aim of the thesis will be divided into partial objectives based on the knowledge gained from the study of the relevant academic sources. Appropriate data collection and analysis methods will be explained in the methodology of the thesis.
3. Literature review – a critical review of current business planning knowledge and its application.
4. Specification of the selected organisation – profile of the given company.
5. Practical part – analysis of data gained from the author's research according to the methodology.
6. Evaluation of results and recommendation – formulation of author's original proposal of improvements.
7. Conclusion – review of main results and evaluation of the contribution of the theses.
8. References
9. Appendices

## The proposed extent of the thesis

30-40 pages

## Keywords

Business Development, Business Plan, Market Potential, Beauty Services, Business Plan Structure, Value Added, Innovation, Service Marketing

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## Recommended information sources

- ABRAMS, Rhonda, 2019. Successful business plan: secrets & strategies. 7th edition. Palo Alto, California: PlanningShop. 483 p. ISBN 978-1-933895-82-6.
- ANANDARAJAN, M, & HARRISON, TD (eds). 2018. Aligning Business Strategies and Analytics: Bridging Between Theory and Practice, Springer International Publishing AG, Cham. 222 p. ISBN: 9783319932996
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### **Declaration**

I declare that I have worked on my bachelor thesis titled "Business Plan of the company «Beauty\_Go»" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break any copyrights.

In Prague on 15<sup>th</sup> March 2023

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### **Acknowledgement**

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# **Business Plan of the company «Beauty\_Go»**

## **Abstract**

Beauty\_Go is a bio-beauty salon that provides its beauty services using cosmetics made from natural extracts. The main task of the salon is to provide high-quality service and take care of the beauty of customers. In order to understand the prospects of launching and developing a salon on the market, this business plan was developed. This work presents the results of the analysis of competitors for Beauty\_Go, where the strongest are OliaOla and Exclusive Beauty Clinic. According to SWOT analysis, strengths were identified, namely the bio concept of the salon and customer orientation, as well as opportunities such as receiving governmental grants and creating E-shop. Also, it was decided to choose a differentiation strategy for its successful operation in the market. The quantitative survey in the form of a questionnaire was also conducted and distributed on social networks in English and Czech versions. Its analysis showed that the respondents are dissatisfied with the quality of current offered service and are also interested in using bio products during a visit to the salon. In this work was elaborated business plan and calculated the sum of initial investment in the amount of 560 467 CZK.

**Keywords:** Business Plan, Market Potential, Bio Salon Market, Value Added, Bio salons, Service Marketing, Strategising.

# Title of Bachelor Thesis in Czech

## Abstrakt

Beauty\_Go je biokosmetický salon, který poskytuje své kosmetické služby s využitím kosmetiky vyrobené z přírodních extraktů. Hlavním úkolem salonu je poskytovat vysoce kvalitní služby a pečovat o krásu zákazníků. Aby bylo možné posoudit vyhlídky salonu pro fázi zavedení a dalšího růstu, byl zpracován podnikatelský plán. Tato práce prezentuje výsledky analýzy konkurentů pro Beauty\_Go, kde nejsilnější jsou OliaOla a Exclusive Beauty Clinic. Podle SWOT analýzy byly identifikovány silné stránky, a to bio koncept salonu a zákaznická orientace a také příležitosti jako získání státních grantů a vytvoření E-shopu. Pro úspěšné působení na trhu bylo rozhodnuto zvolit strategii diferenciací. Byl proveden také kvantitativní výzkum s využitím dotazníku, jenž byl distribuován na sociálních sítích v anglické a české verzi. Z jeho analýzy vyplynulo, že respondenti jsou nespokojeni s kvalitou aktuálně nabízených služeb a mají také zájem o používání bio produktů při návštěvě salonu. V této práci byl zpracován podnikatelský plán a vyčíslena suma počáteční investice ve výši 560 467 Kč.

**Klíčová slova:** Podnikatelský plán, Tržní potenciál, Trh bio salonů, Přidaná hodnota, Bio salony, Marketing služeb, Strategie.



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# 1. Introduction

Taking care is an essential part of everyone's life. The advent of beauty salons has made self-care more convenient, and professional. A salon is a place where a person can escape from everyday problems and relax.

Beauty\_Go is a bio beauty salon aimed not only at maintaining the beauty of its customers, but also caring of their beauty. All services are based on using bio products made of natural extracts. The composition of care products is completely safe for both customers and the environment.

The direction of bio-salons has started to develop actively in Europe in the past few years. It especially received attention after COVID-19. Many people began to take care of their health, keep track of what surrounds them, and be careful in choosing products. The reason for these changes was also the consequences of coronavirus disease when many people had decreased immunity, and various allergies to chemical care products appeared. Also, people were faced with such problems as excessive hair loss, brittle nails, and skin rashes related to hormonal or allergic nature. As a result, people become psychologically vulnerable and insecure. The solution to these problems lies in comprehensive care, namely, treatment with a doctor and using safe care products.

The appearance and development of bio salons on the market was salvation for these people, allowing them to feel well-groomed and take care of themselves as before. In addition, such salons are also for people who adhere to a healthy lifestyle.

This thesis consists of studying the Czech beauty salon market and writing a business plan for Beauty\_Go. For start-ups, a business plan is a crucial point, as it is important to understand the market situation and whether a new company is ready to enter the market. It will not only allow the entrepreneur to avoid mistakes in a new area, but also to plan his actions, develop a company strategy, and also see upcoming costs. One of the main specifics of writing a business plan for a beauty salon company is understanding the preferences of local consumers. Preferences of Prague residents were taken as a basis because the salon will be in Prague.

The importance of this work lies in the fact that the author of this work intends to launch a bio salon Beauty\_Go in Prague in 2024 and wants to evaluate all the weaknesses and strengths of doing this business.

## 2. Objectives and Methodology

The main purpose of the thesis is to write a business plan for the company Beauty\_Go for its further implementation in the beauty market. Also, it is aimed at formulating the answer how to satisfy Prague residents visiting beauty salons with analyse their expectations for that. The sub-goals that are also set in this work help in researching the beauty market in Prague and analysing the possibilities of opening a new company in this field, considering some of them:

- Explore the beauty salon market and analyse bio direction in Prague;
- Identify market segments for further targeting;
- Identify the main competitors and their weaknesses, and strengths in the market;
- Conduct primary research of the Prague beauty market to understand the satisfaction with the existing service;
- Determine an optimal strategy of the company in the market;
- Evaluate of Beauty\_Go's strengths and weaknesses in the market;
- Calculate the investment costs for opening the company.

Research question: What beauty services and their specifics in beauty salons Prague residents expect/want to receive and how to deliver them?

The first part of the thesis is based on the theoretical knowledge, which includes the definition of the concept of a business plan and its structure. In writing the theoretical part, scientific articles/journals were used, as well as books by authors like Kotler, Drucker, Lynch, etc. To find the necessary information for this thesis, a method was used to search for keywords, such as “business plan”, “strategising”, “bio salon market”, “service marketing”, “bio salons”.

Before starting work on the primary research study, there was conducted the secondary research to explore new trends and directions in the Czech beauty salon market and analyse consumer behavior in case of observation of beauty salons and the post-COVID-19 market state. After identifying the gaps from the secondary research and determining what needs to be studied, it was decided to identify a research question in objectives. The next step, according to the established research question, a research methodology was compiled. It was decided to organize a quantitative survey in the form of a questionnaire. To do this, it was necessary to determine the population, which was obtained based on data from the Czech Statistical Office (2022) and presented as the totality of all people who can arouse

interest in the implementation of the study. The problem may be that the population can be large, and it is tough to interview everyone who has to do with it. At this point is becoming necessary to decide on a sample, which means a small part of the population, and from which required data that will answer the research question will be analysed. In addition, it is crucially important to have a sample to be representative of the population. Moreover, there are two categories of sample techniques: probability sampling, the main element of which is a random selection from the population, and non-probability sampling, where the units are collected non-randomly from the population. In the case of the sampling techniques, the focus was made on non-probability sampling techniques, namely convenience sampling because of the geographical factor and time limits (Malhotra, Birks, Nunan, 2017). The determine of the sample size was used Cochran's Sample Size formula with a 95% confidence level (1).

The formula of Cochran's Sample Size for calculation is:

$$n_0 = \frac{Z^2 p(1-p)}{e^2} \quad (1)$$

Where  $e$  is a margin error,  $p$  is a population proportion,  $Z$  is a value from z-table, and  $n_0$  is sample size (Cochran,1977, p.25).

This formula is recommended to use with infinite populations. Furthermore, there is also a possibility to calculate the sample for the finite population size, and usually used when the population is known. For those cases, may be used Cochran's Modified Formula (2).

The Cochran's Modified Formula is:

$$n = \frac{n_0}{1 + \frac{n_0 - 1}{N}} \quad (2)$$

Where  $n_0$  is Cochran's Sample Size from the previous formula,  $N$  is the population size,  $n$  is adjusted sample size (Cochran,1977, p.31).

Moreover, it has to be stated that sample size is dependent on population size until the population reaches 50000 units and more, which means if the population size is becoming more than 50000 units, the sample size will not increase significantly with almost any changes (Cochran, 1977).

Regarding population calculations, it was decided to find out the number of people living in Prague taking into account age structures. According to the Czech Statistical Office (2022), 863086 people live in Prague between the ages of 15 and 64, which is a population size in a research case. Talking about all the other variables, they are available.  $Z$  value was

obtained from the z-tables which is 1.96. Moreover, it was decided to consider a 95% of confidence level for the calculations (3).

The Cochran's Sample Size calculation is:

$$n_0 = \frac{1.96^2 * 0.5 * (1-0.5)}{0.05^2} = 384,16 \approx 385 \quad (3)$$

According to the formula, the sample size was 385 respondents. Afterward, the questions were compiled using the Google Forms application.

The questionnaire was prepared in two Czech and English languages for convenience for the respondents. All the questions contained in the questionnaire are in close format for the convenience of data analysis. It is also important to add that the participants may give more than one answer in the following questions as 4,5,8. In order to motivate the participants to take part in the survey, they were promised to share its results as soon as all the data would be collected and analysed. To do this, an additional question was created in which participants could mention their private email addresses to which the results could be sent.

The prepared questionnaire was distributed among the known contacts of the researcher and was published and distributed on the social networks as Facebook, Telegram, Instagram. The data was collected until there were 385 respondents. The questionnaire was distributed for more than two months from the first of November 2022 to mid-January 2023. In the description of the questionnaire, it was indicated in the description that the data obtained will be used exclusively for the purpose of conducting research for the Bachelor's Thesis. The results of the survey are summarized and provided in the practical part of the Bachelor's Thesis. Data results were downloaded from Google Forms in CSV format. Quantitative coding was applied after for calculation of the results. For clarity of the collected information and comfortable familiarisation with it, the results of each question can be found in Appendix A of the Bachelor's Thesis in the form of charts. The questionnaire may be found in Appendix B and Appendix C in English and Czech versions respectively.

Moreover, to achieve the above-mentioned sub-goals, there were used in the work Quantitative competitive analysis, SWOT analysis, Marketing Mix, following the rational strategy method. For Quantitative competitive analysis to assess the strengths and weaknesses of competitors of the Beauty\_Go bio salon, it was decided to build a competitive table. To construct it, first of all, it is necessary to identify key success factors with which

companies can be compared with each other. Secondly, to determine the main competitors of the Beauty\_Go salon. After building the basis of the table, it's necessary to fill in a row with weights, assigning a weight to each company in each factor. The weight should range from 0 to 1, where 0 indicates low importance for the evaluator, and 1 indicates high importance. The next step is assigning ratings (from 1 to 4) for each company, where 1 is a major weakness, and 4 means a major strength. After assigning weights and ratings, it is necessary to multiply them for each company separately and sum them up to get the total amount. In this work, the main key factors were Reviews, Inside Esthetics, Pricing, Bonus programs, Promotion, Bio-concept, and Online booking, where the highest weight was assigned to the Pricing and Reviews. The variables are based on the results of the questionnaire, and personal opinion of the author of this work. Pricing and Reviews are the most important factors for the respondents based on the questionnaire results. The next step is assigning an assessment of the results of work for each company in each factor. After filling in the entire table, the strongest competitors were identified, which turned out to be OliOla and Exclusive Beauty Clinic. The table itself is presented in the practical part on page 49.

SWOT analysis is one of the most effective tools for evaluating a company by external and internal factors. For the construction of SWOT analysis, first of all, it's required to understand what the company does and what its purpose is. The next step is to identify its strengths and weaknesses, compared to its competitors, namely writing clear and short advantages and disadvantages. After determining them, it is necessary to formulate how external factors can affect the company's activities in the market. SWOT analysis itself is presented in the practical part on page 51.

The 7Ps Marketing Mix model allows the company to determine the best way to meet the customer's needs. To build a model, first of all, it is necessary to define which type of model (4p,5p,7p) is suitable for a particular company. In the case of Beauty\_Go, the most fitting model is 7p, so the salon provides care services for customers. The second step is to describe all elements of this model clearly and briefly, namely the Product, Price, Location, Promotion, People, Process, and Physical evidence. The next step is an analysis of the described elements and concluding. The description of this model is located in the practical part on page 53.

### **3. Literature Review**

This work presents information concerning the business plan, as well as its components, which carry an important role and are necessary for the opening of the Beauty\_Go company in Prague beauty market.

#### **3.1 Business Plan general overview**

As said by Robbins and Coulter (2012): “*a business plan - a written document that summarizes a business opportunity and defines and articulates how the identified opportunity is to be seized and exploited*”.

Often writing a business plan for future entrepreneurs seems like a complicated process, but thinking about it, having a strong business plan is very important for doing business since it turns an entrepreneur's ideas into a single holistic document that can perform many functions. In other words, it is one of those documents that affect the activities and decision-making in the company, at all stages of its existence (Robbins, Coulter, 2012).

According to Ashton (2012), the best business plan is one where the entrepreneur briefly and simply describes the idea and how to intend to implement it. To do this, it is enough to outline the essence of the idea in two or three pages, the difficulties that the company will face in the future, as well as the resources that are needed to open it. The author also says that the author can include graphs and add appendixes to the business plan for a better understanding of it.

The preparation of a business plan makes it possible to see the weaknesses of a potential business and correct them at the initial stage and open new opportunities that are likely to bring the company more profit in the future. In order to understand in which direction, the company needs to move and what it can achieve in the future, in addition to creating a business plan, it is very important to conduct thorough market research, make forecasts, and, based on the results obtained, determine new goals (The Staff of Entrepreneur Media, 2015).

Barrow, Brown (2021) believe that it is necessary to spend from 200 to 400 hours on writing a complex business plan according to their programs to formulate the main idea, understand whether there is a willingness to manage and develop the business, as well as determine further steps. The size of the time frame depends on the content of the business and how prepared the entrepreneur is for its opening. According to the authors, one of the



advantages of a business plan is its ability to clearly demonstrate how much money it will take for a successful business to function since at the initial stages many new businesses cannot cope with insufficient capitalization and cash turnover.

According to Abrams (2019) an ideal business plan should include such sections:

- Company Description – discloses basic business information as its location, activity, legal status;
- Industry Analysis and Trends – assess trends, characteristics of the chosen industry and prediction of changes in the market;
- The Competition – defines the main competitors, awareness of company's own competitive position in the market;
- The Target Market – helps to define and analyse the target market in order to develop a successful product/service;
- Strategic Position– defines the strategic position that will be the most advantageous among competitors;
- Operations – determines how the company functions on a daily basis;
- Marketing Plan – assist to establish how effectively sell product/service on the market;
- The Financials – helps to find out how much money should be invested in the business.

The ideal size of the business plan is about 20 pages, but if it's a small business, then 10-15 pages will be enough. In addition, it should be drawn up for 3-5 years, so the author considers this period optimal. Also, Abrams (2019) claims that the first two years of the proposed business should be described in more detail because it's the most difficult time for an entrepreneur, and it is necessary to prescribe all sections of the plan for this period as clearly as possible. The information should be clear and specific, written in a direct and understated tone in the plan. The inclusion of business terminology and various graphs will be an additional advantage in the eyes of the reader.

### **3.1.1 Mission Statement**

Many well-known companies, such as Apple, Google, Nike, Walmart, etc. did not have business plans at the beginning of their journey, in which goals and objectives for long-term prospects were clearly spelled out, but however, they achieved tremendous success in their

fields. One of the factors of their success is the presence of a mission statement that influenced their future activities (Schramm, 2018).

According to Kotler (2012), the best mission statement is when a company sets almost impossible goals for it, which determines the course of the company's actions for the next decade. The author also believes that this statement is created to inform employees and customers where the company plans to move and motivate them to achieve their goals.

Drucker (2015) claims that “mission statement has to reflect three things: opportunities, competence, and commitment”, which allows for answering these questions:

- What is the company's aim of existence?
- Why is the company engaged in this particular activity?
- What the company needs to do so that it remains in the memory of a potential client?

It is worth noting that it is also necessary for employees to know not only about the presence of a mission statement, but also to understand its essence, so it must be correctly formulated, that is, it must be understandable, informative, capacious, legitimate, and not cause employees many questions (Taiwo, Lawal, Agwu, 2016).

It is very important that the mission statement is authentic and really reflects the direction of the company's activities. According to the author, an enterprise with an incongruous mission statement is like a man in a mask, behind which it is impossible to see his real face, as following goals that do not correspond to the mission will not lead the organisation to the expected results (Khalifa, 2012).

### **3.1.2 Vision Statement**

According to Burns (1978) and House (1977): “A *vision is a leader's statement of a desired, long-term future state for an organisation.*”

The company builds its vision statement based on the personal beliefs and ideas of its leaders who plan to implement their ideas in the future. According to the author, firstly it is necessary to formulate an idea, which will later be presented in the vision statement. It is important that it be clearly drawn up because in the future this vision will not only be made public to interested parties but also motivate and influence their performance improvement. One of the main tasks of a leader is to make every effort to do his vision clear to everyone else. Vision is an important and necessary component of any company since at the beginning of the journey, leaders rely more on their idea/vision, and the final version of the product or

service they offer on the market is formed already in the course of the company's activities (Kirkpatrick, 2016).

Ekanem (2017) argues that the vision is about aspiration and how the company sees itself in the future, however, there are some significant functions:

- Provides the direction of the behaviour, which helps them to show high- performance results;
- It must make its focus on the objectives;
- Explain why the potential customers could make their efforts to purchase the product or service.

In addition, there are two approaches to forming a vision statement – to see as a client and to see as an entrepreneur, trying to connect these two approaches together. Seeing through the eyes of the client will tell the leader what needs to be done to bring maximum value to the client. From the point of view of the enterprise, the second approach is more focused on the financial component than on customer orientation. In this part, the leader must answer the question of what will happen to his company at the end, when it reaches success – whether it is the final sale of the company or the transfer of management with revenue generation (Lavinsky, 2012).

### **3.1.3 The industry life cycle**

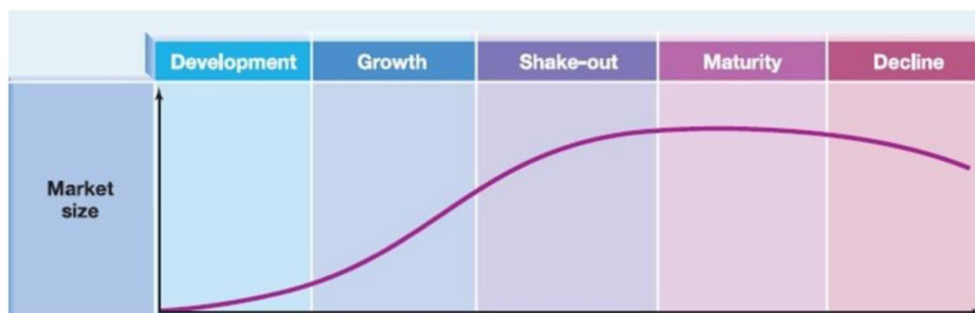
To make decisions concerning the company's activities, it is important to understand what is happening in the industry where it operates. Depending on the stage of the life cycle of the industry, the company chooses different strategies that describe how it will act in different situations. According to Whittington, Regner, Angwin, Johnson, Scholes (2020), the first stage of the life cycle, the Development stage, is a trial version, where there are only a few players who compete to attract the largest number of customers. According to Grant (2010), at this stage, due to the small customer base and new products of the industry, about which potential customers are little aware, there is a rather low profit, which in some cases is not able to cover the costs of production.

The next stage is called the growth stage, which describes the stage when buyers have already learned about the product and begin to actively purchase it, which entails an increase in profits. Speaking about the shortcomings at this stage, it is worth noting that there is a dependence on suppliers, which appears in case of a shortage of goods or a delay in deliveries, which is reflected in the income level. The “Shake-out” stage occurs when there

are more competitors, and sales in the industry are gradually declining, thereby throwing weak newcomers out of the market (Whittington, Regner, Angwin, Johnson, Scholes, 2020). The “Shake-out” is followed by a new stage called “Maturity”, which consists in the fact that the growth of the industry's products gradually begins to slow down, as most of the customers are already satisfied, and they have a period of oversaturation of products (Lynch, 2015). According to Phillips, Gully (2010) in the period of maturity, it is most important for companies to retain their market share by improving products or reducing costs for it.

The final stage of “Decline” is characterized by a period of entry of new industries into the market, which is ready to compete and take their place by providing the buyer with either completely new products or analogue/replacement of the old products of the industry (Grant, 2010). Figure 1 down below shows all five stages of the life cycle of the industry.

Figure 1 The industry life stages



Source: Whittington, Regner, Angwin, Johnson, Scholes, 2020, p.77

Moreover, the life cycle of the industry is longer than the product life cycle and each stage described above also has a different duration, due to the peculiarities of the development of a particular industry (Whittington, Regner, Angwin, Johnson, Scholes, 2020).

### 3.2 Market situational analysis

Market entry is an important step for every company, and it is necessary to see more from more deep perspective. For this step to be successful, it is necessary to first analyse whether the company is ready to enter the market and whether it will earn money there. First of all, based on Luther (2011), it is necessary to answer the following questions: should an

enterprise enter a specific market, and does it have the resources to become a leader in a specific market?

According to Luther (2011), in order to understand whether it makes sense for a company to enter a certain market, it is required to calculate the potential of market profit, which can tell whether the company will have a profit there. There are several components that will help to understand whether this profit will be obtained. The first component is Market size, which makes it possible to determine what share the company occupies in the market. Luther (2011) says that to become a leader in the market, it's necessary to have 30-50% of the share, provided that the market itself is not fragmented. The next component is Market Growth, which describes the rate at which the market size increases. Competitive Strength shows how strong the competition in the market is and whether the company itself is competitive. Another important factor is a market cost structure, which talks about what costs a company faces working in the market and calculates how much money it spends on them. Checking the market, it is also good to see how sensitive people are to prices and if there is high inflation in the country. Analysing the market, a potential new company may assess in advance its features with its stakeholders to have a better understanding of how much it may cost to do business for the proper preparation further financial statements. The final component, the market physical structure, states that the most successful companies will be those that have entered a market that is not prone to seasonality, cyclical, and with the possibility of segmentation. After analysing all the above-mentioned components, the company can conclude what its market profit potential will be (Luther, 2011).

Market analysis is primarily aimed at market research, namely collecting data about products and companies, analysing own customers and their preferences, as well as competitors, which is no less important. In turn, situational analysis is responsible for analysing the information received for further forecasting of the company's actions. Westwood (2019) defines the advantages and disadvantages of the company, its current market position and desired, build steps to achieve maximum productivity and effectiveness, and describes possible threats that may entail consequences in the future, such as bankruptcy, closure of the enterprise (Westwood, 2019).

### **3.2.1 Market Research**

After the market analysis, to consider how the market works and what features exist, it is important to understand what marketing research is and how it works (Longenecker,

Petty, Palich, Hoy, 2022). It should be said that it can be interpreted as a process of data collection with further analysis for the best understanding of the nature and preferences of potential customers, which in the future can be used to create the most correct strategic and marketing actions of the company in the market (Silver, Wrenn, 2013). In addition, marketing research provides an opportunity to learn new opportunities and ideas when analysing results and how a potential product or service can be improved, because it is especially important if the company is just about to enter the market (Smith, Vanderwerf, 2018). It is also necessary to understand that no one can assert and assure that after conducting marketing research, the most correct judgment will be clearly formulated on how to act strategically in the market (Silver, Wrenn, 2013).

Longenecker, Petty, Palich and Hoy (2022) argue that marketing research can present in the form of four stages, and first of all, it is necessary to establish the purpose of the research, ask a research question, identify hypotheses, and understand what exactly the organisation wants to know. According to Kotler (2012), when defining a goal, an organisation must formulate it clearly to obtain specific and required information.

The next step is an appeal to the collection of secondary data, which implies information previously collected by someone about the specifics of customer behaviour (Longenecker, Petty, Palich, Hoy, 2022). It is worth saying that these data will be able to help prepare their own research questions and goals, which can simplify the researcher's work and spend less time on it. Moreover, the use of secondary data has a low cost, and it is necessary to pay attention to when the data was collected, so the information may be outdated (Silver, Wrenn, 2013). If there is no secondary information, or it is not enough to answer the research question, it is necessary to proceed to the next step - collecting primary data (Longenecker, Petty, Palich, Hoy, 2022).

It is worth saying that when conducting primary data collection, there are two types of research - qualitative and quantitative. Quantitative research is directly related to data that requires the use of calculations, while qualitative is a non-numerical one which is focusing on opinions, feelings, attitudes etc. The research uses such tools as online text surveys, telephone or face-to-face surveys of respondents, and others (Szwarc, 2005). In addition, there is a third type, which is called mixed-method research, which combines work with both qualitative and quantitative data (Sekaran & Bougie, 2016).

Quantitative research sets a goal to achieve the maximum objectivity of the study based on statistical calculations, research purpose and refuting or confirming the set

hypotheses put forward. This type of research is suitable when the researcher decides to work with a large amount of data and large sample sizes (Leavy, 2017). Online questionnaires are one of the most common methods of collecting the necessary information at present, the main advantages of which are convenience, speed of data collection, geographical coverage, and relatively low cost. Work with quantitative analysis when compiling a questionnaire, it is necessary to determine how many participants should take part in it (Malhotra, Birks, Nunan, 2017).

### **3.2.2 Competitive analysis**

Another variable for accessing the market is a competitive analysis. When businessmen are just starting their way in business, they usually do not pay attention to the presence of competitors in the market, believing that their products are the best and worthy for the buyer. However, this is often a mistaken opinion that will prevent them from moving forward and developing in the market in the future (Longenecker, Petty, Palich, Hoy, 2022).

Competition is a rivalry between market participants in the form of offering goods and services that can be purchased by potential buyers in a particular industry (Kotler, 2012). However, Whittington, Regner, Angwin, Johnson and Scholes (2020) argue that competition is not necessarily rivalry, it is cooperation. For example, competitors may start collaborating to create barriers to entry for new players by investing jointly in market research.

The company needs to conduct a competitive analysis, one of the goals of which is to understand both the current and potential behavior of players in the market. It will help the company to make the most optimal choice of further strategic steps (Grant, 2010). According to Whittington, Regner, Angwin, Johnson and Scholes (2020), this analysis allows not only to identify the main direct competitors, but also to determine how they are trying to attract the attention of customers, as well as to understand their distinctive features. Analysing competitors, it is also crucial to understand what results they achieve in the market, what share and what sales they have, as well as strategy and promotion costs (Russell, 2017). This information will give an understanding of what a competitive advantage can be (Lynch, 2015). Therefore, competitive advantage may consist of the availability of resources, knowledge, and competencies when creating a product or service. However, this may not be enough, as it needs to be constantly maintained to stay afloat. The reason may be some external factors, such as updated legislation or technological

innovations, which may affect the company's competitive advantage (Robbins, Coulter, 2012).

According to Porter (1998), to determine a competitive advantage, first of all, it is necessary to get acquainted with the industry in which the company operates, in particular with its attractiveness and profitability. It will allow the company to become more familiar with its functioning and determine what opportunities and threats the company may face. For this purpose, five forces can be used, which include five key points:

- The threat of Entry - is the economy of scale applied by market players in this industry? Are high capital investments required to enter? How diverse are the products and services in the industry? How strong is the influence of the state? How high are the costs in the course of the company's activities?;
- The intensity of Rivalry Among Existing Competitors - is there a high growth in the market? Are fixed costs high? How many equally balanced players are there in the industry? Are there high exit costs from the industry? How much do the products presented for purchase differ? Is the product perishable?;
- Bargaining Power of Suppliers - how many suppliers are there on the market? What are the costs of changing the supplier? Do suppliers offer differentiated products?;
- Pressure From Substitute Products - are there alternative substitute products? If so, how much do they differ in the price/quality ratio?;
- Bargaining Power of Buyers - do customers place high demands and influence on the products offered? Are buyers price sensitive? How easy is it to switch between products and are they unique? Is there a risk of backward integration on the part of buyers?

### **3.2.3 Segmentation analysis**

Segmentation is another important component and assistant for determining and identifying an organisation's competitive advantage (Proctor, 2000). According to Tiffany (2021), it involves dividing the customer audience into a few groups in the form of segments having common and distinctive characteristics. According to Kotler (2012), segmentation is based on two components, namely, the characteristics of customers and their possible reaction to certain products and services.

The definition of segmentation gives the company some advantages. First of all, segmentation will allow the organisation to understand exactly what goods or services the



company must produce to bring value to customers and fully meet their needs (Proctor, 2000). This factor will automatically reduce the number of expenses, optimize the budget, and increase sales (Tiffany, 2021). In addition, segmentation will let the company's managers to understand in more detail how the market works and what pitfalls they may encounter (Westwood, 2019). It is worth noting that market segmentation can help to determine the best ways and channels of product promotion most accurately, as well as to understand which competitors' products customers can be loyal to (Proctor, 2000).

According to Kotler (2012), when determining segments, first of all, it is necessary to understand which market the company will focus on - whether it is a mass market, a market with a certain number of segments, or a separate, niche one. Another factor is understanding the availability of resources owned by the company, as it is necessary to get how many segments the company can be focused on it (Solomon, 2016).

In the opinion of Proctor (2000), the company should focus on those segments that will contribute to improving the financial component and stimulate its growth. When choosing segments, a firm ought to understand what resources it has, what goals and priorities it sets for itself, as well as how concentrated the competitive environment is. It should be taken into account, so many firms may have strong brands with high recognition.

According to Solomon (2016), there are several features that segments should have - they should be profitable and have the property of being predisposed to the marketing mix. Moreover, Kotler (2012) suggests familiarising with the 7 steps related to the segmentation process, which can be found in Table 1 below.

Table 1 Segmentation steps

	Description
1. Needs-Based Segmentation	Group customers into segments based on similar needs and benefits sought by customers in solving a particular consumption problem.
2. Segment Identification	For each needs-based segment, determine which demographics, lifestyles, and usage behaviors make the segment distinct and identifiable (actionable).
3. Segment Attractiveness	Using predetermined segment attractiveness criteria (such as market growth, competitive intensity, and market access), determine the overall attractiveness of each segment.
4. Segment Profitability	Determine segment profitability.
5. Segment Positioning	For each segment, create a "value proposition" and product-price positioning strategy based on that segment's unique customer needs and characteristics.
6. Segment "Acid Test"	Create "segment storyboard" to test the attractiveness of each segment's positioning strategy.
7. Marketing-Mix Strategy	Expand segment positioning strategy to include all aspects of the marketing mix: product, price, promotion, and place.

Source: Kotler, 2012, p.231

Segmentation includes several variables according to which it is possible to build the necessary segments of the company. One of these variables is demography, which includes age, gender, income, education, family, and a number of other properties (Kotler, 2012). For instance, such a factor as income may indicate how much money a customer can spend on the purchase of certain goods (Tiffany, 2021). It is also very important to consider such a property as geography, which implies the division of the market into categories such as country, state, city, etc. This factor will allow the firm to determine exactly where the most profitable segment lives and in which place it is required to place advertising (Kotler, 2012). In addition, it is also necessary to consider behavioural properties, since firms must understand for themselves how and what customers adhere to when choosing certain goods or services, thereby analysing the character of the buyer. This may include, for example, preferences, attitudes, purchase requirements, knowledge, and how often a person will use a product or service (Belk, Fischer, Kozinets, 2012). Another variable is psychographics, which implies values, predispositions to something, lifestyle, and beliefs. The knowledge about segments will allow firms to understand what exactly they should focus on when developing methods and tactics of promotion, thereby analysing, and asking themselves why customers will want to purchase (McDonald, 2016).

### **3.3 Strategising**

As soon as the market is accessed, the company may move forward to strategising, and as said by Schermerhorn and Bachrach (2021): “A strategy is a comprehensive action plan for allocating resources to accomplish long-term goals”. In other words, the strategy gives an understanding of what actions/steps will be most effective and will lead the company to success in the market. The authors also believe that the right strategy allows the company to achieve a competitive advantage in its field, without giving its competitors a chance to win. As an example, the authors cite Apple, which not only presented an innovative product to the market at that time (the first iPad) but also managed to remain on the market for a long time as a leader, while releasing new products annually. In addition, when drawing up a strategy, it is crucial for an entrepreneur/company to remember its mission and strategic intent, as a combination of these elements allows to effectively use existing resources and not stray from the intended path (Schermerhorn, Bachrach, 2021).

Also, there are several types of strategies, such as business, functional and corporate, which allow to determine the company's future direction and analyse its activities. Corporate

strategy is a strategy that answers the question: in which markets will this company be able to compete successfully and, in general, gives an understanding of where it needs to move. The functional strategy answers the question: how a company can effectively use and allocate its resources, and the business strategy is aimed at ways of competing, how will the company come to a victory in the market.

It is worth adding that the strategies described above are divided into levels (1,2,3) and can be implemented simultaneously or sequentially, depending on the company's goals at several levels. For new and small businesses, these strategies are applied differently than in large companies, where business and corporate strategies are combined, forming a single strategy. Concerning the functional strategy – unchanged, as for large organisations, it is aimed at improving the efficiency of the use of existing resources and their distribution (Schermerhorn, Bachrach, 2021).

In the opinion of Wit and Meyer (2010), when a company faces a problem, it is necessary to consider it in a three-dimensional form and try to investigate it using 3 aspects, namely the strategy process, the content, and the context of the strategy. These aspects will help not only to assess the magnitude of the problem, but also to choose the right solution strategy. The strategy development process is important because it gives an understanding of how the strategy will be created at each stage. In the next aspect, namely in the content of the strategy, it is said what the strategy should be for a particular company and its elements. The context of the strategy describes the circumstances under which the above aspects can be implemented in a particular firm.

### **3.3.1 Strategy Development**

Developing strategies aimed at understanding what an enterprise needs to do to achieve its goals is a complex and time-consuming process that requires a lot of time and effort. Spender (2015) considers “Strategising is the process of dealing with anxiety”. The presence of a developed strategy gives the company relative confidence in the success of its activities and an understanding of how it will interact with competitors, as well as other market participants.

According to Whittington, Regner, Angwin, Johnson and Scholes (2020), a strategy can be developed by a company before its activities on the market, in the process of discussion by its top managers and coming to a consensus. This method is called rational and certainly has its advantages, such as the opportunity to study the market situation in

advance and enter it with an understanding of this situation. The second method is emergent, as the strategy itself is already being created during the company's activities, when the company has been on the market for some time and has gained some experience there. Which option to choose depends directly on the company's management, as different strategies are formed for different tasks.

There are also other strategies that were analysed in detail by Longenecker, Petty, Palich and Hoy (2022) in the book *Small Business Management: Launching and Growing Entrepreneurial Ventures*, where the authors, using the example of two Estes Lobster House and Cook's Lobster House restaurants, described how the choice of a competitive strategy affects profitability and business development. One of the strategies is the Cost-based strategy, which states that the company's activities should be low-cost, that is, to reduce costs as much as possible. Estes Lobster House restaurant used this strategy, the owner lowered the prices of lobsters, fired most of the employees, saved on working materials, and reduced the menu of restaurants to standard simple dishes. The second strategy of Differentiation - based strategy is based on creating the uniqueness of its product/service for the client, making it clear to the client that he is a consumer of an innovative product. The second restaurant used this strategy, namely, including a variety of dishes in the menu, making a fashionable design of the room, bought advertising – all actions were aimed at raising the rating and popularity of the restaurant. Each described strategy worked both for the owner of Cook's Lobster House and for the owner of Estes Lobster House. The main idea of the authors is that regardless of whether a company exists for some time, or it is a new enterprise (startup) that only wants to try its hand at the market, it is necessary to choose/develop a competitive strategy for itself that will reflect the values and ideas of the enterprise.

### **3.3.2 SWOT**

To create the most correct strategy and plan the stages of the company's actions in the market, it is necessary first of all to start with SWOT method (Grant, 2010). It is worth saying that this model includes four components, such as strengths and weaknesses that are related to internal factors of the company and its products or services, as well as opportunities and threats that are associated with external factors (Westwood, 2019).

According to Lancaster (2018), one of the goals of this analysis is to understand how to turn weaknesses into strengths, as well as how to avoid threats or make them become opportunities. Another goal is to understand how the strengths and weaknesses are stable or

undergo to change (Whittington, Regner, Angwin, Johnson, Scholes, 2020). However, Kotler (2012) says that even though the purpose of SWOT may be to reduce weaknesses, it is very important to competently assess the company's capabilities related to meeting the needs of potential and current customers and understand how to properly develop its strengths in the market. Tiffany (2021) adds that it is thanks to the existing strengths that the company can realize certain opportunities. The most important thing is for the organisation to be able to correlate them with its own goals, stated mission, and vision, in which case the company will be able to succeed in the market.

Whittington, Regner, Angwin, Johnson and Scholes (2020) say that composite SWOT analysis can be voluminous and lengthy, but the main thing is to identify the most significant aspects and focus on them. In addition, the SWOT methodology will also allow the organisation to assess possible problems and find out which of them may be difficult and at what time (Kathleen, 2013). SWOT analysis can also be used as a platform for adjusting the current strategy since it can be assumed how the available resources can be used differently, and more productively, and what opportunities can be realized at the expense of available resources (Spender, 2015).

Speaking about competition and SWOT, Whittington, Regner, Angwin, Johnson and Scholes (2020) argue that in order to clearly understand the competitive environment, it is necessary to correlate and compare the features and elements of SWOT compared to competitors and suggest what a company can do to strengthen its position and competitive advantage in the market. At the same time, Kotler (2012) believes that concerning opportunities, organisations need to clarify whether an advantage for the customer will be created, how much money they may need to learn about innovations, and how difficult it is to provide a solution that is more interesting in relation to competitors, as well as why customers really should choose the company's product and not other players. The author also argues that the company needs to pay special attention to the threats it may face. Threats are one of the elements of external factors that a firm risk encountering, which can lead to some losses, such as a reduction in profits. At this stage, it is necessary to clarify which threats do not have weight and do not require due attention, as well as the most dangerous ones, and think about how they can be avoided or prepared in advance.

It is worth saying that SWOT analysis includes four components, such as strengths and weaknesses that are related to internal factors of the company and its products or services, as well as opportunities and threats that are associated with external factors

(Westwood, 2019). In addition, some examples of SWOT elements can be found in Table 2 below.

Table 2 Some of the examples of the SWOT elements

<b>INTERNAL Strengths</b> <ul style="list-style-type: none"> <li>• Market dominance</li> <li>• Core strengths</li> <li>• Economies of scale</li> <li>• Low-cost position</li> <li>• Leadership and management skills</li> <li>• Financial and cash resource</li> <li>• Manufacturing ability and age of equipment</li> <li>• Innovation processes and results</li> <li>• Architecture network</li> <li>• Differentiated products</li> <li>• Product or service quality</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Share weakness</li> <li>• Few core strengths and low on key skills</li> <li>• Old plant with higher costs than competition</li> <li>• Weak finances and poor cash flow</li> <li>• Management skills and leadership lacking</li> <li>• Poor record on innovation and new ideas</li> <li>• Weak organisation with poor architecture</li> <li>• Low quality and reputation</li> <li>• Products not differentiated and dependent on few products</li> </ul>
<b>EXTERNAL Opportunities</b> <ul style="list-style-type: none"> <li>• New markets and segments</li> <li>• New products</li> <li>• Diversification opportunities</li> <li>• Market growth</li> <li>• Competitor weakness</li> <li>• Strategic space</li> <li>• Demographic and social change</li> <li>• Change in political or economic environment</li> <li>• New takeover or partnership opportunities</li> <li>• Economic upturn</li> <li>• International growth</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• New market entrants</li> <li>• Increased competition</li> <li>• Increased pressure from customers and suppliers</li> <li>• Substitutes</li> <li>• Low market growth</li> <li>• Economic cycle downturn</li> <li>• Technological threat</li> <li>• Change in political or economic environment</li> <li>• Demographic change</li> <li>• New international barriers to trade</li> </ul>

Source: Lynch, 2015, p.270

According to Sri Herliana, Nur Lawyer, and Quote Aina (2018), SWOT analysis is an important and critical tool not only for long-existing firms, but also for small and medium-sized enterprises (startups) as it makes it possible to choose the most optimal strategy in the market at the stage of its emergence.

### 3.3.3 Marketing Mix

When creating a business strategy for a company or a novice entrepreneur, it is necessary to understand what will make the client buy a product or use a service from him. To fully understand what drives the client and how to meet his needs in the best way - a set of marketing tools is used, which is called Marketing Mix. This model, according to its founders McCartney and Perreault (2002), includes 4 main components, namely Product, Price, Promotion and Location, and called it four Ps. The Product element helps to analyse what kind of product/service should be in order to meet the needs of customers as much as possible. The next element is the Price, which helps sellers to correctly evaluate the product from the point of view of determining its value based on production costs, desired profit,

promotion, etc. The location tells where it is best to place the product and why there, as well as what distribution strategy the seller should follow. Promotion – this element speaks about the ways of recognising the product by potential buyers. More details about the features of each element can be found in Figure 2.

Figure 2 Marketing Mix



Source: Kotler, 2012, p.25

There is also another Marketing Mix model, namely the 7Ps of Marketing Mix, developed by Bernard Booms and Mary Jo Bitner. The authors (1981) updated The Four Ps of Marketing Mix by adding 3 elements: People, Process, Physical Evidence. The People component says that the company's employees can influence the success of the company because they are able to influence the buyer and thereby create either a good impression of the company or vice versa. According to Lovelock and Wirtz (2021) for companies whose activities are based on service, the People are a crucial element in the 7Ps, so high customer orientation and understanding of what client wants, it allows to achieve high financial performance and taking a winning position in the market. The Process speaks about the way the company interacts with potential buyers, to create for them the most comfortable atmosphere and favourable conditions for cooperation. According to the authors, the management of the organisation needs to develop and implement the right processes within the enterprise for successful work. Physical evidence is "the service delivered and any

tangible goods that facilitate the performance and communication of the service". In other words, we can say that this is what promotes profitable cooperation externally – a pleasant design of the room, personalized gifts from the company (pens, notebooks) (B. Booms and M. Bitner,1981).

### **3.4 Financial planning**

Financial planning is an important part of a business plan that helps a future entrepreneur to understand what costs his company may face in the future, as well as what income can be expected from this activity. According to Brealey, Myers, Allen (2020), financial planning enables company owners to pay attention to events that may lead the company to adverse consequences and immediately react to them, but also to think about possible unlikely events that may also occur in the future. Another reason why an entrepreneur should still turn to planning is the opportunity to invest in potentially new categories of goods/services that will bring profit in the long run.

According to Longenecker, Petty, Palich, Hoy (2022) “The financial plan presents financial forecasts in the form of pro forma statements”. The preliminary reports reflect the forecast of the financial integrity of the organisation for a certain time, which includes a profit and loss statement, cash flow statement, balance sheet, cash budgets. The authors emphasise that when compiling these reports, it is very important to understand how the numbers were formed in them and be able to read them.

There are several types of financial planning, namely long-term and short-term. According to Brealey, Myers, Allen (2020) the duration of planning depends on the goals/plans that the organisation sets for itself for the future. Short-term planning is usually made by the company for a year, if it exceeds 1 year, then it is considered long-term planning. In long-term planning, a potential company owner or financial manager should understand what needs to be done in order to ensure the growth of the enterprise for 5/10 years. In addition, the consequences of all financial decisions of the company are also being analysed and goals are being set, which will be the so-called reference point for the future.

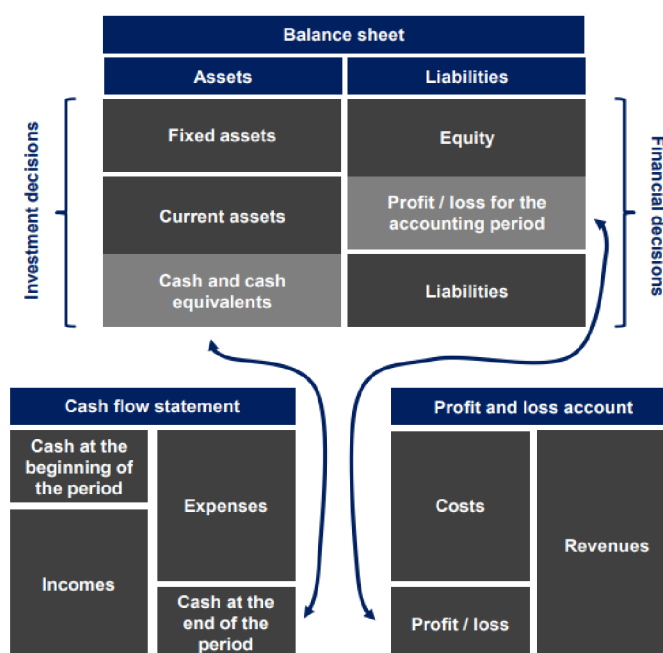
According to Brealey, Myers, Allen (2020) for any organisation, including inflation into a business plan is crucial part so it can have a big impact on financial forecasting, budgeting, and decision-making. Business's costs of goods and services, labor costs, and rent of the office can all be impacted by inflation. It is critical to comprehend how inflation may affect the particular market and industry in which the organisation competes.



The organisation uses financial statements to understand the results of the organisation's activities and planning where to direct finances. Financial statements include Balance sheet, Cash flow statement, Income statement. More information about these elements can be found in Figure 3.

In some countries such statements may be publicly available online, but in the Czech Republic this is not a common practice (Ministry of Finance in the Czech Republic, 2020).

Figure 3 Financial statement interconnections



Source: Ministry of Finance, Kislíngerová, E., 2020, p.3

### 3.4.1 CAPEX

CAPEX or Capital Investments (also called Capital Budgeting) are those investments that a company spends on the acquisition of tangible and intangible assets that in the future will bring monetary returns for the enterprise over a long period of time. However, it is necessary to understand that an asset can pay off both within a few weeks /months /years, and vice versa. It depends on how much the asset for which the costs were incurred showed itself in the market. Understanding where to invest for the growth and development of the company is a complex topic that requires in-depth analysis and study of the field, so the team of financial managers work closely with various departments, which may include engineers and other specialists from different departments. This approach is more suitable for large

corporations, while in small enterprises such investment decisions are made mainly by the owner of the company (Brealey, Myers, Allen, 2020).

### 3.4.2 Balance Sheet

The balance sheet (also called the Statement of Financial Position) reflects the financial position of a certain company for a particular time (Longenecker, Petty, Palich, Hoy, 2022). Also, the balance sheet model includes the following equation (4).

$$Assets = Liabilities + Equity \quad (4)$$

Where *Assets* are everything that has to the company, it can be cash, property, land, equipment, etc. *Assets* can be divided into 3 types, namely fixed assets, current assets, and other assets. In turn, fixed assets or another name long-term assets that include land, buildings, equipment etc. Current assets are accounts receivable, inventory, cash, bank accounts etc. The third type is intangibles, which consist of goodwill, trademarks, valuable rights (F.Lessambo, 2018). Speaking of the second part of the equation, according to T.Ittelson (2022) liabilities represent “how much the enterprise owes today”, equity says “what the enterprise is worth today”. *Liabilities* can be classified into the following categories - according to information about company's debts and by type of liabilities (current or long-term obligation). *Equity* contains information on how much money has been invested in the company by its owners (Longenecker, Petty, Palich, Hoy, 2022).

### 3.4.3 Cash Flow Statement

According to T.Ittelson (2022) Cash Flow statement “tracks the movement of cash through the business over a period of time”. This tracking of all transactions allows investors to assess how effectively the company operates in the market and see the sources of cash flow. Cash flow can be positive or negative. If there is more money in the company's bank account at the end of the period than at the beginning of the period, this is a positive flow. In the case of a decrease in money, there is an outflow of money.

In order to properly compile a cash flow statement, it is necessary to understand its components, namely operating, investing and financing cash flows. In addition, this report is formed based on information obtained from the balance sheet and income statement. In turn, operational cash flow is the cash flow that a company receives by performing routine

daily operations (for instance purchasing materials). Investment cash flow is a flow aimed at performing operations that will allow the company to generate income in the future, for example, the acquisition of long-term assets by the company. The third component is related to the financial activities of the organisation (for example, the payment of dividends to shareholders, debt repayment (F.Lessambo, 2018).

#### **3.4.4 Income Statement**

According to Brealey, Myers (2020) the Income statement “shows how profitable the firm has been over the past year”. In addition, it also calls Statement of Financial performance or Statement of operations and can be represented by this equation (5).

$$\text{Sales (revenue)} - \text{Expenses} = \text{Profits} \quad (5)$$

Where *Revenue* can be determined by selling products or services to clients in order to exchange for assets. In turn, *expenses* are depleted assets or obligations during receiving revenue. It's important to say that if revenue exceeds expenses, it calls *net profit* (Longenecker, Petty, Palich, Hoy, 2022). Otherwise, it will be a net loss results (H.Dauderis, D.Annand, 2017). It worth saying that expenses can be divided by nature or by function. The division by nature includes information about expenses related to the main activity of the company (for instance purchase of raw materials, salaries). The second one (by function) gives information on how expenses should be allocated according to the operation of the company (D. Durant,2017).

#### **3.4.5 Filling out financial statements in the Czech Republic**

To carry out business activities on the territory of the Czech Republic, it is necessary to understand how to fill out such financial statements and how to make required calculations properly, so the filling approaches depend on the country. First of all, it should be said that according to num. 586/1992 Sb., corporate income tax is 19% (Zákony pro lidi, 2023). Secondly, the costs of property worth up to 80,000 CZK can be amortized and attributed as the company's expenses according to 609/2020 (Zákony pro lidi, 2023). In addition, there are six groups of depreciation in case the property can be depreciated, and three approaches to its calculation, namely straight-line depreciation (rovnoměrné odpisování), accelerated depreciation (zrychlené odpisování), and extraordinary depreciation (mimořádné

odpisování). In turn, the last type of depreciation is directed and introduced to assist companies during COVID-19. It is also worth saying that the minimum authorized capital for the opening of a limited liability company is 1 CZK according to 90/2012 Sb. (Zákon pro lidi, 2023).

## **4. Practical Part**

In the practical part of the Bachelor's Thesis are applied models described in Literature Review. Each subchapter provides the application focus on the potential market entrance for the company Beauty\_Go.

### **4.1 Company Description**

Beauty\_Go is a bio beauty salon that provides its services in the beauty industry based on using natural hair coloring, bio nails, and other products in this area. These products contain natural content, which makes them safer compared to other care products on the market. The main aim of the salon is to make its customers beautiful without harm to their health because a healthy customer is a happy customer. Beauty\_Go offers an extensive list of treatments for the head, face, nails, and body. In addition, potential customers will be provided with high-quality service and a loyalty program.

Why will a client choose this salon? The main advantages of this salon include:

- The use of bio products that are safe for health and can serve as a salvation for people with skin disorders, and allergies;
- Provision of express-salon services, with the departure of specialists to the client's home. They will help to prepare for any event in a short time and make sure that the client saves time and relaxes as much as possible;
- Service with care for the client - providing a choice of herbal teas, bio-snacks, various types of salads, and healthy pastries during the procedure. In addition, consulting services will be provided by dermatologists who will be able to choose high-quality care for the face, body, and hair.

According to the results of the market research, the bio direction will grow and develop in the next 5 years. This factor suggests that people will strive to learn more about bio beauty salons and visit them.

#### **4.1.1 Mission Statement**

Beauty\_Go strives to provide safe and high-quality beauty services using bio products that aiming to maintain and preserve the health of its clients.

#### **4.1.2 Vision Statement**

The Vision statement is to become a recognisable brand in the market and show the clients that it's possible to be charming without using chemical products.

#### **4.1.3 The industry life cycle**

Assessing the beauty salon industry, it can be said that it goes beyond its maturity. Established market players who have proven themselves well and already have a permanent base of clients are striving to improve existing services to ensure customer loyalty. These improvements occur through improving the quality of service, enhancing the qualification of employees through hairdresser's courses, and updating discount programs. It also becomes noticeable that bio products are being used for providing services in beauty salons. In addition, more and more bio-beauty salons are opening in Europe. Bio salons are a new direction of beauty salons, which shifts the development of the salon industry from the stage of maturity to growth. Their number is actively increasing. They try to follow the trends in the market and attract new customers. After COVID-19, people began to understand how important it is to care for their health and became more attentive to self-care products. In turn, bio salons offer a line of safe bio products in beauty services, which distinguishes them from traditional beauty salons. Bio salons are popular in such countries as Italy, France, Spain, and Germany. For example, a bio salon ORGAENIC Lifestyle Hair was opened in Germany, which offers organic haircuts and hair coloring services. Over the past couple of years, the brand has only expanded, and ORGAENIC Lifestyle Hair beauty salons can be found in more than five cities of the country. The mission and approach of the company are to get healthy hair for their customers, so it is necessary to abandon chemical compositions in hair care products.

In the Czech Republic, this direction of bio beauty salons is also gradually developing. According to own internet analysis, in Prague, more than six bio-beauty salons have opened in 2023, each of which offers a wide range of health services and procedures for hair, nails, face, and body care. In general, it can be said that in the next few years, this trend will continue to grow, where new and innovative bio beauty services will be offered, and it will lead to the beauty salon market increase.

## 4.2 Market Situational Analysis

Speaking about market analysis, it should be noted first of all that there is a small amount of statistical and market information about beauty salons located in Prague, while information about how the market of beauty salons in the Czech Republic functions is the opposite. Moreover, based on *firmy.cz* (2023), the number of beauty salons in Prague is the largest compared to other cities of the Czech Republic, namely 17% of the total number of all beauty salons. If sum the total number of beauty salons in other major cities, such as Brno, Ostrava, Liberec, and Plzen, then the cumulative percentage of the total number of all beauty salons for these cities will be 12%. Moreover, Prague is considered to be the city where the largest number of people live in the Czech Republic, namely 1,318,000 people (Czech Statistical Office, 2022). It can be said that the percentage of Prague residents compared to the total population of the Czech Republic is 12.6%, which is significantly higher than Brno, Karlovy Vary and other cities. This percentage of the population represents potential clients of beauty salons. Considering all the information listed above, Prague has the largest population and the number of salons in the Czech Republic as a whole. Therefore, it was attempted to rely on statistical and market information about beauty salons located in the Czech Republic.

The beauty market in the Czech Republic as of 2021 tends to "heal up" even though many market players in beauty and hair salons have not yet had time to recover from the COVID-19 pandemic, which affected the nature of buyers visiting beauty salons. People are gradually returning to beauty and hair salons that were closed during 2020-2021 (*seznamzpravy.cz*, 2021a). The pandemic has changed the beauty market. Some people have acquired the habit of taking care of themselves less often or have learned to take care of themselves on their own. Men bought razors for shaving their heads or learned to cut their hair at home, while women began to dye their hair at home or ask for help from their friends or relatives (*seznamzpravy.cz*, 2021b). Speaking about services such as manicure, pedicure, or cosmetology, people also note that they do not need or desire to visit beauty salons anymore and use these procedures (*seznamzpravy.cz*, 2021b). According to a questionnaire conducted by STEM/MARK, 75% of Czech locals visited a beauty salon before the COVID-19, of which 69% applied for the services of a beauty salon (*statistikaamy.cz*, 2020). During the pandemic, 78% of women under the age of 29 said they had the desire to take care of themselves at home without visiting beauty salons, while half of the respondents of all ages said they had the desire to start taking care of themselves completely at home. This factor

may be justified by the fact that people have started spending more time on the Internet and social networks throughout 2020, watching self-care videos and online lessons. It all led to the fact that most of the women purchased self-care products both in physical stores and online, where hair dyes were in great demand. Other products with high demand were products for home manicure and eyebrow care products (denik. cz, 2020).

It is also worth saying that it was after the removal of COVID-19 restrictions in 2021 that the owners of beauty salons noted the high demand and agiotage of people to visit salons despite mandatory testing for COVID-19 before visiting (seznamzpravy. cz, 2021b). All of it suggests that despite the interest of people to take care of their beauty at home, they are still interested in using the services of professionals. It has shaken up the online market for beauty and personal care products, including product categories such as skin care products, shampoos, hair coloring, hair care products, and shaving products, where the market as of 2021 is growing. One of the reasons is the younger generation who likes to buy online. Moreover, people have acquired the habit of ordering online after the pandemic. According to several forecasts, revenue in the beauty and personal care market in 2023 may amount to 1.36 billion euros with an annual growth of 1.30% by CAGR in the years 2023-2027, of which 23.4% of total revenue will be online sales (Statista.com , 2023). However, it's worth noting that people still continue to buy products from beauty salons. According to Noskova (2022), people show a special interest in those living in the Czech Republic in niche cosmetics, both from local manufacturers and foreign ones. It is also worth mentioning that the bio products that exist on the market, can be purchased by beauty salons. For example, the total global market of bio products for hair care and coloring will grow by an average of 4.5% over the next five years (Market Data Research, 2022). In addition, the European market is the largest market for bio and natural hair care products as of 2022. Comparing to the classical professional salon brands, organic and natural division in term of sales is small, but is growing (Business Research Company, 2022). As for the Czech Republic, it is worth adding that according to a press secretary for Notion, the demand for organic hair products increased by 17 percent in 2021 (tyden. cz, 2021). It is also worth saying that market players such as beauty salons and hairdressers note that rent is one of the highest costs. At the moment, there is a tendency for beauty salons to offer large services. More and more beauty salons can offer more services in one visit, thereby offering a discount. Therefore, more and more people can not only visit a cosmetologist but, for example, do a manicure. In addition,



for clients visiting beauty salons, the hygienic factor is becoming more important, and COVID-19 has only had a stronger impact on this (seznamzpravy. cz, 2021b).

#### **4.2.1 Questionnaire results analysis**

Before proceeding to the development of a strategy, it is necessary to reproduce the main results of a quantitative study. This part will describe the key results of the questionnaire with a focus on how different people, depending on gender and age, respond to them. Such information will be important for making segmentation.

As for the results of the survey, the majority of its participants were women, namely 83% of all respondents. Fewer men took part, namely 14%, and those who decided not to indicate their gender made up the smallest part, namely 3%. People were asked what their age was. Most of them stated that their age category ranges from 26-43 and from 15-25. Mostly among them were representatives of the female sex. As for men, their age categories were distributed evenly among all available answers. It is worth noting, regardless of age, most of the people confirmed that they go to beauty salons, namely 58%. People were also asked what services they use in beauty salons. Most of them indicated that they go to beauty salons for the purpose of haircuts or coloring, and this was stated by 153 respondents. The second most popular among all the answers are manicure, and where most of the respondents were female. The least people noted the visit to massage services with a total of 19. Among the criteria for choosing a beauty salon, the respondents could choose several answers. People noted that the price is the most important element regardless of the age and gender of the respondents. The second option of importance is the quality of service provided. The least important factor in choosing a beauty salon is location. Speaking about the frequency of visits to the beauty salon, in most cases, the respondents visit them monthly, and most of them are women. Every two months, 13% of respondents visit beauty salons, this is the majority of men. It should also be noted that the majority of men, namely 91% of respondents spend no more than 1000 CZK in beauty salons, while 1000-2000 CZK and above spend mostly by women. This may be explained by the fact that in most cases women use not one service. The next question was about changing the beauty salon they are visiting at the moment. Most of the people, including 110 out of 384 respondents, noted that customer service is the most important criterion. The least important factor was the fact that the time of rendering services was a less important factor, and 58 of the respondents think so. As for shopping in a beauty salon, mostly only women buy products according to the survey results,

namely 90% of them. Men, regardless of age, and women aged 44-55 buy the least. People were also asked if they would like to get medical advice before starting a beauty procedure. There 67% of respondents answered positively, most of which are women in the age categories of 26-43 and 15-25. Such a service would be less interesting for men since most of them answered this question negatively. As for the question of whether there is a relationship between quality and the highest price, people believe that there is such a relationship, where 62% of respondents agreed positively with this. Those who disagreed with this statement amounted to 22%. It is worth adding that for most women 26-43 it would be interesting to receive several cosmetic services at the same time. The least it is necessary for men according to the survey results. It should be added that 51% of all respondents answered that they would be interested in cosmetic services provided at home when a professional beauty master comes to them. The majority of those who agreed with this were women in the age category 26-43, men were less interested in this. Most likely, this may be justified by the presence of a short time. Given the fact that Beauty\_Go will position itself as a bio beauty salon, it is important to find out if people have experience visiting such places. As a result, 11% said that they had visited such beauty salons, and 41% of respondents said that they would be interested in visiting such. For the remaining 48% it is not important if the salon is bio or not. The respondents were also asked if they would be interested in using natural/organic products during procedures in a beauty salon. 52% of respondents responded positively, most of whom are women. This may indicate the importance of using bio products in beauty salons. This is less important for women aged 44 and above, as well as for men, regardless of age. As for having experience with natural or organic personal hygiene products, the majority do not have such experience, namely 45%, while 23% would like to try them. As in the previous question, it is less important for women aged 44 and above than for men regardless of age.

#### **4.2.2 Competitive analysis**

To assess the competitiveness in the beauty salon industry and its attractiveness, it is necessary to pay attention to the analysis of Porter's Five Forces. This analysis will be an additional tool for creating a competitive advantage. Each sub-item of the model will be evaluated with the important features described.

## **Five Forces Analysis by Porter**

### **Threats of new entries**

Entering the beauty salon industry as a business can hardly be called difficult, nor can it be called simple. Opening a beauty salon, which will include services such as hair care, coloring, manicure, pedicure, eyebrow and eyelash care, cosmetologist services, makeup, and massage requires high investments. This factor may limit the entry of new players into the market. Moreover, starting a beauty salon business where highly qualified employees will work, salary costs will be higher than the market average. As for the economy of scale, it is worth stating that it will be complicated to achieve it for beauty salons since manual labor is used mainly to provide services. One of the possibilities for achieving it is the cosmetology direction, where hardware techniques are applied. It will speed up the process of implementing the procedure. Only beauty salon chains can beat the discounts on the purchase of the required goods for the services provided and are seeking a real economy of scale. It is also worth mentioning the importance of the strength of brand names. Brand awareness is a significant factor in the market, however, in the beauty industry, many clients have been going to particular specialists for many years, as they may do their work better than other masters. Consequently, the strength of certain brands as companies is less powerful than the strength of the brand of individual specialists. In addition, according to Czech law, beauty salons require to have a 10 years license to carry out cosmetic medical procedures. It is difficult to call this factor significantly limiting when the company is entering the market, since with the required certification, obtaining such a license will not be difficult. As for other services, such as hair care or manicure, employees simply need to complete professional courses in their chosen specialty to qualify.

### **The threat of substitute products**

As for substitute products, it is worth noting that the availability of personal care products, such as creams or hair masks, is not a worthy substitute for beauty services. People may also take care of themselves at home or ask for the help of relatives, which was especially popular during the COVID-19 period. However, it is complicated to compare this approach with the service provided in a beauty salon by professionals. Therefore, the presence of threats to the appearance of substitute services on the market is minimal and does not affect visits to beauty salons.

### **Bargaining power of buyers**

Regarding the buyers, it is worth noting that they are different, which are ready to use both one service and several in beauty salons, and accordingly spend different amounts of money. In this case, it is worth emphasising that in the beauty salon industry, the cost of switching from one beauty salon to another occurs at no special cost. According to the market analysis, today's market players offer customers to visit several services at once with a discount on the procedure. This service allows the client not only to save money but also time. Such beauty salons make concessions, thereby setting themselves the goal of retaining the buyer. As for the beauty salon market in Prague, it is worth saying that beauty salons and specialists are active on social networks, such as Facebook or Instagram, telling customers about the availability of certain services. They post photos of clients and show the results of their work, so the awareness factor of current and future customers is significant. Finally, it may be concluded that the strength of buyers is a significant factor.

### **Bargaining power of suppliers**

Generally saying, the bargaining power of suppliers can be estimated as more than average. Beauty salons can buy from both manufacturers and wholesalers and distributors. As the practise shown, the suppliers can give them a discount for large orders mostly to the salon chains. There are also not so much distributors which may provide fully bio / natural products on the Czech market comparing to the classical ones. However, in the case of equipment suppliers, in the event of an unexpected breakdown of equipment, beauty salons may suffer from this.

### **Competitive rivalry**

The level of competition in the beauty salon industry is one of the most important elements of this analysis. As for the assessment of competition, the players compete in terms of the price factor, the availability of a variety of services provided, and the provision of the best quality, which are the most significant factors in choosing a beauty salon. Most of the players in the market are beauty salons, which can be both individual hairdressers and beauty salons that include a larger spectrum of services offered. Companies are trying to occupy a certain niche by focusing on something. Also, most beauty salons offer loyalty programs, thereby doing everything possible to retain customers. Moreover, brands such as Exclusive Beauty Clinic, Beauty Shape, or Total Beauty Salon offer their clients a wide variety of beauty

services, constantly modifying them or adding new ones according to trends with their further promotion on social networks. In addition, it is a normal practice among beauty salons to support the employees' qualifications by offering them to take part in advanced training courses. Companies also need to actively work with social networks and show the results of their work. Therefore, entering the market of beauty salons is worth paying special attention to this point. This is also very important, given the fact that the bargaining power of buyers is an influential factor, and switching between beauty salons is not very costly.

### **Competitors Analysis**

As mentioned earlier, the industry of bio beauty salons on the territory of Prague and the Czech Republic only tends to develop, there are relatively few such salons. Considering that Beauty\_Go enters the market in 2023, it would be advisable to approach the analysis of the competitive environment of both bio beauty salons and classic ones. Considering that the beauty salon will be located on the territory of Prague 1, it would be most appropriate to consider the closest and most influential competitors. Bio beauty salons are not located in Prague 1, but they can also be considered competitors because they can attract those for whom it would be interesting to use similar bio beauty services. It was also decided to compare beauty salons, which can offer hair care, manicure, pedicure, eyelash and eyebrow care, massage, and cosmetology services in one place. The ratings of beauty salons are evaluated based on Google Reviews, where the minimum is 1 and the maximum is 5.

### **Beauty Shape Center**

Location: 47, Lublaňská 1720, 120 00, Praha 1

One of the influential competitors is the Beauty Shape Center company. The organisation has been on the market since 2004 and offers more than one hundred beauty services. As for the prices for services, they are higher than the market average. According to customer reviews, the average rating is 4.1. Customers note that the price/quality ratio is much to be desired. A distinctive feature of the company is that the promotion of services is carried out with great attention to customers for all kinds of discounts, which are updated monthly. Customers can find out about these discounts on social networks, on the main website, and in the beauty salon. As for social networks, the company only pays special attention to Instagram, although there are accounts on Facebook, Twitter, and Youtube. The strength of the company is that they are a partner of the Sodexo, Benefit Plus, and Edenred programs,

which is beneficial for customers whose organisations provide such benefit cards in the form of bonuses. The company also has its online store, which the brand is developing in parallel. Another strong point is the provision of services at the clients' place. Moreover, there is a B2B partner program, the essence of which is that any company in the Czech market can conclude a contract that will allow their employees to visit the Beauty Shape Center with a discount of up to 20%. There is also an online chat on the site, but the company does not pay due attention, as the waiting time for a response may be delayed. It is worth noting that this is the only beauty salon among all competitors that have LinkedIn. People also note that customer service remains at an acceptable level and leaves much to be desired. The company also offers a franchise program for its brand. Another disadvantage and weak point are that online booking shows free slots available regardless of the day, which can mislead a potential client.

### **Total Beauty Salon**

Location: Jindřišská 973/30, 110 00, Praha 1

Another competitor is Total Beauty Salon. The company states on its website that it focuses on maintaining customer service, promising the best value for money. In reality, they do it, judging by the reviews, where the average rating is 4.9. As for prices, they are higher than the market average, they are not the highest. Customers note that the beauty salon is clean and has a highly professional staff. All products used in the application of services are professional and of high quality. As for the loyalty program, there is none. Another feature of the beauty salon is that the specialists are organising training courses, developing the academy of beauty masters. As for social networks, the company is active only on Instagram. At the same time, the weak point is that there is no online entry on the site. The website itself is beautiful, neat, and stylish, but when people visit it, there is no notification that the website uses cookies and its visitors do not know what information about them can be collected and which is not.

### **Exclusive Beauty Clinic**

Location 1: Klimentská 1212/24, 110 00 Praha 1

Location 2: Nad úžlabinou 708, 108 00 Praha 10

Exclusive Beauty Clinic is a network of beauty salons, one of which is located in Prague 1 and the other in Prague 10. When the clients visit the website for the first time, they receive

a notification to use a promo code for the first visit with a 10% discount. This suggests that there is a price penetration strategy. The beauty salon makes a special focus on health, positioning itself as a wellness beauty salon using the most modern equipment. Exclusive Beauty Clinic, in comparison with other beauty salons, goes further and offers services for the treatment of hair and receding hairline. The prices for services are more than above the average on the market, and this is justified by a high quality and individual approach to the client. On the salon's website, visitors may view in the details each service. Recently, the Exclusive Beauty Clinic announced that they are gradually beginning to introduce the use of natural and organic products in the provision of services. As for the online booking, it works incorrectly and intermittently. The site also has an online chat, which works well and without long delays. The site is presented in three languages - Czech, English, and Russian. When switching the language, it becomes noticeable that the translation of some points has not been carried out, and the visitors may notice how English is intertwined with Czech. Moreover, sometimes the site code overlaps the main text. Exclusive Beauty Clinic, as well as its competitors, offers a loyalty program, thanks to which the client receives a discount on the following visits. As for social networks, Exclusive Beauty Clinic is more attentive to them compared to other competitors - the company is active both on Facebook and its Instagram accounts. Average rating is 4.7, and people note professionalism in the approach to the provision of services.

### **OliOla**

**Location:** Na Hroudě 28, 100 00, Praha 10

OliOla is a pioneer and one of the most famous bio beauty salons in Prague, which was written about by the Czech Beauty Salon Association and fashion magazines. The company declares that organic, natural, and ecological products are used in all the services offered. In addition to standard beauty procedures, the company offers beauty services for wedding guests on departure. The company is currently expanding and actively recruiting staff, and the opening of a second salon may be expected. Prices in the beauty salon are on average 10-15% higher than competitors. The organisation also has its online store, where only organic, natural, and ecological self-care products can be purchased. As for the quality, visitors note that beauty services could have been provided better, and the professionalism and qualifications of employees should be better, and because of this the average rating is 4.3. People also write that the service on average lags behind the market. Recently, OliOla

has also launched its brand, which can be purchased both online and in a beauty salon, which makes it a stronger bio-salon player. As for social networks, the company is actively working with them, both Instagram and Facebook. An online booking on the website is also available and is functioning properly. As for brand development, the company has organized an amateur team of its employees on the mega board, which allows them to actively promote the brand outside. OliOla also is famous for charity and donating part of the profits to the treatment of children, which allows her to be more than a socially responsible organisation.

### **BioStudio 4k**

Location: Bubenečská 11, 160 00, Praha 6

Another bio beauty salon player is BioStudio 4k. On its website, the organisation describes in details the bio services they provide. Prices are 10-15% lower compared to other market players. Most likely, this beauty salon adheres to a strategy of low prices, which does not allow to invest a lot of money in development. It is also worth noting that the beauty salon works fewer hours per week than other competitors. There is no online store, but clients can buy professional bio products for self-care directly in the beauty salon. There is also no online booking, all clients are book the services by telephone or via social networks. The average rating is 4.3, just like the previous competitor has. Visitors note either a low level of customer service and insufficient qualifications of employees. As for social networks, BioStudio 4k is working with Facebook and Instagram, actively posting new posts.

### **Studio Bio**

**Location:** 24, Lupáčova 375, 130 00, Praha 3

Another player in the Prague market among bio beauty salons is Studio Bio. The company provides hair and facial skin care services. The cost of the services offered is the average for the market. Customers note good value for money, but customer service may be better. Studio Bio is a small beauty salon where four specialist work. On its website, like other bio salons, Studio Bio describes in detail the services provided, and declares that it is ready to tell employees about the importance of bio products. The average rating is 4.6, which is the best indicator among bio beauty salons in the Prague market. As for social networks, the company maintains only Facebook, where it actively posts about bio products and shares the results of its work. The organisation's website looks outdated. There is no online booking.



The company also offers gift certificates and advanced training courses for sale, which is a common practice in the beauty industry.

Moreover, a quantitative analysis can also be prepared in form of the competitive table with the weights to identify the most important competitors for Beauty\_Go and to see other important variables. More info can be found in Table 3 down below.

Table 3 Competitive table

	Key Success Factor	Reviews	Inside Esthetics	Pricing	Bonus programs	Promotion	Bio-concept	Online booking	Total
Weight		0.2	0.1	0.2	0.1	0.15	0.15	0.1	<b>1</b>
Beauty Shape Center	Score	3	2	2	3	4	1	1	
	Weighted score	0.6	0.2	0.4	0.3	0.6	0.15	0.1	<b>2.35</b>
Total Beauty Salon	Score	4	3	2	1	2	1	1	
	Weighted score	0.8	0.3	0.4	0.1	0.3	0.15	0.1	<b>2.15</b>
Exclusive Beauty Clinic	Score	4	4	2	2	4	1	2	
	Weighted score	0.8	0.4	0.4	0.2	0.6	0.15	0.2	<b>2.75</b>
OliOla	Score	3	2	2	1	4	4	4	
	Weighted score	0.6	0.2	0.4	0.1	0.6	0.6	0.4	<b>3</b>
BioStudio 4k	Score	3	1	4	1	2	4	1	
	Weighted score	0.6	0.1	0.8	0.1	0.3	0.6	0.1	<b>2.6</b>
Studio Bio	Score	3	1	3	1	1	4	1	
	Weighted score	0.6	0.1	0.6	0.1	0.15	0.6	0.1	<b>2.25</b>

Source: Author, 2023

Based on that info can be stated that OliOla and Exclusive Beauty Clinic are the most powerful and important competitors for Beauty\_Go. Both competitors are presented on the market several years, where OliOla is one of the best players as bio salon, while Exclusive Beauty Clinic as a salon with great reviews and with focus on customer service treatment procedures.

#### 4.2.3 Segmentation Analysis

Based on the conducted primary research, it is possible to make a segmentation of visitors to the bio beauty salon Beauty\_Go. Clients may be permanent or new, but the company will set a goal to target female representatives from under 15 to 44 years old. First of all, this group is more interested than others in providing bio services. This age group among others also shows more interest than others in visiting bio beauty salons. In addition,

compared to men, women under 44 are more likely to use several beauty services at once, for example, manicure, hair colouring, and haircut, than men who only need a haircut or, in rare cases, manicure and pedicure. It suggests that such a segment of women under 44 years of age will be more profitable. It is also confirmed by the fact that women in the age categories of 15 to 25 and from 26 to 44 spend more on beauty services according to the questionnaire results. They are also more likely to visit beauty salons and buy products there than men or women in the 44-55 and 55-64 age categories. Moreover, women in the age category 26 to 44 are more interested than others in using several beauty services at the same time, which will be one of the Beauty\_Go services.

### **4.3 Strategising**

Before writing a strategy for a company, it is crucial to highlight the key points, namely:

- bio direction is rapidly developing in Europe, including the Czech Republic;
- there is a target audience who is ready to buy and use bio products;
- the market of bio beauty salons is not covered there is an opportunity to enter and succeed.

To choose the right strategy, it is necessary to assess the current position of the company in the market. One of the fundamental methodologies is a SWOT Analysis, which will help formulate a clear plan of action for the company. Speaking about choosing a strategy, it is worth saying that the most suitable for Beauty\_Go is a differentiation strategy. It is based on the creation of a service/product with unique properties for a buyer who will be sold at a higher price and become a leader in his industry. The uniqueness of Beauty\_Go lies in providing a variety of services based on high-quality bio care products and a high level of service. The superiority of the products lies in a unique bio content based on plant extracts. All bio products are created in accordance with the principles of "green chemistry". The service is distinctive due to the provision of advice from a dermatologist when visiting certain types of services such as hair cutting/coloring, nail and cosmetic procedures for the face and body. The SWOT analysis of Beauty\_Go was conducted to identify the weaknesses, strengths of the organisation, its future threats, and opportunities. Table 4 below presents this analysis in the form of a table for better visualization of its components.

Table 4 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Bio concept of the beauty salon</li> <li>• High qualification of employees                             <ul style="list-style-type: none"> <li>• Customer orientation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Absence of brand awareness</li> <li>• Dependence on suppliers</li> <li>• Less business experience</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Governmental grants                             <ul style="list-style-type: none"> <li>• E-shop</li> </ul> </li> <li>• Creating own bio courses</li> </ul>	<ul style="list-style-type: none"> <li>• High fierce competition between beauty salons                             <ul style="list-style-type: none"> <li>• Price fluctuation</li> </ul> </li> <li>• Deviation of customers' demand and preferences</li> </ul>

Source: Author, 2023

Speaking about the strengths of the company, it is worth saying that Beauty\_Go is a salon in Prague that uses the bio concept in its work. Indeed, there are similar beauty salons in Prague, but they Beauty\_Go goes further. The bio-concept is not only to provide bio services, but also to use bio goods in work (bio dishes, hair combs, etc.), bio clothes, and even snacks and drinks. In addition, all salon employees are active supporters of the bio-concept and understand the value of the beauty services they create for customers. The organisation does not just want its employees to know about the bio brands of beauty salon products, but to be able to inform customers about their benefits. To achieve it, employees will need to annually take various advanced training courses from manufacturers of professional bio products of beauty salons. It will be the second strength. It is crucial because, for example, the procedure for working with hair dyes may differ from classic products. Moreover, Beauty\_Go will hire employees who already have many years of experience in the beauty salon industry. The company gives priority to quality, so this sub-point is significant. Beauty\_Go puts priority - customers should not worry about their health and beauty when providing with bio services.

According to the analysis of competitors, customer service is a weak point of bio beauty salons. It is crucial to add that according to the questionnaire, this factor is significant for people visiting salons. Based on that, Beauty\_Go will put special emphasis on providing customer service. The company will provide dermatologist services, bio food (salads, pastries, raw desserts, smoothies), and home-based services (manicure, pedicure, hairstyle, makeup, eyebrows/eyelashes).

In turn, weaknesses are the lack of brand awareness, less business experience, and dependence on the suppliers. The first element is important, so the popularity and brand awareness of a beauty salon directly affect its profitability. When a salon is just entering the market, it takes time to build a customer base and reputation. Speaking about the second weak point, the management of company has no practical experience doing business, what possible may lead to unsuccessful decision making. The last weakness is the dependence on the suppliers. As it was mentioned in the market situational analysis, the amount of “green” brands for salon is small, what may make difficulty for Beauty\_Go orient fast in case of the supplies stock issues.

The opportunities that open up for bio-salons in the future are much wider than they may seem at first glance. One of them is to receive grants from the state and the European Union to promote and develop the bio direction in the beauty industry. This funding can significantly help the development of the bio salon. The second possibility is the creation of an e-shop. According to market analysis, during the pandemic, people got into the habit of ordering care products over the Internet, as it is convenient and fast, and their sales increased. Therefore, the opening of an e-shop will be a good opportunity for the bio salon to attract more customers and sell bio products. Another opportunity point is the creation of the Beauty\_Go bio academy, which will conduct training for masters offline or on an online platform. It will be the first bio academy that specialises in providing courses on working with bio products for beauty masters.

Speaking of the threats to bio beauty salons is fierce competition, which may be provoked by the oversaturation of salons in the beauty industry in the future. Beauty salons are “fighting” for their customers by offering a variety of services. This element can lead to a price war among players and further reduce profits. Another threat may be triggered by price fluctuations in the market. It will be especially noticeable during 2023 due to the increase in prices for energy resources. This fluctuation can affect the purchasing power of customers and significantly reduce the number of salon visitors. People will try to save as much as possible and carefully plan their expenses, which will negatively affect the profits of the bio salon. The last threat relates to a change in the preferences and tastes of customers, it may be due to a change in fashion trends in the market and a loss of interest in the bio direction. However, according to market analysis, this threat is not significant, as the bio direction will grow and develop in the beauty salon industry in the next few years.

In conclusion, Beauty\_Go is a bio salon in Prague that stands out among its competitors by going beyond just providing bio services and using bio goods in its work. The company prioritizes quality and customer service, offering dermatologist services, bio food, and home-based services. However, the company faces challenges such as the lack of brand awareness, business experience, and may depend on the suppliers. Also, there are opportunities such as receiving governmental grants, opening E-shop, and establishment of the first bio academy specialising in providing courses on working with bio products for beauty masters. The bio direction is anticipated to grow and develop in the beauty industry, but the company needs to be prepared for threats such as fierce competition, price fluctuations, and changing customer preferences. In general, Beauty\_Go has the potential to develop into a successful bio salon in the future by focus on quality, customer service and bio products.

#### **4.3.1 Marketing Mix**

To understand which marketing strategy the company should adhere to best meet the needs of Beauty\_Go customers, as well as how to properly introduce its service to the market, this aim was made 7P Marketing Mix.

##### **Product**

Beauty\_Go provides various types of beauty services based on bio-products for hair, face, body, and nails, which are described on the company's website and social networks. According to the questionnaire, by offering such services, the salon covers the demand of people for the use of bio care products in salons. For the procedures, Beauty\_Go uses products of the brand Aveda, Wella, Estée Lauder, etc. which correspond to the principles of green chemistry and are completely natural. These products do not contain parabens, synthetic components, or silicone, they just contain plant extracts, oils, and other high-quality natural ingredients.

The value of such bio services lies in the “healthy beauty” of customers. As mentioned earlier, Beauty\_Go adheres to a differentiation strategy, where the main focus is on providing high-quality customer service. According to the survey results, service is a crucial component for people when visiting a salon, so it is necessary to improve its quality. Additionally, Beauty\_Go offers such types of services as a consultation with a dermatologist, a service for express preparation of clients for any events, and home-based. Moreover, when

visiting the procedure, various types of snacks will be offered to choose from, namely raw desserts, vegan salads and buns, and vegan wine. Along with the provision of services, the bio salon also offers for sale care products in the salon to customers since proper home care is the basis of beauty.

### **Price**

According to the questionnaire results, the majority of respondents believe that the higher the price, the better the service will be performed. Beauty\_Go is focused on providing quality services to its customers, so the strategy was chosen to put the price of services on average 10-15% higher in the market. It is worth noting that according to the survey, for people one of the important criteria for choosing a salon is the price.

Based on the importance of the price factor, as its brand develops and promotes, Beauty\_Go bio salon will offer customers loyalty programs and discounts for the first visit to any master. Promo codes will also be added to the supplement. Any client of the beauty salon can share them with his friend/girlfriend, and he will receive a discount on the first visit, as well as the client for the subsequent procedure. It is worth saying that advertising contracts with Czech bloggers are planned to increase brand awareness, according to a unique code that they will say - a 10% discount on the first visit to the salon will be available.

### **Place**

According to the survey results, for residents of the Czech Republic, the location of a beauty salon is a less significant criterion. Nevertheless, Beauty\_Go is planning its opening in Prague 1. This location is convenient, as it will be in the city center, and it will be easy for customers to get to the salon. According to the data metro.cz (2016), the largest traffic of people takes place in this location. In addition, there are many offices, shops, apartments, and other premises in Prague 1, which increases the likelihood of potential customers coming. Speaking about the product sales channel, the bio salon uses an indirect channel when selling bio care products. The customer can buy all the necessary products in the salon.

### **Promotion**

To develop the recognition of the Beauty\_Go bio salon, several methods of promotion will be used, such as social networks, email marketing, and content advertising.

Beauty\_Go plans to launch advertising of its salon from Czech bloggers on social networks such as Instagram, YouTube, TikTok, and Facebook. These networks are most popular with a group of people who will be the target audience of the salon. Bloggers will make a brief description of what the beauty salon offers and what the concept of the salon as a whole is. As mentioned above, bloggers will use a special code for advertising, the use of which will entitle the client to receive a discount on the first procedure in the bio salon. In addition, this code will show how effective it is to order advertising from bloggers, and whether it was the right decision. In turn, the Beauty\_Go bio salon gives bloggers the right to choose one procedure in the salon for themselves and visit it for free. It will allow bloggers to independently assess the quality of services and make up their own opinion about the salon. In addition, official Beauty\_Go accounts on social networks will be created for the successful promotion of the bio salon on the market. There will be published information about the salon, types of procedures, masters, prices for services, and the opportunity to sign up for the selected procedure online. For the salon subscribers to be interested in continuing to follow the salon pages, Beauty\_Go plans to make weekly headings with answers to questions from the salon masters, as well as publish useful videos (reels) where the masters will show their work and teach how to care properly for the beauty of the house.

Email marketing is not only a great way to communicate with existing salon customers but also an opportunity for promotion. The salon administrator will contact clients by mail (or via other social networks, at the request of the client) to receive feedback and make an appointment for new procedures. In addition, customers of the salon will be offered a discount on one of the services if they share contacts and mailing addresses of people who would also like to receive the service. In turn, the salon will also send/share its loyalty programs, and useful articles about care, as well as offer discounts on procedures.

Beauty\_Go also plans to invest in content advertising by outsourcing it. This advertisement on the Internet will be shown using social networks such as Google and Seznam.

## **People**

As mentioned above, Beauty\_Go will provide beauty services based on bio products. These services will be performed by highly qualified beauty masters who not only have experience in the beauty industry but also have completed specialised courses on using bio products and following a healthy "bio-lifestyle" in their life. Beauty\_Go employees will not

set goals just to provide a service, their task is to create a friendly atmosphere with the client so that he feels comfortable and safe during the beauty procedure. Beauty\_Go will also invest in its employees, paying for their training and inviting experienced specialists to the salon. The salon also plans to develop a special platform that will allow the current masters of the salon to share their knowledge with novice specialists about bio trends and products.

### **Process**

Beauty\_Go sets itself the goal that the whole process from the client's record to the final result. In the Beauty\_Go salon, a client can sign up independently via social networks, the salon's website, or by calling the administrator. The administrator's job will be to tell the client in a simple and accessible form about the services that interest him (the time, the process of conducting) so that the client is as aware and confident as possible that his desire will be fulfilled, and also record at a convenient time for him. The second step will be to visit the salon. The main task is to make it clear to the client that a professional will work with him and that he has nothing to worry about. To this end, the master can tell about his experience and completed courses, thereby instilling confidence in the client and creating a friendly atmosphere. In addition, the client will be offered drinks and bio snacks to choose from. During the procedure, the master can also advise the client on care products, and additional care procedures. After the procedure, the administrator will ask how satisfied the client is with the result of the procedure, as well as his impressions of the salon in general. In addition, the administrator will collect personal data to fill out the loyalty card at the request of the client, answer any questions, talk about discounts, ask to recommend friends/acquaintances who would also be interested in visiting the salon, as well as discuss when the following procedure can be provided.

### **Physical evidence**

Beauty\_Go will pay special attention to such a factor as physical evidence. First of all, the company will use auxiliary devices, such as bio brushes or natural professional hair dyes in the provision of services. Secondly, it is crucial to keep all the equipment clean. The color scheme of the institution will consist of two colors - white, which symbolizes purity, and green - caring for nature and associated with the theme of bio. The uniform of the staff will also consist of a bio-cotton. The employee's name will be printed on each apron. As mentioned earlier, the beauty salon will have a loyalty program, and all discount cards will



be made from renewable materials. Beauty\_Go positions itself as a bio salon, so a person can find a wide variety of installed colors in it. All sofas and armchairs will be available in the salon, made of eco-leather. Bio beauty salon will also offer bio snacks, such as raw desserts or fruit salads from bio products, as well as drinks such as freshly squeezed juices or vegan wine.

In conclusion, Beauty\_Go offers a range of beauty services based on bio-products which correspond to the principles of green chemistry. It follows a differentiation strategy, where the focus is on providing high-quality customer service. To achieve it, the salon provides a dermatology consultation, express client preparation for any events, home-based services, and healthy food. It plans to put the price of services 10-15% higher than the market average and offer loyalty programs, discounts, and promo codes for brand promotion. The salon's location in Prague 1 is convenient and easily accessible for customers. Beauty\_Go is going to promote its salon through social networks, email marketing, and content advertising. All the above actions are aimed at increasing brand awareness and attracting more potential customers to the services.

#### **4.4 Operational plan**

An operational plan is an essential component of the business plan that describes the daily operations necessary to meet customer needs and achieve long-term success. It is crucial to prepare this plan not only for investors but also for future business owners. Also, it helps them identify potential problems and develop contingency plans to address them successfully. One of the most important components of the operational plan is the personnel plan, the purpose of which is the competent distribution, ensuring effective and full employment of employees. All of the employees will work in the company based on Trade Certificate (živnostenský list) despite the owner and an administrator which have full-time contracts. Regarding the dermatologist, the person will have a medicine degree and all of the rights and licences to work in the salon and offer beauty services. Table 5 shows the employees who provide services to customers.

Table 5 Personnel plan providing beauty services

	Hairdresser	Brow/Lash master	Dermatologist	Manicure/Pedicure	Massage	Makeup master
Number of masters	3	1	1	2	1	1
Working hours of the master (hours per day)	8	5	4	8	3	4
Average service time of 1 client (hours)	2,5	1,5	1	2	1	1
Max. workload per day (clients)	9	3	4	4	3	4
Average bill	1250 CZK	500CZK/600 CZK	950 CZK	850CZK/1100CZK	800 CZK	1100 CZK
Revenue per day	11 500 CZK	1800 CZK	3800 CZK	4500 CZK	2400 CZK	4400 CZK

Source: Author, 2023

Also, in the salon there is an administrator who works 5 days per a week and is responsible for administrative and managerial activities. The salary of the administrator is 20 000 CZK monthly. The masters receive a piecework salary, namely 50% of the revenue per service. The director of the beauty salon is engaged in the promotion of the salon on social networks, has a salary of CZK 26 000. All accounting services of the beauty salon are outsourced, which is 10 000 CZK monthly. All accounting services of the beauty salon are outsourced, which is 10 000 CZK monthly. All of the employees will work in the company based on Trade Certificate (živnostenský list) despite the owner and an administrator which have full-time contracts. Regarding the dermatologist, the person will have a medical degree and all of the rights and licenses to work in the salon and offer beauty services. Speaking about the tasks that are planned for 2024. They are displayed in the Gantt chart in Table 6.

Table 6 Gantt chart

PROJECT NAMES + TASK TITLES	START DATE	END DATE	Role	Days	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
					2023	2023	2023	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	
<b>Beauty Go</b>	<b>01/10/23</b>	<b>31/12/24</b>	<b>CEO</b>	<b>327</b>	[Gantt bar for Beauty Go project]																		
Leasing the salon	01/10/23	31/12/24	CEO	327	[Gantt bar for Leasing the salon]																		
Repair of the salon	10/10/23	12/12/23	CEO	46	[Gantt bar for Repair of the salon]																		
Personell recruitment	11/11/23	21/12/23	CEO	29	[Gantt bar for Personell recruitment]																		
Purchasing of cosmetic products	20/11/23	30/11/23	CEO	9	[Gantt bar for Purchasing of cosmetic products]																		
Photo session	16/12/23	17/12/23	CEO	0	[Gantt bar for Photo session]																		
Initial Promotion	16/12/23	02/01/24	CEO	12	[Gantt bar for Initial Promotion]																		
Launching day	02/01/24	02/01/24	CEO	1	[Gantt bar for Launching day]																		
Selection courses for masters (phone call, personal meetings)	10/01/24	27/01/24	CEO	13	[Gantt bar for Selection courses for masters]																		
Staff training 1	26/02/24	03/03/24	Expert	5	[Gantt bar for Staff training 1]																		
Meeting with the suppliers 1	07/03/24	07/03/24	CEO	1	[Gantt bar for Meeting with the suppliers 1]																		
Accountant review 1	10/03/24	11/03/24	CEO	1	[Gantt bar for Accountant review 1]																		
Market research meeting discussion 1	03/04/24	03/04/24	CEO	1	[Gantt bar for Market research meeting discussion 1]																		
Purchasing of cosmetic products	24/04/24	28/04/24	CEO	3	[Gantt bar for Purchasing of cosmetic products]																		
Blogger meeting 1	10/05/24	10/05/24	CEO	1	[Gantt bar for Blogger meeting 1]																		
Staff training 2	03/06/24	10/06/24	Expert	6	[Gantt bar for Staff training 2]																		
Email Marketing	06/06/24	31/12/24	A dmin	149	[Gantt bar for Email Marketing]																		
Weekly content making	02/01/24	28/12/24	CEO	259	[Gantt bar for Weekly content making]																		
Purchase of other supply materials	09/07/24	12/07/24	CEO	4	[Gantt bar for Purchase of other supply materials]																		
Blogger meeting 2	10/08/24	12/08/24	CEO	1	[Gantt bar for Blogger meeting 2]																		
Meeting with the suppliers 2	17/09/24	18/09/24	CEO	2	[Gantt bar for Meeting with the suppliers 2]																		
Purchasing of cosmetic products	10/10/24	12/10/24	CEO	2	[Gantt bar for Purchasing of cosmetic products]																		
Market research meeting discussion 2	03/11/24	04/11/24	CEO	1	[Gantt bar for Market research meeting discussion 2]																		
Staff training 3	11/11/24	18/11/24	Expert	6	[Gantt bar for Staff training 3]																		
Financial year overview	01/12/24	04/12/24	CEO	3	[Gantt bar for Financial year overview]																		
Business plan preparation for the next year	01/12/24	24/12/24	CEO	17	[Gantt bar for Business plan preparation for the next year]																		

Source: Author, 2023

## 4.5 Financial Planning

Careful planning and attention to detail are required when developing a financial plan for a future bio beauty salon. For financial success it is necessary to take the time for identifying revenue sources, calculate costs, forecast cash flow, and create a budget.

Inflation is an important factor to consider when developing a financial plan, as it can have a significant influence on the long-term financial goals of the company. According to Czech National Bank, inflation in 2024 will be approximately 2.4% (Kral, 2022). Speaking about the following years, it was decided to stick to this value due to the lack of information for 2025-2026 from official sources.

### 4.5.1 CAPEX

Starting a new business, it is always crucial to see which fixed assets the company has now and what is required for the initial investment. The more info can be found in the Table 7 down below.

Table 7 CAPEX

CAPEX	
Variable	Amount
Firm Registration (including license)	15 318,0 CZK
Salon repair	135 000,0 CZK
Equipment	112 940,0 CZK
Furniture	267 219,0 CZK
Computers	29 990,0 CZK
Total	560 467,0 CZK

Source: Author, 2023

#### 4.5.2 Income statement

To see how the potentially profitable company Beauty\_Go would be, the Income Statement for 3 years was prepared. The revenue was calculated based on the demand expectations and industry numbers with 6 675 900,0 CZK for the first year. The highest cost is wages, which accounts at 4 222 050, 0 CZK for the first year. The more info can be found in the Table 8 down below.

Table 8 Income Statement

Income Statement	2023	2024	2025	2026
Revenue	- CZK	6 675 900,0 CZK	7 677 285,0 CZK	8 828 877,8 CZK
Expenses on sold goods	- CZK	660 000,0 CZK	759 000,0 CZK	872 850,0 CZK
Gross Profit	- CZK	6 015 900,0 CZK	6 918 285,0 CZK	7 956 027,8 CZK
Rent	- CZK	1 140 000,0 CZK	1 167 360,0 CZK	1 195 376,6 CZK
Utilities	- CZK	274 698,8 CZK	288 042,6 CZK	294 955,6 CZK
Wages	- CZK	4 222 050,0 CZK	4 323 379,2 CZK	4 427 140,3 CZK
Depreciation	- CZK	82 029,8 CZK	82 029,8 CZK	82 029,8 CZK
Website server	- CZK	2 000,0 CZK	2 000,0 CZK	2 000,0 CZK
Telephone & Internet	- CZK	10 200,0 CZK	10 200,0 CZK	10 200,0 CZK
Accounting costs	- CZK	120 000,0 CZK	132 000,0 CZK	144 000,0 CZK
Other costs	- CZK	42 000,0 CZK	48 300,0 CZK	55 545,0 CZK
Educational courses	- CZK	50 000,0 CZK	55 000,0 CZK	60 000,0 CZK

Advertising	- CZK	72 000,0 CZK	75 000,0 CZK	77 000,0 CZK
Repair & firm registration	150 318,0 CZK	- CZK	- CZK	- CZK
Total Expenses	- CZK	6 014 978,6 CZK	6 183 311,6 CZK	6 348 247,3 CZK
EBIT	- CZK	921,4 CZK	734 973,4 CZK	1 607 780,4 CZK
Taxes	- CZK	175,1 CZK	139 645,0 CZK	305 478,3 CZK
Net Earnings	- 150 318,0 CZK	746,3 CZK	595 328,5 CZK	1 302 302,1 CZK

Source: Author, 2023

#### 4.5.3 Balance Sheet

To see what company has and what company owes, the Balance Sheet for 4 years was prepared. It was decided that the company will purchase all of the furniture and the equipment in 2023 including the company registration. Moreover, initially company is planning to have the equity in amount of 1 000 000 CZK. The more info can be found in the Table 9 down below.

Table 9 Balance Sheet

<b>Balance Sheet</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Assets				
Cash	439 533,0 CZK	577 901,8 CZK	1 263 385,1 CZK	2 657 060,9 CZK
Accounts Receivable	- CZK	- CZK	- CZK	- CZK
Inventory	- CZK	2 106,0 CZK	2 635,7 CZK	3 244,9 CZK
Furniture	267 219,0 CZK	213 775,2 CZK	160 331,4 CZK	106 887,6 CZK
Equipment	142 930,0 CZK	114 344,0 CZK	85 758,0 CZK	57 172,0 CZK
<b>Total Assets</b>	849 682,0 CZK	908 127,0 CZK	1 512 110,2 CZK	2 824 365,4 CZK
Liabilities				
Accounts Payable		57 698,6 CZK	66 353,4 CZK	76 306,4 CZK
Debt	- CZK	- CZK	- CZK	- CZK
<b>Total Liabilities</b>		57 698,6 CZK	66 353,4 CZK	76 306,4 CZK

Shareholder's Equity	- CZK	- CZK	- CZK	- CZK
Equity Capital	1 000 000,0 CZK	1 000 000,0 CZK	1 000 000,0 CZK	1 000 000,0 CZK
Retained Earnings	- 150 318,0 CZK	- 149 571,7 CZK	445 756,8 CZK	1 748 059,0 CZK
Shareholder's Equity		850 428,3 CZK	1 445 756,8 CZK	2 748 059,0 CZK
<b>Total Liabilities &amp; Total Equity</b>	849 682,0 CZK	908 127,0 CZK	1 512 110,2 CZK	2 824 365,4 CZK

Source: Author, 2023

#### 4.5.4 Cash Flow Statement

Doing a business, it is crucially important to see how money is entering and leaving the company. In case of Beauty\_Go, the Cash Flow for three years company operating and a base year of 2023 was prepared and represented in the Table 10 down below.

Table 10 Cash Flow Statement

<b>Cash Flow Statement</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Operating Cash Flow				
Net Earnings	-150 318,0 CZK	746,3 CZK	595 328,5 CZK	1 302 302,1 CZK
Depreciation		82 029,8 CZK	82 029,8 CZK	82 029,8 CZK
Changes in Working Capital		- 55 592,6 CZK	- 8 125,1 CZK	- 9 343,8 CZK
Cash from Operations	-150 318,0 CZK	138 368,8 CZK	685 483,4 CZK	1 393 675,8 CZK
Investing Cash Flow				
Equipment	142 930,0 CZK			
Furniture	267 219,0 CZK			
Cash from Investing	410 149,0 CZK			
Financing Cash Flow				
Debt	- CZK	- CZK	- CZK	- CZK

Issuance of equity	1 000 000,0 CZK	- CZK	- CZK	- CZK
Cash from Financing	1 000 000,0 CZK			
Net Increase in Cash	439 533,0 CZK	138 368,8 CZK	685 483,4 CZK	1 393 675,8 CZK
Opening Cash Balance		439 533,0 CZK	577 901,8 CZK	1 263 385,1 CZK
Closing Cash Balance	439 533,0 CZK	577 901,8 CZK	1 263 385,1 CZK	2 657 060,9 CZK

Source: Author, 2023

## 5. Conclusion

The purpose of the thesis is to write a business plan for the Beauty\_Go beauty salon, which is planning to launch in Prague. The sub-goals include market beauty salon analysis, competitor analysis, segmentation, preparation of a strengths and weaknesses, define an optimal strategy, calculate an investment cost, and the answer to the research question.

Beauty\_Go is a bio salon that provides a wide range of services based on the use of bio products made of organic materials. The main task of this salon is to provide high-quality service and take care of the health of customers. In addition, there is a professional dermatologist who will consult and help solving any problems with skin, hair, nails at the appointment in the salon.

Moreover, secondary market research was conducted. According to its results, there is a demand for the use of bio products in the provision of beauty services in the salons of the Czech Republic. The number of people visiting them has increased over the past years. Speaking of purchasing bio products at retail, the number of customers is also growing. Secondly, a research question was stated, and primary research was prepared. As a result, it was figured out that people are dissatisfied with the quality of customer service and are interested in using bio-products during beauty services. Speaking about the answer to the research question, based on a primary research, Prague residents expect an increase in the level of customer service when providing beauty services. Also, due to the growing interest in bio products, using them in the salon and in home care will lead to an improvement in their satisfaction. Beauty\_Go salon will be able to meet the expectations and needs of customers in the beauty market.

To understand how the beauty salon market functions, it was conducted a competitor analysis. According to its results, the main competitors are Exclusive Beauty Clinic and OliaOla. The competitive environment is saturated. As a result, market players rival customers' attention by offering various discounts, loyalty programs, and so on.

Also, there were identified 2 segments and proposed a differentiation strategy for the Beauty\_Go salon to enter the market. In addition, methodologies such as SWOT and Marketing mix were used in the thesis. According to the results of the SWOT, the main strengths are the bio concept, high level of service provided, and high qualification of employees. Opportunities consist of the availability of demand for bio services in beauty salons, getting state grants, and opening an academy. In the Marketing Mix, the prices for



services in Beauty\_Go will be 10-15% higher on average in the market. Concerning the financial plan, it was estimated that 560,467 CZK were needed to launch the company.

Speaking of limitations, a random sampling method could be applied instead to obtain more accurate research results. Moreover, more people could take part in the survey.

It is also worth mentioning that when compiling the questionnaire, a mistake was made in question 7 compiling the answer options. Among the specified interval values, non-correct numbers were used, such as from 0 to 1000 CZK. The correct approach would be to use such intervals from 0 to 999 CZK etc.

In conclusion, bio salon Beauty Go has great potential for success and, with proper implementation and management, can become a valuable addition to the beauty industry in Prague.

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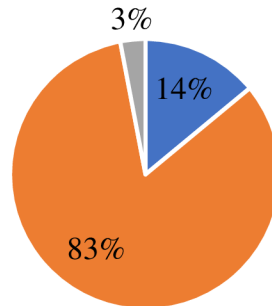
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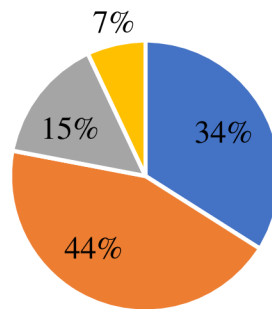
## Appendix A Questionnaire results in form of charts

1. What is your gender?



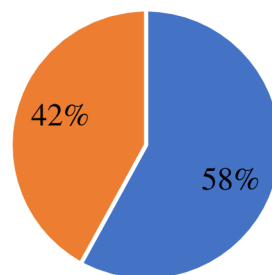
■ Male ■ Female ■ Prefer not to say

2. What is your age?



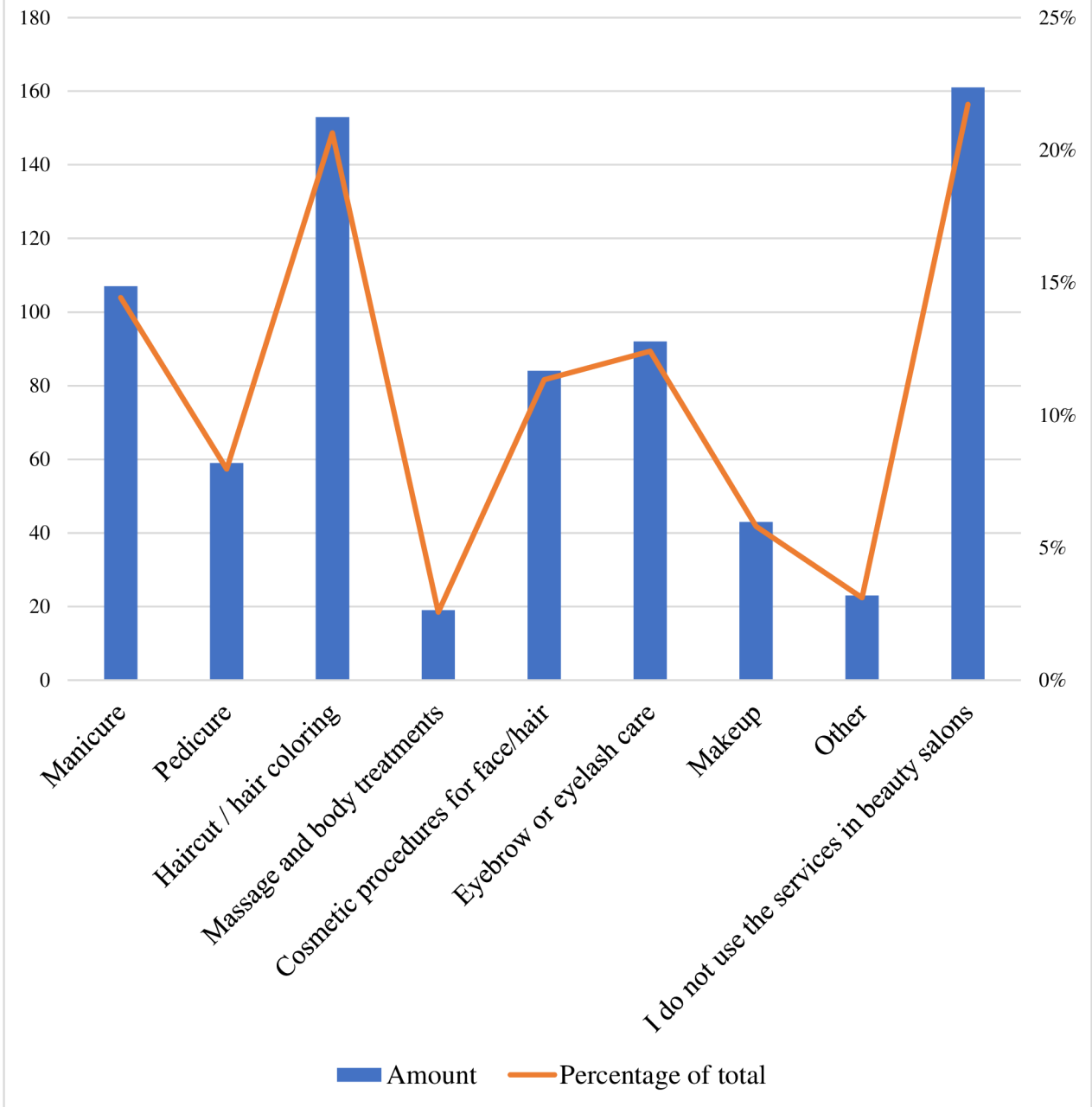
■ 15-25 ■ 26-43 ■ 44-55 ■ 55-64

3. Do you use the services of a beauty salon?

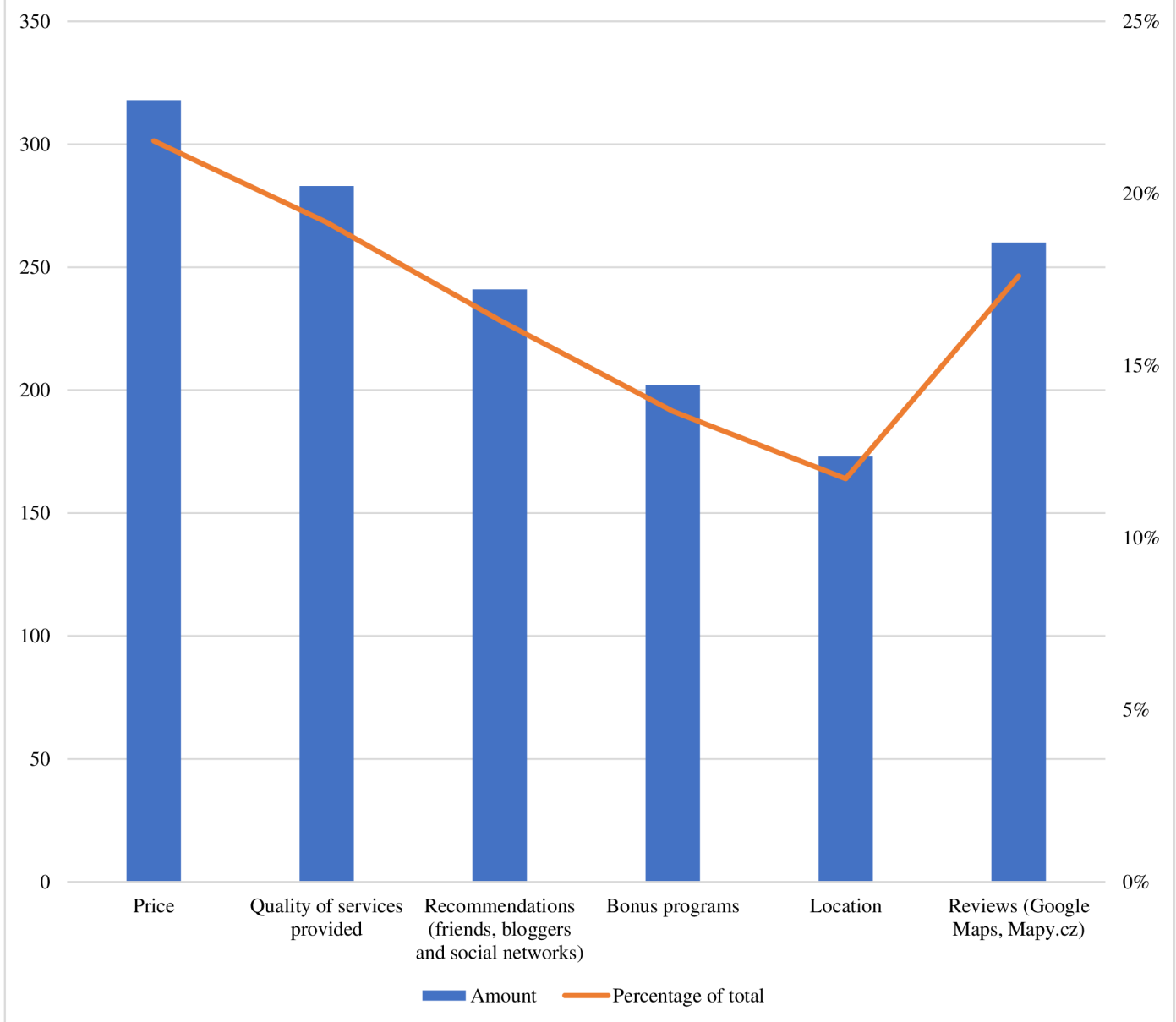


■ Yes ■ No

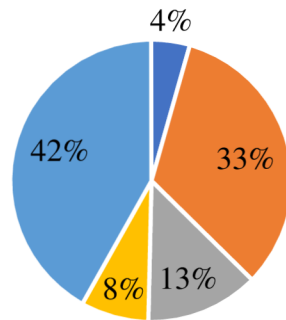
#### 4. What services do you use in beauty salons?



### 5. According to what criteria would you choose a beauty salon to go?

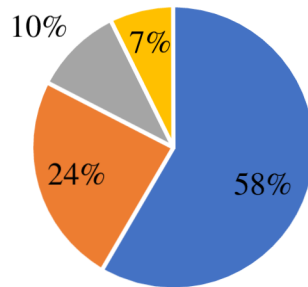


6. How often do you visit a beauty salon?



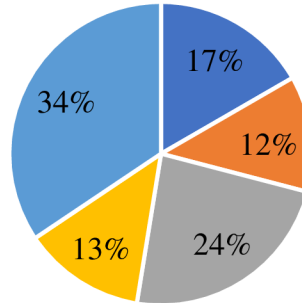
- Each 2 weeks
- Monthly
- Every two months
- Upon the need
- I do not visit beauty salons

7. How much you spend monthly visiting beauty salons?



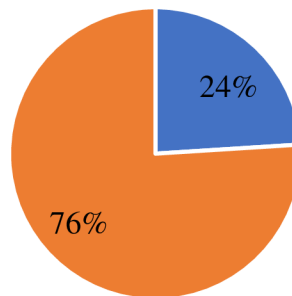
- 0-1000 CZK
- 1000-2000 CZK
- 2000-4000 CZK
- 4000 CZK+

8. Which of the above, if any, would you change with respect to the beauty salon you are currently visiting?



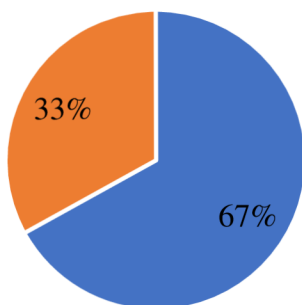
- Prices
- Time per service provided
- Customer service
- I wouldn't change anything
- I don't visit beauty salons

9. Do you purchase personal care products in beauty salons?



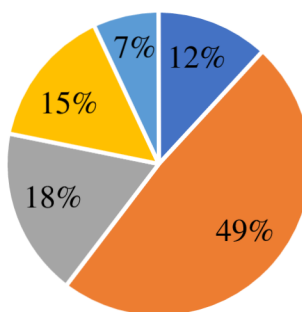
- Yes
- No

10. Would you have the interest to obtain the advice of doctors before the beauty procedure start?



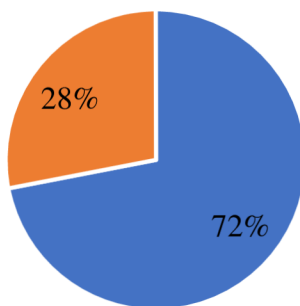
■ Yes ■ No

11. Would you agree with the statement: that the higher the price - the higher the quality of beauty salon services?



■ Strongly Agree                      ■ Agree  
■ Neutral                                      ■ Disagree  
■ Strongly Disagree

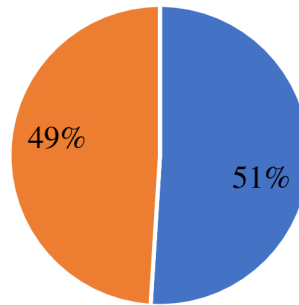
12. Would it be interesting for you to have several beauty services at the same time, e.g. hair coloring and a manicure?



■ Yes ■ No

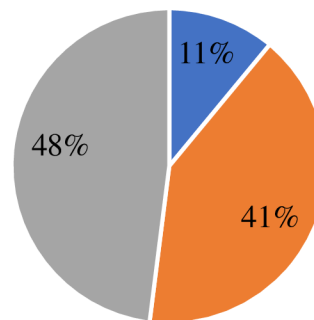


13. Would you be interested in beauty services provided at your home (when a specialist arrives at your place)?



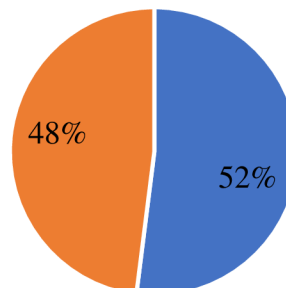
■ Yes ■ No

14. Have you ever visited bio beauty salons?



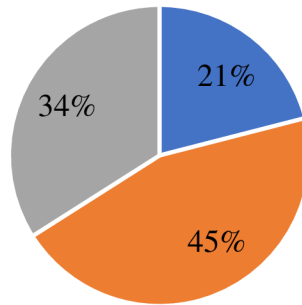
■ Yes  
■ No, but I would visit  
■ No. There is no matter for me if it is bio or not

15. Would you be interested in natural/organic products use during beauty salon procedures?



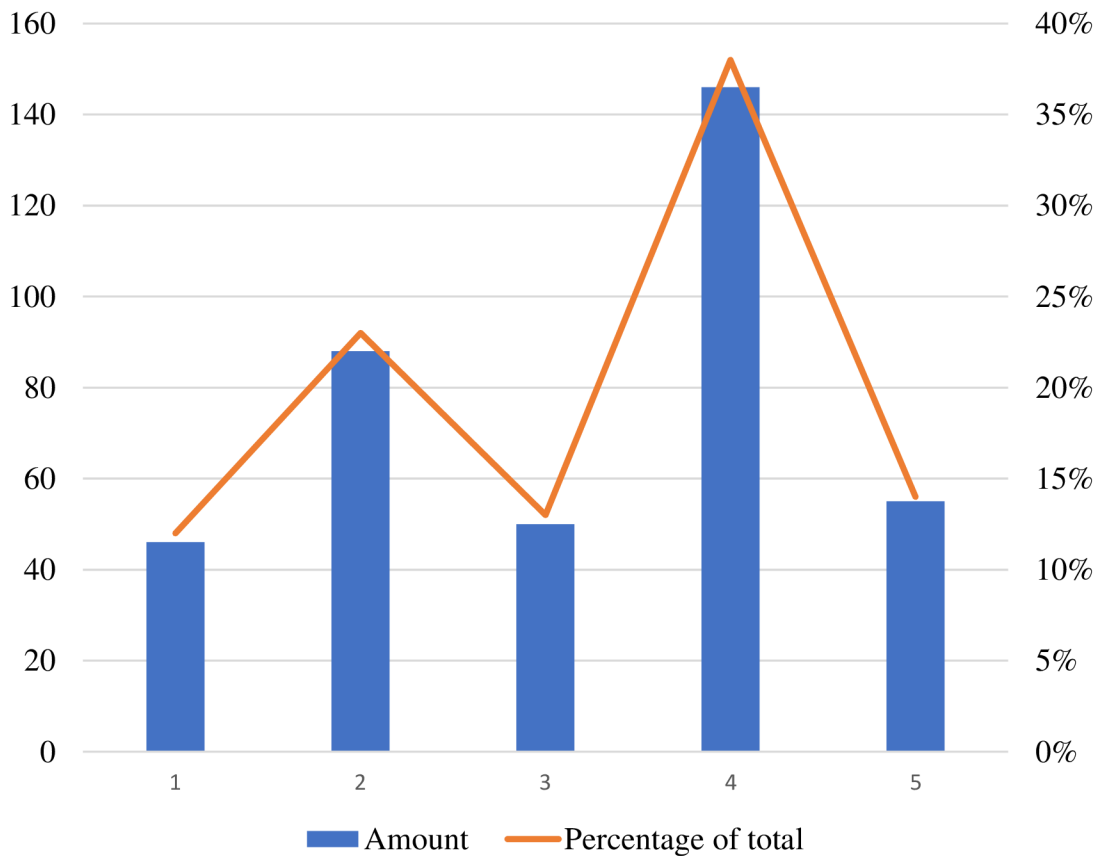
■ Yes ■ No

16. Do you have any experience with personal care natural/organic products?



■ Yes ■ No, I have no experience ■ No, but I would like to try

17. How is the absence of artificial or chemical ingredients in beauty care products important for you?



## **Appendix B Beauty Salon Questionnaire – English Version**

*Hello everybody! The following questionnaire is aimed at understanding the consumer behavior of people visiting beauty salons. All answers are confidential and the results will be used to write a Bachelor Thesis. If you are interested in the results, you can specify your email address at the end of the questionnaire, and the results will be shared with you in February 2023. Thanks!*

1. What is your gender?
  - Male
  - Female
  - Prefer not to say
  
2. What is your age?
  - 15-25
  - 26-43
  - 44-55
  - 55-64
  
3. Do you use the services of a beauty salon?
  - Yes
  - No
  
4. What services do you use in beauty salons?
  - Manicure
  - Pedicure
  - Haircut/hair coloring
  - Massage and body treatments
  - Cosmetic procedures for face/hair
  - Eyebrow or eyelash care
  - Makeup
  - Other
  - I do not use the services in beauty salons

5. According to what criteria would you choose a beauty salon to go?
  - Price
  - Quality of services provided
  - Recommendations (friends, bloggers, and social networks)
  - Bonus programs
  - Location
  - Reviews (Google Maps, Mapy.cz)
  
6. How often do you visit a beauty salon?
  - Each 2 weeks
  - Monthly
  - Every two months
  - Upon the need
  - I do not visit beauty salons
  
7. How much do you spend monthly visiting beauty salons?
  - 0-1000 CZK
  - 1000-2000 CZK
  - 2000-4000 CZK
  - 4000 CZK
  
8. Which of the above, if any, would you change with respect to the beauty salon you are currently visiting?
  - Prices
  - Time per service provided
  - Customer service
  - I wouldn't change anything
  - I don't visit beauty salons
  
9. Do you purchase personal care products in beauty salons?
  - Yes

- No

10. Would you have interest to obtain the advice of doctors before the beauty procedure start?

- Yes
- No

11. Would you agree with the statement: that the higher the price - the higher the quality of beauty salon services?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

12. Would it be interesting for you to have several beauty services at the same time, e.g. hair coloring and a manicure?

- Yes
- No

13. Would you be interested in beauty services provided at your home (when a specialist arrives at your place)?

- Yes
- No

14. Have you ever visited bio beauty salons?

- Yes
- No, but I would visit
- No. There is no matter for me if it is bio or not

15. Would you be interested in natural/organic products use during beauty salon procedures?

- Yes
- No

16. Do you have any experience with personal care natural/organic products?

- Yes
- No, I have no experience
- No, but I would like to try

17. How is the absence of artificial or chemical ingredients in beauty care products important for you?

1      2      3      4      5

Less Important

Strongly important

18. If you are interested in the results of the questionnaire, just write your email address and we will share the results with you in February 2023.

- *Short-text answer*

## Appendix C Beauty Salon Questionnaire – Czech Version

*Ahoj všichni! Následující dotazník je zaměřen na pochopení spotřebitelského chování lidí navštěvujících kosmetické salony. Všechny odpovědi jsou důvěrné a výsledky budou použity k vypracování bakalářské práce. Pokud vás zajímají výsledky, můžete na konci dotazníku uvést svou e-mailovou adresu a výsledky s vámi budeme sdílet v únoru 2023. Děkujeme!*

1. Jaké je vaše pohlaví?

- Časy
- Ženský
- Raději neříkat

2. Jaký je váš věk?

- 15-25
- 26-43
- 44-55
- 55-64

3. Využíváte služeb kosmetického salonu?

- Ano
- Ne

4. Jaké služby využíváte v kosmetických salonech?

- Manikúra
- Pedikúra
- Stříhání/barvení vlasů
- Masáže a ošetření těla
- Kosmetické procedury na obličej/vlasy
- Péče o obočí nebo řasy
- Makeup
- Jiný
- Služby v kosmetických salonech nevyužívám

5. Podle jakých kritérií byste si vybíral/a kosmetický salon?

- Cena
- Kvalita služeb
- Doporučení (přátelé, blogeri a sociální sítě)
- Bonusové programy
- Lokalita
- Recenze (Google Maps, Mapy.cz)

6. Jak často navštěvujete kosmetický salon?

- Každé 2 týdny
- Měsíční
- Každé dva měsíce
- Podle potřeby
- Nenavštěvuji kosmetické salony

7. Kolik měsíčně utratíte za návštěvu kosmetických salonů?

- 0-1000 Kč
- 1000-2000 Kč
- 2000-4000 Kč
- 4000 Kč

8. Co z výše uvedeného, pokud vůbec nějaké, byste změnili s ohledem na kosmetický salon, který právě navštěvujete?

- Ceny
- Čas na poskytnutou službu
- Zákaznická služba
- Nic bych neměnil
- Nenavštěvuji kosmetické salony

9. Nakupujete produkty osobní péče v kosmetických salonech?

- Ano



- Ne

10. Měli byste zájem o radu lékařů před zahájením kosmetické procedury?

- Ano
- Ne

11. Souhlasili byste s tvrzením, že čím vyšší cena, tím vyšší kvalita služeb kosmetického salonu?

- S tímto tvrzením rozhodně souhlasím
- S tímto tvrzením spíše souhlasím
- Mezi
- S tímto tvrzením spíše nesouhlasím
- S tímto tvrzením rozhodně nesouhlasím

12. Bylo by pro vás zajímavé mít několik kosmetických služeb současně, např. barvení vlasů a manikúra?

- Ano
- Ne

13. Měli byste zájem o kosmetické služby poskytované u Vás doma (až k Vám dorazí specialista)?

- Ano
- Ne

14. Navštívili jste někdy bio kosmetické salony?

- Ano
- Ne, ale navštívil bych
- Ne. Pro mě je jedno, jestli je to bio nebo ne

15. Měli byste zájem o přírodní/organické produkty používané při procedurách v kosmetickém salonu?

- Ano
- Ne

16. Máte nějaké zkušenosti s přírodními/bio produkty osobní péče?

- Ano
- Ne, nemám žádné zkušenosti
- Ne, ale chtěl bych to vyzkoušet

17. Jak je pro vás nepřítomnost umělých nebo chemických přísad v kosmetických přípravcích důležitá?

1      2      3      4      5

Neni důležité

Velmi důležité

18. Pokud vás zajímají výsledky dotazníku, stačí napsat svou emailovou adresu a my se s vámi v únoru 2023 podělíme o výsledky.

- *Krátká textová odpověď*