



**VYSOKÉ UČENÍ TECHNICKÉ V BRNĚ**

BRNO UNIVERSITY OF TECHNOLOGY



**FAKULTA PODNIKATELSKÁ  
ÚSTAV EKONOMIKY**

FACULTY OF BUSINESS AND MANAGEMENT  
INSTITUTE OF ECONOMICS

## **BUSINESS PLAN FOR CREATING OF TRAVEL AGENCY TO COLUMBIA**

PODNIKATELSKÝ PLÁN PRO ZALOŽENÍ CESTOVNÍ KANCELÁŘE DO KOLUMBIE

**DIPLOMOVÁ PRÁCE**

MASTER'S THESIS

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BRNO 2011

## **MASTER'S THESIS ASSIGNMENT**

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Corporate Finances and Business (6208T090)

Pursuant to Act. No. 111/1998 Coll., on Higher Education Institutions, and in accordance with the Rules for Studies and Examinations of the Brno University of Technology and Dean's Directive on Realization of Bachelor and Master Degree Programs, the director of the Institute of Economics is submitting you a master's thesis of the following title:

### **Business Plan for Creating of Travel Agency to Columbia**

In the Czech language:

### **Podnikatelský plán pro založení cestovní kanceláře do Kolumbie**

Instruction:

Introduction  
Dissertation objectives and used methodology  
Theoretical part  
Analysis  
Proposal of the business plan  
Conclusion  
Bibliography  
Appendices

Seznam odborné literatury:

KORÁB, V., MIHALISKO, M. Založení a řízení společnosti. Computer Press Praha, 2005, 252 s. ISBN 80-251-0592-X.

MALACH, A., a kol. Jak podnikat po vstupu do EU. Grada Praha, 2005, 524 s. ISBN 80-247-0906-6.

SRPOVÁ, J., ŘEHOŘ, V. a kol.: Základy podnikání. Praha, Grada Publishing, 2010, 427s. ISBN 978-80-247-3339-5.

VEBER, J., SRPOVÁ, J., a kol. Podnikání malé a střední firmy. Grada, Praha, 304 s. ISBN 80-247-1069-2.

The supervisor of master's thesis: prof. Ing. Vojtěch Koráb, Dr., MBA

Termín odevzdání master's thesis is given by the Schedule of the Academic year 2010/2011.

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## **ABSTRACT**

This master thesis is concerned with creating a business plan for a new company Kolumbus Tour Ltd. The company itself will offer ecological tours to natural parks in Colombia. A business plan draft is based on theoretical background and it is further developed and supported by market analysis and research conducted.

## **ABSTRAKT**

Tato diplomová práce pojednává o obchodním plánu a jeho konkrétním návrhu na vytvoření nové společnosti Kolumbus Tour Ltd. Jedná se o cestovní kancelář, která bude nabízet ekologické tour do národních parků v Kolumbii. Návrh obchodního plánu je založen na teoretických základech a dále rozvinut a podpořen důkladnou analýzou trhu a výzkumem, který byl za tímto účelem uskutečněn.

## **KEY WORDS**

Business plan, Small and medium enterprise, Marketing research, Marketing mix, Analysis of business environment

## **KLÍČOVÁ SLOVA**

Obchodní plán, Malé a střední podniky, Marketingový výzkum, Marketingový mix, Analýza obchodního prostředí

## **BIBLIOGRAPHIC QUOTATION OF MY THESIS**

SRNÍČEK, M. Business plan for creating of travel agency to Colombia. Brno: Technical University of Brno, Faculty of business and management, 2011. 140 p. Advisor of thesis prof. Ing. Vojtěch Koráb, Dr., MBA.

## **BIBLIOGRAFICKÁ CITACE MÉ PRÁCE**

SRNÍČEK, M. Obchodní plán pro založení cestovní kanceláře do Kolumbie. Brno: Vysoké učení Technické v Brně, Fakulta Podnikatelská, 2011. 140 s. Vedoucí diplomové práce prof. Ing. Vojtěch Koráb, Dr., MBA

## **ČESTNÉ PROHLÁŠENÍ**

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V Brně dne 24.5. 2011

Bc. Martin Srníček

## **ACKNOWLEDGMENTS**

I would like to thank to the supervisor of my thesis, prof. Ing. Vojtěch Koráb, Dr., MBA for useful advice and comments that helped make my thesis realized. I also thank to my family and friends for their mental support and assistance in conducting a market research.

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## **INTRODUCTION**

This work deals with a business plan for starting a new company. Before we get to the topic of this paper I would like to start with the consideration of a decision to start own business.

Why does anyone want to start their own business? There must be something that attracts people to do so, because, since the market economy exists, millions and millions of people put themselves into this hard work with uncertain outcomes.

So, what is the reason of people starting their own businesses? As we might expect, there is no uniform answer to this question. Every individual has its own motivation to start up a business, he or she might be under different circumstances, be in different situation in their life and a personal character of each individual differs as well. However, there is one feature common to all the entrepreneurs – they expect to make money, or an extra profit, if you want.

Most people think about starting their own business at some point of their life. Yet, just some of them decide to do so. The reason is that an impulse or trigger is needed in order to push them to the action, and thus make their ideas come true. We can divide these triggers into two groups, so called “push factors” and “pull factors”. As you can suspect from the name, push factors push you into self-employment. These are very strong motivations for self-employment, but not necessarily for growing your own business. On the other hand, a growth business is more likely to be established because of the positive influence of pull factors such as the need for independence, achievement and recognition, personal development and wealth.

Tabulka 1 Reasons for setting up in business

<b>IDEA</b>	→	<b>ACTION</b>
<b>Push factors</b>	Blocks	Pull factors
<b>Unemployment</b>	Need for regular income	Independence
<b>Disagreement with management</b>	Family to support	Achievement, Recognition
<b>Does not “fit in” to company</b>	No capital	Personal development
<b>No other alternatives</b>	Doubts about ability	Personal wealth

Source: (BURNS, P. Entrepreneurship and small business. 1.issue. Palgrave Macmillan USA. 2001. ISBN 978-0-333-91473-1.)

The decision to start own business is one of the most important in the life of every person. Since such a decision is associated with a high level of risk and uncertainty, one has to consider this decision very well and realize all the consequences it may have for him. As a part of this process, there are a few questions that need to be answered before starting business activity:

Why do I want to have my own business?

In what sector do I want to operate?

What will be my goals?

Can I be a good entrepreneur?

Without having these questions answered you probably should not start your own business.

As I said at the very beginning, this work deals with a business plan for starting a new firm. It will be a small travel agency focused on taking tourists to Colombia. There are

more reasons why I chose this topic. Firstly, I am very interested in travelling and I think the contemporary trends in this sector are changing. I have been meeting more and more people, who do not like just to lie on the beach and going to same places every year. Therefore, I will make a research to find out the tastes and needs of potential customers in regard to travelling and try to design an appropriate successful business model.

Secondly, I am also interested in Colombia itself. I lived in this beautiful country for about six months, and I must say there are amazing places to visit. Its fauna and flora is so rich. The culture is completely different and people are so nice and cheerful. You can find everything there, and, as a European, I think it is a destination where people from Europe would feel very comfortable and enjoy their time there. On the other hand, there is one unpleasant thing I have to deal with – it is a bad reputation of Colombia. Despite more and more people going to Colombia to discover, how Colombia really is, there are still prejudices that Colombia is a country of drugs, murderers and guerrillas. This obstacle must be overcome and part of my research takes care of this.

There are a few companies operating between Czech Republic and Colombia. However, these are usually travel agencies covering many other destinations and having their trips to Colombia very limited in terms of a frequency and also places they go to. Majority of them take tourists just to the most popular tourist places which is The Caribbean Coast and The Island of San Andres.

The idea is to establish a firm that will be specialized exclusively in transporting people to Colombia and therefore can satisfy more specific wishes and offer more suited services.

The third reason is that business plans can be widely used in practice. I might take advantage of it, as I think of starting my own business in the future. Here, it is important to say that many attempts to start own business end up with failure. It can be caused due to many reasons. It may be a poor market analysis or customer segment, an unexpected development in the sector, economic cycles, bad timing or the entrepreneur might just have had bad luck. Business risk can never be eliminated, since business always have

been, and also will be, uncertain source of income. Yet, a good business plan can reduce that risk considerably.

The theoretical part of this work deals with a business plan in its general form and can be helpful to those who consider doing it. This work is divided into four main parts. First one is a theoretical part. It is concerned with a business plan, its definition, its role and the structure. Then an analytical part follows dealing with environment analysis, namely the two of them – analysis of external environment and market analysis. There will also be a market research carried out with questionnaire method, also examined in this section. The results of these analyses will be summarized in a SWOT analysis. The third section of this work is a business plan for a small travel agency. The business plan gathers up all the important information and outcomes from the analyses. It also forms a specific proposal for a specific company. The last part is devoted to risks and its elimination in the context of a business idea, since risk and business goes hand in hand together.

# 1. PROBLEM DEFINITION AND AIMS OF THE WORK

This part of the work consists of two main issues. Firstly, it defines a problem this thesis is going to handle with. Secondly, it states the main goals of the work that should be reached.

## 1.1 Problem definition

Let me start this section with an explanation of a planning itself and how important the planning is when starting a business. The planning process consists of three stages as follows:

- **Firstly, we need to understand where we are.**
- **Then, we must decide where we want to go.**
- **Finally, we have to plan how to get there. (1)**

“We can imagine the business plan like a road map and the planning process like map reading, decide on where you are, the destination you want to go to and then you can start planning the route. You might decide not to go in a straight short line because there are longer but faster routes. You might also be forced to take by-passes because of unexpected constructions on the road disrupt your route, or you might not get to your destination as quickly as you expected because the car breaks down.” (1)

Eventually, it is possible that you will never reach your destination at all because of an accident. If you can't decide where you are or where you want to go, the map is useless. On the other hand, if you know where you are and where you want to go, a good map enhances the chance to get there. Planning the route will also help you assess how much gasoline you will need and how much money you will have to spend.

Many people thought about starting their own business at some point of their life. At the beginning of everything, there is an idea. A good idea. However, an entrepreneur must find out, whether his idea and business intentions he wants to practice are really feasible. A good business plan helps him to determine, whether it is possible to put it in

practice and work. On the other hand, if it is not, telling entrepreneur not to start the business may save him a lot of money.

This thesis is also a useful tool for assessing resource requirement, the acquisition of these resources and the successful managing of a firm based on those resources

The level of competition in a tourist market is very high, and therefore it is essential to differentiate our product or service from those of competitors. The effort of a company is to be unique in some way, and to offer a consumer something competitors do not. Differentiation gives us a competitive advantage. It also helps us to be identified in consumer's minds, who will remember our product or service better.

In 21<sup>st</sup> century, most people in a civilized world are familiar with the internet, and, especially young people, use internet as a shopping channel. Travel agencies have realized this trend quickly and most of them offer selling their services online. Nowadays, 30% of all tours sold abroad are through online sales. Market analysts expect the share to rise in the upcoming years.

A vital part of this work is a comprehensive analytical part, which is a cornerstone for the next steps. The analytical part includes the most important and a widely known analysis such as Porter's Five Forces Model, The segmentation analysis, the analysis of external environment – PESTEL and so forth. The Analytical part should be able to prove a potential of success and long-term viability of our business.

## **1.2 Aims of the work**

Following the problem definition, I set two main goals of this work. These should be reached:

Make an analysis of business environment and business sector. This analysis will provide us with important information that can be further used in the creating of a business plan and making up its parts, such as sales plan and revenues forecast. It is much better to base estimations on real data collected by a research rather than just making them up. My second goal is to make a proposal for starting a new company, and eventually find a business partner in Colombia.



## **2. THEORETICAL APPROACH**

In this section of the paper I address issues such as business plan, planning process in general, essentials and role of the business plan. Next, it examines different legal forms of business, and last, it looks at particular sections of the business plan.

### **2.1 Business plan**

The business plan is a document that describes the essential purpose of the existence of a firm, long-term goal and the way in which to reach that goal. Its task is to illustrate business ideas, competition and a need of financial resources. You can also compare the plans with a real situation and if it differs, it allows you to identify how and why it does so. The execution of a business plan is crucial, since it is instrumental and gives a starting businessman an understanding about the conditions for initiation a business activity.

Other definition may be for instance the one of Hisrich & Peters (3):

“A business plan is a written material carried out by an entrepreneur, describing all external as well as internal key factors influencing the start-up and also its progress.”

There are few useful generally accepted recommendations that help to make your business plan more transparent and also more attractive for potential investors. Therefore, I found it important to put them down:

- **It should be simple and comprehensible to all the people**
- **It should be realistic and credible**
- **It should point out a competitive advantage of the business**

It should be orientated on the future (not only establishing business, but also its development)

### **2.1.1 Why you need a business plan**

Every individual who wants to set up a business should think through his or her business ideas. A business plan helps to do it and it will also reveal some problems to face before they even occur. This is important, because they will be ready when problems appear. Secondly, every company must set aims and objectives it wants to reach. These are then tracked and compared against the real performance of a firm. Finally, a very common reason, why you need a business plan, is for financial purposes.

Naturally, at the very beginning of a business process, there is a business idea. However, once you have got a business idea you must ask yourself: “Where am I going to get money to start my business?” This is a question every small starting firm must face. Normally, you do not have the full amount of money you need, therefore you start looking for external finance. A good business plan can persuade and attract external subjects and institutions to finance your idea.

Planning processes and business activities have a positive impact on whether or how successful an enterprise is going to be. No matter what size the business is. Timmons (1999), cited by Burns (1), asserts, that a majority of fastest growing enterprises had made business plans before having started a business.

Woo et al. (1989), cited by Burns (1), carried out a research in which they found out that firms, which invested time in planning activities, were those that experienced rapid growth. There are many other studies and researches that support the fact that firms with business plans are more successful and grow faster than those without it. Let’s look at it from another point of view. Just think about how difficult it would be to raise finance for your business without a plan. So, a business plan is a vital document you must present to the bank or other institution when asking for finance.

Business plans do not need to be long or complicated. However, we must distinguish between various purposes, for which a business plan is going to be used. In case a business plan is made only for an internal use, it can be an informal document. On the contrary, when it is used to acquire external finance they have to be more elaborate “selling document”. (1)

### 2.1.2 The planning process

I have already said, in the problem definition part, that every plan requires planning. In this section, we are going to look in more detail at planning process, which has three stages:

1. **Understanding where you are.**
2. **Deciding where you want to go.**
3. **Planning how to get there. (5)**

“The business planning process is simple but systematic. Let’s have a look at each of the three stages in more detail.

#### **An understanding of where you are:**

- **Understanding your product or service and how it is better and worse than that of your competitors – your competitive advantage:**

How do you compete in terms of price, quality and so on?

Is the product or service differentiated in any way?

How can this be reinforced?

Can the product or service be easily copied?

Can you discern any patterns in successful or unsuccessful competitors?

- **Understanding who your customers are and why and how they buy from you:**

Can you identify market segments and can you get to them?

Are your existing customers happy with the product or service?

What is good and bad about your marketing mix?

Can more customers be found who are similar to your existing customers?

Are you selling to a niche market?

- **Understanding your own and your firm's strengths and weaknesses:**

What are your own aims, your own strengths and weaknesses?

How good are your people and your facilities?

Are you good at leadership and communication?

What are the critical success factors?

What will be the critical problem areas if you grow?

Do you have money of your own to put into the business?

Understanding the opportunities and threats that the market might present you with:

Are market tastes changing?

Is the market growing?

Are there changes in the social, legal, economic, political or technological environment that are likely to affect you in the future?

How easy is it for competitors to come into your industry? Do you have new product or service areas?

**Decide where you want to go:**

- You must set general aims for your business as well as for you. Do you want a lifestyle or do you want to go for growth? For some enterprises, aims can become "mission statements" claiming what the managers want the business to become.
- Then, you set some specific goals that show you have achieved your aims. However, objectives must be quantified, framed within time period and

achievable. Thus, they can be useful goals against which to confront your business performance.

For example, an objective may be to achieve profit growth of 10 percent with a minimum return on capital of 15 percent. Objectives are the milestones on the journey.”

(1)

### **Planning how to get there**

It is not enough to know where you are and where you want to go. You must consider how to get there. Let's come back to the analogy with travelling – how do I get to my destination? You can either take a short route or a long route. You can go fast, which might be quite dangerous, or you can take it slow, which might cause other competitors to get to the destination before you. You can go by highway, where everyone else goes, or you can use side ways that are not so explored and exploited. Of course, you can also choose a mean of transport that will take you there. All of these things, and much more, can be described with one word, and the word is strategy.

- “Every firm needs to develop a strategy in order to achieve its goals. Developed strategies answer the questions how. Strategies do not need to be complicated. If you take the strategy apart you will see that it is individual tasks put together. Nevertheless, it requires and involves co-ordination of the different management functions such as marketing, people, finance and operations.” (1)
- When talking about business plan, there is one part of it which is crucial and you can't miss out- it is a marketing plan. A good marketing plan provides us with a consistent and adhesive marketing mix to explain how to sell the product or service to the different customers.
- Planning is a process that should save your time and money and, of course, help you to choose the best way to get to your destination. Anyhow, money needs planning too. You will have to create a financial budget, based on forecasts and analysis you made on the market. Profit and cash-flow forecasts are needed to see what and how much financial resources you is required for the plan. The

financial budget should help you answer questions like: “Do you need to attract investors?” Can I do so? If not, your plans might be adapted.

A business plan makes you think systematically and more detailed about the future of your business. It takes into consideration the options you have and clarify the decisions you have made, as well as think through consequences your actions might have. This does not mean you will anticipate all the problems you will have to deal with, but you will be better prepared to manage them thanks to your deep understanding of the business and its market place. Business planning is not a rigid and stable on the contrary, it is a process that is being modified in order to meet changing opportunities and threats. (1)

### **2.1.3 Whom is a business plan intended for?**

Basically, you can do a business plan for two main groups:

1. The entrepreneur him/herself.
2. The external investors, including banks, equity investors or other forms of capital institutions.

For entrepreneurs themselves, a business plan is a tool to think through their business ideas, have a good understanding of problems that might happen and minimize risks associated with their activities. There are objectives of the project stated as well as particular steps that should lead to reaching the goals.

On the other hand, for banks, equity investors and other institutions a business plan is an essential document they look at when deciding whether it is good to invest into in or not. Therefore, the business plan must be a perfect and detailed document if you are going to use it for attracting investors, since no institution is going to give you money if they do not believe the business idea can't succeed. Nevertheless, we must say that investors often invest in individuals, not in businesses or plans. People have perceptions of each other, thus it is important what perception has an investor of an entrepreneur asking for finance. Naturally, an entrepreneur must know what he is talking about and that his business idea has a good chance to be successful.

#### **2.1.4 What does a business plan include?**

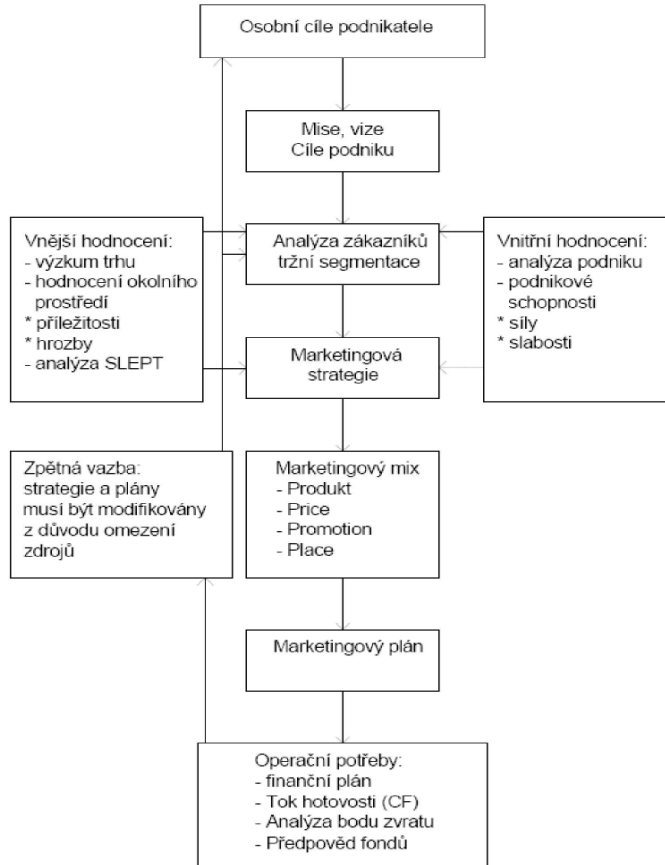
There is not a uniform pattern of a business plan. Each business plan can differ from business to business, however some pro-forma draft exists:

- **Business details – name, address, legal form, business activity**
- **Business aims and objectives**
- **Market information – size, growth, competitors**
- **The firm’s strengths and weaknesses as well as competitive advantage**
- **Customers**
- **Marketing strategy – advertising, promotion, pricing and so forth**
- **Premises and equipment needs**
- **Key people, their functions and background**
- **Financial highlights – turnover, profit, break-even, funding details**
- **Detailed profit forecast**
- **Detailed monthly cash-flow forecast (1)**

The planning process may consist of the steps described in following figure.

**Obrázek 1: Schéma plánovacího procesu**

Obrázek č. 1: Schéma plánovacího procesu



Source: BURNS, P. *Entrepreneurship and small business*. Adapted by ČOUPEK, L. *Podnikatelský záměr pro založení nového podniku (25)*

This pro-forma is designed for a rather smaller start-up that I am actually considering in the business plan. It is to say that a pro-forma for a large start-up would look different. It would also be giving more details, longer and would provide forecasts for a longer time period, in particular three or more years. It is good to put an executive summary at the beginning of a plan for investors and venture capitalists who consider investing money into your business, executive summary may be the only thing they read. That's why it is so important when you attract investors.



### **2.1.5 Types of business plan**

Many varieties of business plan exist, depending on specific circumstances and the purpose of the business plan. Every situation requires a particular type of a business plan. For example, if you are developing a business plan for internal need only, handing out neither to banks nor to investors, the plan does not need to include all the background details you are already familiar with. Description of the management team is important to potential investors, on the other hand financial history and the ability to pay off the debts is crucial to the banks.

Therefore, according to specifications mentioned above, we can classify following types of a business plan:

- **The most standard business plan is a start-up plan**

It defines the initial steps for starting a new business. It takes care of elemental issues such as the company, product or service, strategy, market, financial analysis and management team. The financial analysis includes projected sales, balance sheet, cash flow statements, profit and loss account, possibly some other calculations. The important part of the business plan is an executive summary which is on the very beginning of the plan. A business plan also includes appendices that are attached at the end of the start-up plan. These show various projections and scenarios for the first year.

- **The internal plan**

The internal plan is destined exclusively for the internal use within a company. External investors such as banks, individual investors or other third entities are not considered as recipients of the internal plans. A detailed company description and company management team may not be a part of the internal plan. It would be useful to include financial projections with budgets and financial and sales forecasts. Better than detailed texts might be main points in bullets, for example in PowerPoint presentation or other appropriate program.

- **The operations plan**

It is normally an internal plan. Sometimes it is also called an annual plan and would be more specific and detailed on implementation milestones, deadlines and particular responsibilities of the teams and managers.

- **The Strategic plan**

A strategic plan might be an internal plan as well as external document. However, it focuses more on high-level options and setting main priorities instead of detailed dates and specific responsibilities. Likewise, majority of other internal plans, it would not include description of the company and management team. It also might miss out detailed financial calculations.

- **The Growth, expansion or new product plan**

It normally focuses on a specific area of business or a subset of the business. These plans might be internal plans as well as external documents, varying on the purpose, i.e. thus whether they are linked to loan application or new investment. Such an internal plan is to set steps for growth or expansion using internal finance, might skip more detailed descriptions. It may not consist of specific financial projections for the entire company. Nevertheless it should at least be accompanied by detailed sales forecasts and also expenses for the new firm. (1)

- **The feasibility plan**

It is a pretty simple plan for a start-up. We can say a feasibility plan is useful in order to decide, whether proceeding with a plan or not. In case the business is not worth to push ahead, we can stop proceeding with a plan. This simple plan includes a summary, mission statement, basic market analysis, analysis of costs, pricing, keys to success and projected expenses.

## **2.2 Small and medium enterprises**

In this part of the thesis I am going to explain what a small or medium enterprise is, what its characteristics are, why people run small and medium enterprises and in which way small and medium enterprises differ from large companies.

### **2.2.1 What is a small or medium enterprise?**

We are in the age where people's desire to be independent and self-sufficient is increases. People do not want to be reliant on someone else and therefore they start their own small or medium businesses. Logically, their start-ups are small, because they do not have as much money or other resources as huge firms or multinationals. However, even small firm, when successful, may grow and become bigger, if pursued.

The internet portal EU-research defines a SME as “any entity engaged in economic activity, irrespective of its legal form. This includes in particular, self employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in economic activity. “ (1)

Micro, small and medium-sized enterprises are socially and economically important, since they represent 99 % of all enterprises in the EU.

### **2.2.2 Criteria for defining SME**

This section is going to give you an explanation of what a SME is and various types of SME. At the beginning I think it would be useful to put down a definition of a SME. As it is in case of many terms, there is not only one explicit definition of a small enterprise. It is because the same definition can't cover sectors as different as manufacturing and services.

**Tabulka 2: Criterion for SME according to The European Commission**

Criterion	Medium - sized	Small business	Micro business
<b>Maximum number of employees</b>	9	49	<b>249</b>
<b>Maximum annual turnover</b>	2 million EUR	10 million EUR	<b>50 million EUR</b>
<b>Maximum annual balance sheet total</b>	<b>2 million EUR</b>	<b>10 million EUR</b>	<b>43 million EUR</b>

Source: The European Commission. Enterprise and Industry, Adapted from Ministerstvo průmyslu a obchodu (24)

### 2.2.3 Characteristics of SME

It is obvious that there are not just the two tables presented in the previous section to describe the whole nature of small and medium enterprises. For example, “the person managing small or medium enterprise, the market influence, independence and personal influence are those that help to characterize a SME.” Let’s have a look at each characteristic in brief as described by Bolton Committee:

- **The market influence**

We can say small enterprise has a small market share, thus it can’t neither affect prices nor product quantities provided. Nevertheless, two principal problems arise. First, market definition, and second, small firm can be influencing price and quantities sold in the market, as a number of firms serve market niches so small that they control the whole segment. There may not even be clear competition in the segment and therefore they do affect both price and quantity sold.

- **The independence**

The small company is an independent subject, its advantage or disadvantage, is that it is not a part of a larger company. The owners or owner-managers of small enterprises can make their decisions without being controlled from outside. This would mean that only owner-managed enterprises are considered small firms. Nevertheless, there are some specific features in respect to managing a small enterprise from a large company.

- **The personal influence**

A small enterprise is managed in a personal way. It is not managed as a part of any formal management structure. A large firm is managed by means of a formalised management structure. On the contrary a manager of small firm is involved in all aspects when managing business. Obviously, the personality of a manager in SME is important and even crucial, since all principal decisions are made by him.

Small firms have some specific characteristics that prove a different approach to management and business as well. Typically, they are short of cash. As they are small enterprises, they do not have as much financial resources as large companies do. This has major strategic implications. It restricts some strategies that might be adopted. For example, a small firm can't have strategy requiring costly advertising and expensive promotion campaigns. They prefer and have to establish closer relationships with its customers and potential customers. They eventually invest much more of their precious time rather than money. Second, decision making is a short-term. If the business is growing, increase finance appears to be a major strategic step and banks and venture capital are becoming a main resource.

Third, small firms usually have limited scope of business, which means they serve an individual market or a limited range of markets. It is very likely that they also offer a limited range of products. For small or medium enterprise a business strategy is very often identical with marketing strategy. Unfortunately, they have difficulties to diversify business risk, which large companies normally do not.

If we look at customer base between different companies, we can say that majority of small enterprises does not have as many customers as big firms and corporations do. Smaller firms have normally less customers, what more – they might even be reliant or dependent on few very important customers to them. This is reason why SME must take good care of their clients, as every single customer lost will have a disproportionately larger effect on the firm.

It is also a reason why SMEs are riskier than large firms and find it difficult to raise finance. Wynarczyk et al.<sup>3</sup> (1993) and Casson<sup>4</sup>(1982), cited by Burns (1), state that much greater role played by uncertainty, innovation and firm evolution is the characteristic that really defines a small firm.

Such high level of uncertainty requires short-term decision-making in order to respond quickly and flexibly to what is going on the market. Next, innovation and a way in which it is introduced, is another aspect making small firms different to big companies. Finally, evolution is a factor that helps us to characterize a SME. What the term “evolution” means?

It is a recognition that the nature, style and functions of management change substantially as the small enterprise grows and evolves.

#### **2.2.4 Small firm sector**

So far, we have talked about differences between small firms and large enterprises. However, there are differences within a small firms sector as well. Think about the size, age of business, sector, location, growth and decline, economic and market conditions and so on. In addition to all of these, people managing enterprises are different and diverse. You do not have to own a small firm to manage it and you definitely do not need to be an entrepreneur. Other factors make a difference too, namely age, sex,

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<sup>3</sup> WYNARCZYK, P. et al. Managerial labour markets in small and medium sized enterprises. (10)

<sup>4</sup> CASSON, M. The entrepreneur: An economic theory. (2)

ethnicity, social origins, family relationships and so on. Maybe then you start realising the complexity of SMEs and the task of managing them.

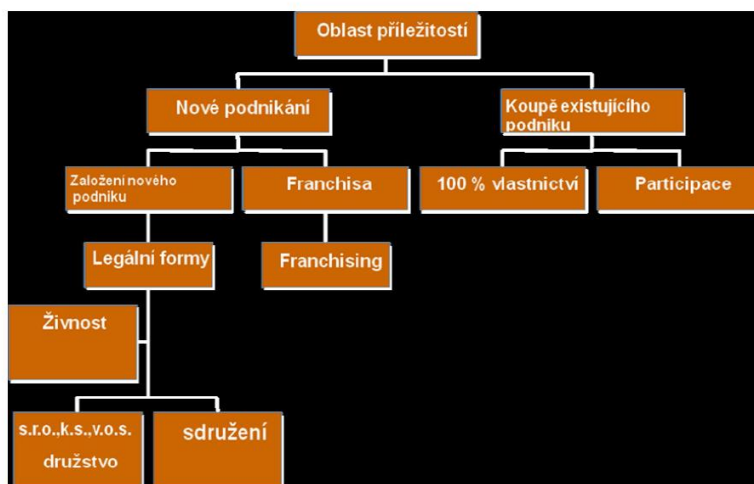
You must take carefully the generalisations in regard to small firms and also people managing them. Supposedly, they cover about some 95 percent of enterprises in most countries. Small firms are not the same, but we can point out some features that are common as we did in previous section.

### 2.3 Legal form of business

The main topic of this work is a business plan. I am focusing on a business plan for a new company that does not exist yet. As a consequence of this, I must decide what legal form of business is going to be appropriate for my enterprise and circumstances given.

Since the legislative is not the same in all countries, naturally legal forms of business, its conditions and specifications vary across countries too. I am going to start a business in Czech Republic, hence considering legal forms of business existing in Czech would be useful. The picture below shows possibilities and types of legal forms of business.

**Obrázek 2: Legal forms of business in Czech Republic**



Zdroj: STOKES, D. *Small business management*.

**Source: STOKES, D. Small business management. Adopted by ČOUPEK, L. Podnikatelský záměr pro založení nového podniku. (25)**

First decision you have to make is whether you start a completely new business or purchase already existing company. I am considering starting a new business because of

my insufficient financial resources you need for buying already established firm. Second, companies that are already established on the market provide different services to the customers compared to what I intend. It would be costly and might not work to buy another enterprise and change it.

Therefore, I am considering for my start-up either sole-trader or various forms of trading companies. Following table summarizes advantages and disadvantages of different legal forms of business. It should help to make a decision about legal form.

**Tabulka 3: “Tabulka č.1” Porovnání jednotlivých typů obchodních společností**

**Tabulka č. 1: Porovnání jednotlivých typů obchodních společností**

Obchodní společnost	Obchodní firma	Počet zakladatelů	Základní kapitál	Minimální vklad společníka	Ručení	Orgány
veřejná obchodní společnost	veř. obch. spol. v.o.s. jméno společnosti a spol.	2 a více	není stanoven	není stanoven	společnost i společníci celým svým majetkem	statutární orgán (všichni společníci)
komanditní společnost	kom. spol. k.s.	2 a více (1 komanditista a 1 komplementář)	není stanoven	komanditista 5 000 Kč	komanditista do výše svého nespliceného vkladu, komplementář neomezeně	statutární orgán (komplementáři)
společnost s ručením omezeným	spol. s r.o. s.r.o.	1 – 50	200 000 Kč	20 000 Kč	společníci do výše úhrnu nesplicených vkladů, společnost celým svým majetkem	valná hromada statutární orgán (jednatelé) dozorčí rada
akciová společnost	akc. spol. a.s.	min. 1 PO nebo 5 FO	s veřejnou nabídkou akcií 20 mil. Kč, bez veř. nabídky 2 mil. Kč	není stanoven	společnost celým svým majetkem	statutární orgán (představenstvo) valná hromada dozorčí rada
družstvo	družstvo	min. 2 PO nebo 5 FO	50 000 Kč	není stanoven	družstvo celým svým majetkem	členská schůze představenstvo kontrolní komise

zdroj: obchodní zákoník a vlastní zpracování

Source: ČOUPEK, L. Podnikatelský záměr pro založení nového podniku (25)



I take into account all the important characteristics, and particularly on the number of founders, capital stock and minimal deposit I have chosen the form of limited company. Limited company can be found from under one founder already, physical entity – in this case it is me. Also limited liability seems to be a favourable factor.

### **2.3.1 Limited company**

#### **Basic information**

A limited liability company is the simplest type of capital company. A limited liability company may consist of 1 to 50 members. The legal regulations of a limited liability company are primarily set forth in the Commercial Code. The Commercial Code defines a common basis for all business companies in § 56 and following. Specific regulations for a limited liability company are contained in § 105 and following. (13)

A limited liability company is the most popular form of a business company in Czech Republic.

#### **Capital stock**

The capital stock of a limited liability company must equal at least CZK 200.000. Each member may contribute in the basic capital of the company with only one investment and minimum amount of each person's contribution must be at least CZK 20.000. The amount of individual members' investment contributions may be determined differently, but in total it must equal the company's capital stock.

In case that a company is formed by one person, it may be entered in the Trade Register only when its capital stock has been fully paid up. The basic capital becomes the property of the company and the company disposes of it freely, e.g. uses this money to purchase office equipment and goods, pay regular bills, and so on.

## **Liability**

The members are jointly and severally liable for company's obligations up to the unpaid amounts of investment contributions according to the entry in the Trade register. Since January 1, 2001, "members are not liable only for their unpaid investment contributions, but they are jointly liable for the total of all unpaid funds. A situation may then arise when a creditor of the company successfully seeks payment from you despite the fact that you have long paid up your contribution." (13)

## **Statutory organ and general meeting**

Statutory organ consists of one or more executive officers. Each of them, if there is more than one, has the power to act independently in the name of the company unless the partnership agreement states otherwise. Executive officers bear all legal responsibility for the company's business management, bookkeeping, obligations against authorities, etc. General meeting of company's members is the highest body.

## **Advantages and disadvantages of limited company**

### **Advantages**

- **limited liability of the company's obligations**
- **relatively low amount of minimum basic capital and**
- **low demands on administration**

### **Disadvantages**

- **a partial disadvantage for beginner entrepreneurs is in this case the necessity to use double-entry bookkeeping**
- **administratively demanding dealings with authorities**
- **the company's profit is taxed under corporate income tax**
- **double taxation – corporate tax rate and profit tax**

## **2.4 Execution of the business plan**

In this part, as you can expect from the name of chapter, I am going to describe in more detail individual divisions of the business plan. The structure is a bit different from pro-forma plan defined in one of previous chapters. The reason is that this not pro-forma, but an execution of business plan.

### **2.4.1 Title page**

Title page is more formal aspect of business plan however there must be title page with very short overview of what a business plan contains. Normally you put in title page:

- **Company's name and its registered place**
- **Name of entrepreneurs and current contacts on them**
- **Company's description and nature of business**
- **Finance method and structure of finance**

### **2.4.2 Executive summary**

Executive summary should be done at last, after the whole business plan. Its recommended length is about 3-4 pages and purpose of executive summary is first of all, make potential investors interested. It is the part investors are going to read first, and if they like it, then they keep reading a business plan. If not, they won't bother with more than these 4 pages.

Executive summary is a brief description of business idea, target group of customers, strategies and its implementation, assessment of managerial skills, strengths of the project and financial plans for next few years. Executive summary, as it says, summarizes the most important aspects of business plan and we must pay good attention in order to make it comprehensible and attractive. (1)

### 2.4.3 Business Analysis

Business analysis is one of the most important parts when preparing a business plan. No company exists in vacuum, it is the opposite – all the firms meet up and face each other on the market with high competition, normally. Therefore the need for knowledge and understanding of conditions and legislation for business activities, level of competition on the market and also target customers, is crucial. Knowing and understanding these aspects should help us determine whether a project can be successful and it is worthy to start it, or not.

In this section I am just describing theoretically individual parts of business plan. The hard stuff comes in next chapter, in which practical business analysis will be applied to my project. Such analysis will include external analysis of the environment, business sector analysis, and finally, in this work very important marketing research executed by questionnaire method. Finally, all these analyses come together in SWOT that will present strengths, weaknesses, opportunities and threats of the company.

#### **External analysis of environment – PESTEL Analysis**

The company must be aware of factors in the environment that might influence buying behaviour, consumption habits and as such the total market demand for the company's products.

Most factors in the MACRO environment are without direct influence by the company. They are typically non-controllable factors. It is, however, important for the company to keep up-to-date with these factors, since some of these should to be taken into account when the company is forecasting future market potential and preparing future strategies and plans. (6)

The MACRO environmental factors to be considered by the company are often described as **PEST** factors – **Political, economical, socio-cultural, and technological factors** in the environment. Recent focus has added **legal and environment factors** (which then makes the acronym "**PESTEL**"). All these acronyms represent relevant structures for an analysis of the external factors that might influence market demand.

Obviously, a PEST/PESTEL/SLEPT analysis can include numerous external factors. As such it should at all times be remembered that **only factors that have a significant influence on market demand in the company's specific business area(s) should be included in the analysis.**

A PEST analysis could include variables like:

- **P olitical** → **Political and legal factors, e.g.:**
  - Status and changes in policy of government
  - Existing laws and regulations and changes in these
  - Impact of EU regulations
  - Growth of special-interest groups
  
- **E conomical** → **Economical and demographic factors, e.g. :**
  - Industrial structure and development
  - Distribution of population by age
  - Household income levels and income distribution
  - Impact from economic depression
  - Development in retail structure (e.g. increased concentration of retail trade)
  - Impact of further economic integration and free trade (e.g. Trading blocks (EU / NAFTA etc )
  - Outsourcing
  
- **S ocial** → **Social and cultural factors, e.g. :**
  - Development in existing values and social morals and attitudes in society
  - "The role of women"
  - Educational levels
  - National identities, language(s)
  - Religious factors
  - (New) ethnic groups in society / existence of subcultures.

- **T echnological** → **Technological and physical factors, e.g. :**
  - Status and changes in infrastructure
  - Level of technological development in society (e.g. as measured in penetration of telephones, computers, access to the Internet, micro wave ovens, etc..)
  - Accelerating pace of change
  - Factors relating to the natural environment / Environmental problems
  - e.g. pollution issues, shortage of raw materials, increased energy costs.

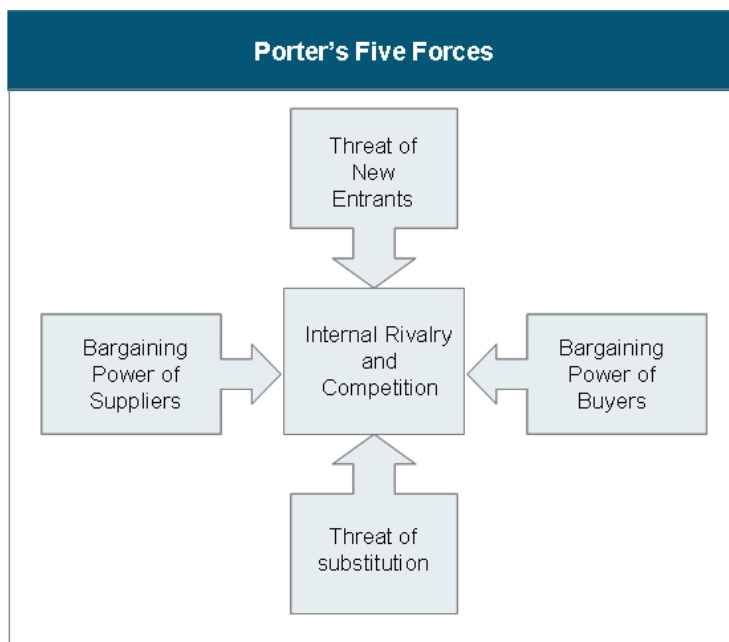
Analysing the macro-environment within the PEST structure is a useful tool to use prior to preparing the SWOT. Obviously the “PEST-factors” constitute relevant elements to include in the OT analysis.

### **Business sector analysis – Porter 5 Forces Model**

Michael Porter has identified 5 competitive forces that together will explain the strength of competition in an industry. Each force consists of a number of factors that represent threats and opportunities for the companies in a specific market.

Market attractiveness and long-term industry profitability is determined by the competition in the existing industry, the threats and opportunities represented by potential new entrants to the market, the threats of new substitutes that might erode or move the demand from the existing products, and the bargaining power of customers and suppliers. (7)

Obrázek 3: Porter's Five Forces model



Source: Michael Porter, adopted by Anything Research

#### "Box One": The Industry Competitors

The degree of rivalry / competition is determined by factors like:

- **the level of concentration** of the industry (rivalry is more intense with a large number of small competitors or few, equally balanced competitors).
- **the growth rate of the market** in which the industry operates (a growing market will result in less rivalry/competition, while a declining market will increase rivalry/competition).
- **the structure of cost** (high fixed cost will encourage price cutting to fill capacity).
- the existence of any **overcapacity** in the industry
- **the level of product differentiation** among competitive products (highly differentiated products that are hard to copy are normally associated with less rivalry)
- **brand identities /strength** (reflecting product differentiation)
- **switching cost** (rivalry in the market is reduced when switching cost are high).
- **exit barriers:**

- cost of closing down factories
  - compensation to partners, employees etc.
  - demolition of buildings, cleaning of environment
- legal liabilities, e.g. in relation to customer/product guarantees
- loss of image
- lack of possibilities elsewhere
- personal, emotional reasons to stay in the industry

#### “Box Two”: The potential threat from new Entrants

Some of the factors that might represent **entry barriers** are:

- **economies of scale**
- proprietary (“protected”) **product differences**
- **brands** in existing market (identity/strength)
- **switching cost** (the cost of switching supplier for the present customers)
- **capital requirements** to enter the market (e.g. marketing/advertising, building factory, establishing new organisation, etc. ...)
- **access to distribution**
- **cost advantages:**
  - learning curves
  - government policy
  - **expected retaliation** from companies already in the market.

#### “Box Three: The potential threat from substitutes

The existence or new development of good substitute product (that might satisfy the same need but in a be better or simply cheaper way represent important threats to industry attractiveness and profitability.

Substitution threat might be influenced by factors like:

- **Relative price** and performance of substitutes
- **the cost of switching** to substitutes
- buyer **willingness or desire** to substitute



### “Box Four”: Buyer Power

When buyers have strong bargaining power it will be a threat to profitability.

A market is, consequently, less attractive if the buyers possess strong or growing bargaining power in the relation to the companies in an industry

(= the sellers).

#### **The bargaining power of buyers is greater when:**

- there are few dominant buyers and many sellers
- products are standardised
- buyers threaten to integrate backward into the buyers industry
- the industry is not important as a supplier to the buyers

### “Box Five”: Supplier Power

A market is less attractive if the suppliers (at their will) are able to reduce quantities and/or raise market prices.

The bargaining power of suppliers will be high when

- there are many buyers and few dominant suppliers
- they supply differentiated and highly valued products and components  
  
(where no or few substitutes are available to the industry)
- the *switching cost* of companies in the industry are high (ref. relationship marketing)
- the suppliers are concentrated and/or are well-organisation
- the volume is of limited importance to the supplier
- the supplier threaten to integrate forward (4)

## **Marketing Research**

“The President of Harvard Business School once said that if you thought knowledge was expensive, you should try ignorance.” (1)

Market research is essential part of business plan and it is a must in market economy. The markets have become more and more competitive and struggling for every single customer is much tougher then it was ever before. Therefore, it is so important and desirable to know needs and wishes of customers, and also adapt products and services to those needs and wishes.

I am offering a definition of market research:

“Market Research is a systematic, objective collection and analysis of data about a particular target market, competition, and/or environment. It always incorporates some form of data collection whether it be secondary research (often referred to as desk research) or primary research which is collected direct from a respondent.” (6)

The purpose of any market research project is to achieve an increased understanding of the subject matter. With markets throughout the world becoming increasingly more competitive, market research is now on the agenda of many organizations whether they are large or small.

### **Types of data sources**

On the beginning, we have to specify what market information we need. Next step is to make a decision how are we going to collect this data. There exist two approaches to data sources:

- **Field research**

A field research or so-called primary research involves collecting data straight from the respondents or other entities. We might say it is “research in terrain” in which we collect data ourselves. We do not use data someone already gathered and reusing them.

- **Desk research**

“Desk research or secondary research is the opposite to field research. Here, data collected by other researchers are used again and processed as another primary research.” (9)

### **Market research process**

There are many variations how to describe market research process, nevertheless I chose this one in order to do so:

- **Problem definition and goals identification**
- **Designing a proper approach**
- **Developing the research design**
- **Data collection and survey**
- **Data structuring and analysis**
- **Presentation of results (18)**

We must clearly identify the problem and aims of the research, because only that way we will be sure about the direction and destination we want to go. I should also mention that a research is very time and money consuming activity, however it is worthy to do.

### **Research method - Survey**

“Survey is usually employed to gather quantitative data that are measurable and require deductive logic.”(8) Survey method is convenient due to many reasons, one of them could be the fact that it is a quick and inexpensive method how to collect a large amount of data from a lot of people. (9)

It is obvious that the validity of research depends on how many respondents take part in the research. Logic tells us the more respondents we have got the more valid results for our research we will obtain. Another reason why decide for survey as an appropriate strategy is limited amount of time and money. Saunders et al. (2003) noticed that the

“data collected through survey might not be as “wide-ranging” as by other research strategies. However, this is a disadvantage of using survey.” (9)

Three different primary methods could be used when carrying out a survey. These methods are questionnaire, structured interview or structured observation. Saunders (2003) suggests that questionnaire gathers standardized data which are easily comparable. However, as a drawback of questionnaire it can be seen a limited number of questions used that does not give us the opportunity for a deeper insight. (9)

Furthermore, according to communication form we can divide survey in four groups:

- **Personal**
- **Written**
- **By phone**
- **Electronic**

### **Data analysis**

The data collected in market research have been processed and analyzed in two programs. One of them was known Microsoft Excel program where some tables and bar charts have been created. Excel was also needed in making calculations for finance part of work. Next, a statistical program SPSS was used to analyse most of data collected in market research.

### **SWOT Analysis**

SWOT analysis summarizes and evaluates company’ s strengths and weaknesses, and the market environment in which it operates, i.e. opportunities and threats in relations to particular business project. Porter claims that: “SWOT analysis seeks to achieve an overlap between the business environment and the firm’ s resources.” (6) In other words, it is a match between the firm’ s strategic or core competencies and a market opportunity.

The SWOT analysis itself should be short, clear and easy to read. SWOT analysis takes findings from external analysis of environment, represented by opportunities and threats. Together with internal analysis of the company, represented by strengths and weaknesses, it summarizes all four aspects analyzed in SWOT. (7)

On the figure below you can see SWOT analysis table divided into internal and external environment.

**Obrázek 4: SWOT Analysis**



Source: KOTLER, P. and KELLER, L.K.. Marketing management (7)

Let me conclude this section with few simple rules for successful SWOT analysis:

- **Be realistic about the strengths and weaknesses of your organization when conducting SWOT analysis.**
- **SWOT analysis should distinguish between where your organization is today, and where it could be in the future.**
- **SWOT should always be specific. Avoid grey areas.**
- **Always apply SWOT in relation to your competition i.e. better than or worse than your competition.**
- **Keep your SWOT short and simple. Avoid complexity and over analysis**
- **SWOT is subjective.**

Be careful, SWOT analysis can be very subjective. Do not rely on SWOT too much. Two people rarely come-up with the same final version of SWOT. TOWS analysis is extremely similar. It simply looks at the negative factors first in order to turn them into positive factors. So, use SWOT as guide and not a prescription. (19)

#### **2.4.4 Company description**

Detailed company description is required in order to give a potential investor conception of the size and companies' activities. Nevertheless, only facts should be used and presented. It may be facts about its foundation, achievements reached and so on. This part can also include designed strategies and goals of the firm, and how to reach them.

Key factors in this section of business plan are:

- **Products or services**
- **Company' s location and size**
- **Strategies and goals of the firm**
- **Overview of firm' s staff and organizational chart**
- **Knowledge, previous experience or reference of the entrepreneur**

#### **2.4.5 Business plan**

Every single company either makes (produces) products or provides services. If producing, it is called manufacturing firm. On the other hand, if providing services, service business or non-manufacturing firm. Name of this part of business plan will be different for manufacturing company (production plan) and for service business (business plan).

I am going to focus on business plan, since a new start-up firm considered in this work does not produce anything. It is a service business or non-manufacturing firm. Thus, in my case, a business plan should cover acquiring some additional services in regard to travelling business. We can say a business plan will more or less transform to marketing

plan, in this case. However, a sales plan that stems from market analysis, should be included here.

## 2.4.6 Marketing plan

Marketing plan is definitely the most important and vital part of this work. Therefore, I would like to write little bit more about it. Marketing plan explains how products or services will be distributed to the customers, pricing of products also depends on marketing plan, and last but not least, how they are going to be promoted.

A marketing plan is a cornerstone for other plans, especially for financial plan that includes future revenues forecasts and costs. These two elements, revenues and costs are basic financial facts and eventually influence financial results of the company. This is the reason why lots of investors perceive a marketing plan as the most vital part.

Very popular model used in marketing field is a marketing mix. Marketing mix is a mixture of basic marketing elements. The model is called 4Ps Model and each “P” stands for one element, namely Product, Price, Place and Promotion. Naturally, the model is not that easy, every “P” consists of many sub-elements.

The 4P Model is presented below.

**Obrázek 5: 4P Model of marketing mix**



Source: KOTLER, P. Marketing management (6)

Organizational plan describes ownership structure of the firm. In case of business company, it is necessary to specify information about company's management and also specifications about business shares. Of course all of this must be in compliance with appropriate legal form. Organizational structure together with key management workers, their knowledge and practical experience is presented in organizational plan as well. (5)

#### **2.4.7 Risk assessment**

Risk is associated with any activity in one's life. Naturally, business is no exception. We can perceive risk as the uncertainty that the expected results will not be reached. Therefore, the reality is different from our plans, and if worse, it can lead to problems, eventually bankruptcy. This may be caused due to various reasons – the financial forecasts were too optimistic, new firm entered the market, unsatisfactory business plan, competitor launched a new product, unexpected economic crisis occurred or one might just have a bad luck.

We can distinguish between two types of risks – entrepreneurial risk and net risk. Entrepreneurial risk involves possibility that achieved records or results differ from those we anticipated. Entrepreneurial risk is hence uninsurable risk. On the other hand, net risk is associated solely with adverse situations, for example fire hazard, risk of outstanding debt and so on. Net risk is thus insurable risk. (11)

#### **2.4.8 Financial plan**

Financial plan determines volume of investments and indicates the extent to which is our business plan economically realistic as whole. Financial plan is divided into three main parts:

- **Forecast of earnings and expenses for at least next three years. The first year should be elaborated in more detail. Estimated costs and revenues go hand in hand and are also included in this part.**
- **Estimated cash flow development in next three years**



- **Balance sheet forecast that gives you information about financial situation on the specific date. It includes assets and liabilities and firms' s operating results. (5)**

#### **2.4.9 Appendices**

In this part, there are usually materials that are better not to include in the body of business plan itself. Mostly, they are documents which not necessarily must be incorporated in the text. It can be for example, market research findings, certificate of incorporation, pricing lists, pictures and so forth. However, there should be references in the text on appendices. (5)

### **3. PROBLEM ANALYSIS AND CURRENT MARKET SITUATION**

This chapter deals with a problem definition relevant to my business idea, which is a small travel agency to Colombia. The analysis of the current market situation in this section together with the investigation of the market should help us to determine prospects and chances for the business to be successful.

#### **3.1 Problem analysis**

What is the main problem we have to find a solution to? We must investigate whether there will be enough customers interested in buying ecotour to Colombia. Furthermore, the question is also whether the demand for such a service will be sustainable in a long-run, and therefore the company flourishing and successful in the terms of profit. Every starting entrepreneur must ask himself this question, no matter what type of a product or service he wants to offer.

Sometimes, people starting their own business are overenthusiastic and do not think much about the economic reality and tough competition on the market. These are often the reasons why lots of business ideas end up failing.

#### **3.2 Current market analysis**

In the analytical part I analyze a current situation and assess business project's chances for a success. It stems from information in the theoretical part section in chapter 2.4.3., and is also divided into four main subsections. First part is devoted to the analysis of an external environment; second part examines a particular market analysis. Next comes a marketing research and, at last, SWOT analysis summarizing previous parts is presented.

##### **3.2.1 General trends in tourism**

According to The World Tourism Organization (WTO), Vision of tourism for year 2020, long-term tourism will amount to 32% compared to actual 24% in all

international tourism, which is 8% growth. It is estimated that in 2020 there will be 1.6 billion of people involved in international tourism. Revenues from international tourism will increase more than five times to reach USD 2 trillions. Until 2020 there will be more than USD 5 millions spent for international tourism every day. It is also projected that in 2020, one of fourteen people – about 7% of worldwide population will participate in international tourism. Currently, it is less than 3.5% worldwide population involved.

Tourism has become more vulnerable to and affected by economic cycle, security situation around the world as well as exposure to environment and health of people. Consumer behavior in tourism is going to be affected by increasing contamination of environment and also by development of transportation and its costs.

NTA (National touristic agency) of particular states conducted a research about international trends in tourism marketing and they found out that move from mass-marketing to more individualized marketing approach. Agencies penetrate into new markets and try to shift demand outside traditional touristic centers and regions.

There is also expected greater cooperation and partnership between the public and private sector in terms of marketing and promotion. It is not only private companies that profit from tourism, of course the public sector receives a lot of finance from tourism through various forms of taxes.

A long-term strategy in tourism business has to take into account development and values in the society – preservation of natural environment, socially acceptable and maximum satisfaction of travelers.

On the recommendation of European Travel and Tourism Action Group (ETAG), the European Commission of tourism (ETC) published a report about trends in European tourism:

The importance of rural tourism is growing, comeback to the nature as well as an exploitation of camping and caravans in lesser extent are growing. Adventure trips and travelling to far-away exotic destinations (now estimated 19%), will attract more clients throughout all the age groups.

The most significant changes will come round in organization and marketing. Fast development in information technology and booking system technology goes on and these will influence all types of travelling. Travelers will require more effective and individual services together with quality information as well as advices before travel.

The new trend in marketing of tourism will form a link between touristic head offices and agencies with big regional companies. These two sectors participate in promotion region as touristic destination (e.g. production of documents, maps and guidebooks).

Stanford Research Institute did a research in which they found out that 10 – 15% tourists want unusual, unconventional, alternative experience and adventure. These tourists are generally well educated, financially stable, adults, concerned in environment, much-travelled, sensitive to social and cultural tradition. Destinations visited correspond to people's need to be recognized and appreciated.

### **3.2.2 Analysis of external environment – PESTEL Analysis**

#### **Political factors**

In the Czech Republic, there has been pretty unstable political situation recently. No government has had comfortable majority in the parliament, and therefore no important reforms have been done. Nowadays, there is a central-right-wing coalition which has comfortable vote majority. However, the parties in this coalition struggle with each other and political power and stability is partially limited.

#### **Economical factors**

The current economic situation in the Czech Republic is more or less stabilized. After the critical year 2009, in which GDP fell by 4% compared to the year 2008, in the year 2010 real GDP increased by 2.2%. Such a growth has been recorded thanks to strong export and import of goods and services - both went up by 17.6%.

From the entrepreneur's point of view we can say that it is more difficult to get a loan from a bank, as they consider and check up every case in more detail after financial

crisis in the last years. Tougher and stricter credit terms might be a problem for a starting entrepreneur.

Due to political discussions about VAT unification of all goods to higher level – 20%, which means there would be no exceptions on the lower 10% rate, the result might be that people will have less money to spend. A lower buying power of consumers can lead to a lower consumption.

The tourism and leisure is a fast growing business in which people spend more and more money. The question here is how the economic situation will develop and whether people will be able to spend money on travelling outside Europe or prefer cheaper European destinations.

### **Social – demographic factors**

Social demographic environment includes development in existing values, social morals and attitudes in the society, educational levels, national identities, languages, religious factors and so on.

As to the travelling, the trend in a society in the Czech Republic is obvious. More people is travelling abroad, and not only within Europe. Czechs have discovered far exotic destinations and increasing incomes together with better language skills can provide travelling to such places.

Level of standard of living surely is a factor that influences demand for travelling. The logic chain is as follows: Higher standard of living – more financial resources – preference for spare time – may be travelling to more expansive and exotic destination.

Education plays a role in external factors as well. People with university education are usually aware and concerned about global world, hence more willing to travel and meeting other cultures. They normally also have more money to travel than uneducated.

Another trend we can observe in travelling is that more people is starting to prefer tours in which they really get to know a specific country, spend longer time in it, travel around the country, knowing different places, culture, people and also “come back to

nature”. This “come back to nature” aspect takes on importance especially in nowadays rushing world and people are looking for escape from it and nature is a perfect option.

Environment and ecological awareness of people, mostly youngsters with university education also plays a role in consuming products and services.

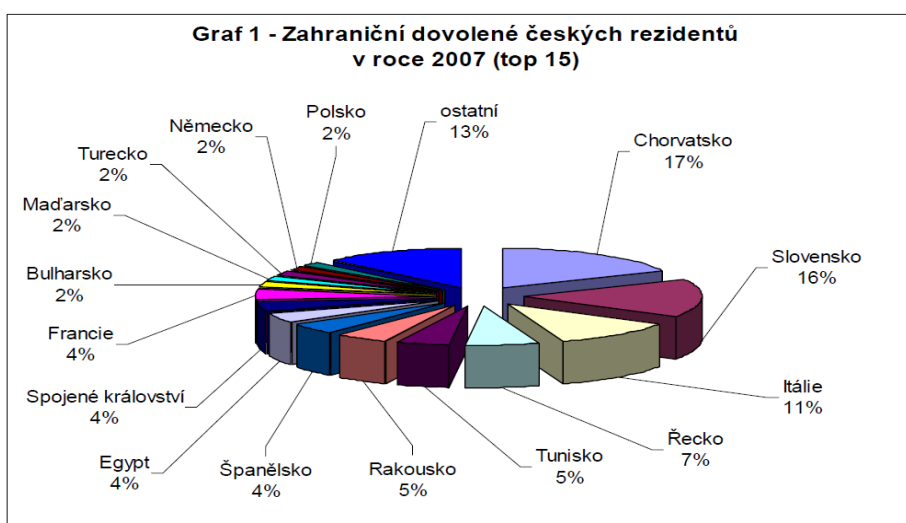
Of course, there will always be people who prefer to spend their holidays laying for two weeks on the beach, but these will not be my potential customers. There has been reported growing demand for active tours particularly by young people and students who want to live adventure, escape from every day routine, get to know something new and share their experiences with peers and friends.

In school year 2008-2009 there was 369.619 university students in Czech Republic. From them, 50.659 were students of private universities, and the rest which is about 319.000 studied public universities. It is also important to state that 109.209 of those students study distanced or combined studies. Why is it important? It is very likely that these students have either full-time, or part-time job and thus regular income.

As you can see from Appendix 1 the amount of university students in Czech Republic is continually rising and it is also growing number of those who study distanced or combined. We can call it trend, however we must be careful with implementation of tuition fees in Czech Republic, which is about to be introduced soon.

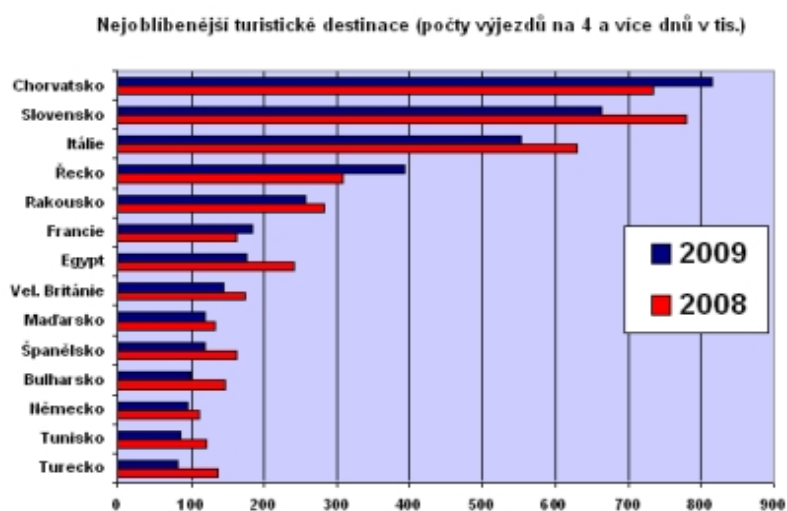
If we look at most popular touristic destination for Czechs we will not be surprised. The most visited countries in 2009 were Croatia, second Slovakia and third Italy. However, number of Czech tourists in Italy went down in 2009 compared to previous year. On the other hand, Greece is becoming more popular for Czechs at the expense of Italy.

**Graf 1: Zahraniční dovolené českých residentů v roce 2007**



Source: Český statistický úřad (23)

**Graf 2: Nejoblíbenější turistické destinace (počty výjezdů na 4 a více dnů v tis.)**



Source: finance.cz (16)

In 2006, more than 4.000.000 of Czechs went on holidays abroad. Over third of them went on holiday abroad more than once a year. Through travel agencies travelled abroad about 1.500.000 Czechs. The same year, flight travels of Czechs rose by 27.1%, which means travelling by plane has become unbelievably popular and Czechs do not mind

going on holidays by plane. This is also related to higher standard of living of Czechs and growing demand for further and more exotic destinations as well as cheaper and more reasonable flight tickets around the world. Spare time is ranking higher in people's needs since working hard and rushing for success has become every day routine.

Average duration of summer holiday abroad purchased through travel agency was 10.5 days at average price of approximately CZK 14000 (including expenses on the place). 74% Czechs on holiday abroad spend it on the beach. Active tours account for 14% and 12% are family and friends visit abroad.

Year 2008 was break point, since first time in a history more Czechs travelled on holiday abroad (50.3%) than homeland. Amount of money spend on average for a tour abroad is CZK 15.600 (growth 10%). However, in 2009 numbers decreased due to economic crisis and weaker CZK that make trips abroad more expansive.

Last, I would like to mention external factors that constitute potential threats to the business. They are world terrorism, natural catastrophes such as volcano eruptions in Iceland when no planes were allowed to take off, and various types of epidemics.

### **Technological factors**

Technological development, primarily in information and booking systems accelerates changes and contributes to higher flexibility. Travelers are able to organize their trips themselves in a large extent and wish to travel more if purchase and choice greater and simpler.

Since technologies are more available at work-places as well as households there will be higher number of direct bookings online.

Technological environment is also important factor in travelling business. Nevertheless, since doing business in travelling and tourism is information and promotion demanding issue, the development and accessibility of internet connection will be crucial technological factor. The company will have its own internet pages through which it



plans to sell services as well as provide vital information about tours as well as actual news from destination.

In year 2009, there were 96 % of students who use internet regularly, to say once a week at least. If we look at the development of people using internet in whole population, we find out that the number is rising, but it is still pretty low compared to other European countries, 55.9% in 2009.

What we also need to know is how Czech consumers perceive shopping online. In 2009, there were 22 % of consumers who purchased online, since 2003 the number is growing. Regarding buying tours and holiday trips, majority of those are so called last-minute trips – 80%.<sup>5</sup>

In 2008, number of travelling tours abroad sold equals 2.1 million, from which about 400.000 of them was booked online and its value amounts to CZK 3 billion. Compared to 2007 it went up by 5%. In 2009, number of tours abroad purchased online was 675.000 in percentage 30%, previous year it was 26% and in 2007 it was 20%. Increase as high as 10% in two years. With development of internet connection as well as educated people and comfortable shopping from home, we can expect number of purchased tours online grow rapidly. In Western Europe and US it is already 40%.

July and August are months in which people purchase most tours online, each month 20 %. More expensive flight trips are mostly sold online. People prefer buying online last-minute tours, other tours are bought in normal stores.(21) In 2008, 44% of tours abroad sold were realized through travel agency. Average price of a tour abroad went up to CZK 14.900 in 2009.

### **Environmental and legal factors**

As I already mentioned in political factors, Czech Republic is not particularly politically stable in terms of government creation. In last few elections there was no clear winner and creating coalition was hard and time-consuming task, which let entrepreneurs in

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<sup>5</sup> Source: The association of Czech travel agencies and companies. Accessible on: [www.ackcr.cz](http://www.ackcr.cz)

uncertainty. Accompanying this, persistent changes in legislation might represent threats to the company and potential frequent need to adapt to new legislation and regulations. In Czech legislation the biggest problem can be seen as too long proceedings in court.

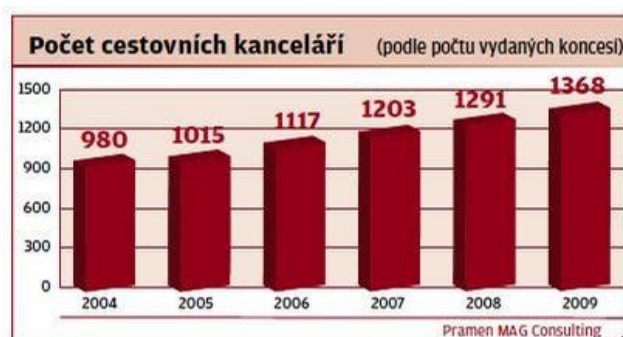
Legislation and its potential changes regarding our business would of course influence it. Since planned travel company specialized in Colombia, I see the biggest threat for business in possible introducing VISA to Colombia for Czech residents. Currently, there is no need for VISA up to 90 days. There is no sign situation should change, despite Czech cancelled its embassy in Colombia in September 2010.

What will surely have an impact on selling tours and holiday trips will be a changed VAT rate. Czech government approved a new lower VAT rate, from January 2012 it will be 14% and from 2013 it will be 17.5%. The current lower VAT rate is 10%, which means customers will have to pay more to travel agency for its services.

### 3.2.3 Analysis of market sector

Current situation on tourist market in Czech can be characterized as consolidation, which means lots of travel agencies is purchased by huge multinational concerns, smaller travel agencies join together, and some travel companies just disappear. We can perceive this trend as kind of recovery phase of market, since number of travel agencies is very high in Czech. There were more than 1300 travel agencies on Czech market in 2009, if we compare it to 980 in 2004, it is 40% increase.

**Graf 3: Počet cestovních kanceláří**



Source: Zprávy E15 (17)

A new touristic giant arose on the market in 2010, American – Turkish multinational company Odien that owns ČEDOK travel agency as well as half of ESO Travel, bought in FIRO Tour company too. This new “number one player” on the market is expected to reach revenues about CZK 6 billion and satisfy more than 400.000 customers a year. Moreover, Odien plans to buy other travel agencies in Central and Eastern Europe.

Despite declining revenues in tourism worldwide in last year due to economic crisis, prospects in future look good and situation can be very different in two years. Odien is not only company aware of this, for example Penta Investments seeks for travel agencies - one of them is Exim Tours.

Consolidation can be perceived as positive evolution on the market. Jan Papež, from Association of travel agencies in Czech, says: “It would be good for a market if number of travel agencies diminished by one third however I expect it down only by one fourth.” On the other hand, consolidation can be seen as bad from new entrant’s point of view due to bigger and stronger competitors.

I would also like to mention factors customers use when looking for tours or holidays. First, it is a destination, then specific locality in that destination, type of tour, date and price. These are the most important aspects customers adhere to when searching tours.

In 2008, the biggest travel agencies on the market were Exim Tours, ČEDOK and Fischer. Below you can see a table with six biggest according to number of clients:

**Tabulka 4: Největší cestovní kanceláře v roce 2008 (17)**

<b>Největší cestovní kanceláře</b> (podle počtu klientů na českém trhu v roce 2008, v tisících osob)	
1. Exim Tours	260
2. Čedok	225
3. Fischer	145
4. Firo-tour	100 - 130
5. Nev-Dama	100
6. Blue Style	80

Pramen: CK, asociace cestovního ruchu

Beyond big travel agencies, there are also lots of small or middle ones. Big travel agencies with 100 and more employees experienced steady revenues growth from CZK

5 billion in 2002 to CZK 13.6 billion in 2007, in percentage it is 172 %. Middle – sized travel agencies (20 – 99 employees) recorded growth of revenues from CZK 11.4 billion to CZK 15 billion in 2007, in relative terms 31%. On the other hand, revenues of small agencies (until 19 employees) dropped at the same period by 42 %, from CZK 16.4 billion to CZK 9.5 billion in 2007.

Whilst, in 2002 revenues of big travel agencies accounted for 15 % share of revenues, five years later it was already 35 % of total revenues. According to a research conducted by Mag Consulting, high inflation took away 10 % of customers who in recent years went abroad with travel agency.

Number of big travel agencies has not changed much. In 2002 there were seven big agencies, the same amount five years later, in 2007. Middle – sized travel agencies with between 20 – 99 employees recorded gradual increase from 61 in 2002 to 72 in 2007. There are plenty of small travel agencies that specialize in particular touristic destination, type of tourism, narrow market segment, or combination of these. That's the way how they compete in the market and can survive, of course not all of them do.

Naturally, small travel agencies can't have as big market share as huge companies, therefore they are looking for so-called niche markets where they serve narrow segment.

Foreign travel agencies operate on Czech market as well and thus even intensify a high level of competition. In Czech there was 2.2 million tours abroad sold by travel agencies in 2007, from which approximately 50.000 was arranged through foreign companies, mostly German travel agencies. Percentage share equals 2.3 %. In terms of financial turnover, this share is higher, because Czechs buy with German companies more expensive exotic tours.

Below, you can see the most popular tours purchased by Czechs through German companies:

**Tabulka 5: Nejoblíbenější destinace přes německé CK (1)**

**Turecko(13%)**  
**Dominikánská Republika(11%)**  
**Thajsko (9%)**  
**Egypt(9%)**  
**Kuba (7 %)**  
**Tunisko (7 %)**  
**Řecko(7%)**  
**Mexiko (6%),**  
**Španělsko(6%)**  
**Maledivy (4 %)**  
**Keňa (4%)**  
**Malta(4%)**  
**Bali (2 %)**  
**Indie (2 %)**  
**Mauritius(2%)**  
**SAE(2%)**  
**Venezuela - Isla Margarita (2 %)**  
**Portugalsko(2%)**  
**Itálie (1 %)**

Since 1<sup>st</sup> August 2006, it is enabled to sell tours of foreign travel agencies in Czech (amendment of act 159/1999 Sb.). Therefore, only since 2007 could Czechs take advantage of this change and purchase tours through foreign companies on equal terms like through Czech companies. Particularly, related to validity of insurance against bankruptcy of foreign companies on Czech territory.

### **Competition – travel agencies with tours to Colombia**

There are about ten travel agencies offering tours to Colombia in market in Czech. However, most of them have in their product range just passive tours to Colombia,

especially to San Andres, which is a popular island in Caribbean destination. Companies such as E-travel, Superzájezdy and some more offer those.

I think it is much more important to focus on direct competition, i.e. companies that provide active tours to Colombia. Naturally, there are also companies that organize active tours to various destinations but not to Colombia. These are my competition as well, since customers will choose where to go from different destinations.

Five travel companies offer active tours (“poznávací zájezd”) to Colombia – Rajbas, Livingstone, CK Soleada, CK Alvarez a ČEDOK. From them, only ČEDOK is a huge player on the market with 225.000 customers in 2008. The other four were not in TOP 6 according to number of customers in the same year. Each of them has in its product range one active tour to Colombia, and they normally go just once a year. I think this depends much on demand.

I would like to start with Rajbas, since the business model and potential customers appear to be very similar to mine. Rajbas was established in 1998 in Boskovice as company offering various active tours such as hiking, mountain climbing, cycle-tours, motorbikes and expeditions throughout continents in the world. The company nowadays has a seat in Lelekovice u Brna. Rajbas has an active tour to Colombia for 30 days, CZK 37.500 plus flight ticket (CZK 25.000 in 2011). Hence, the total price of tour is about CZK 60.000 and you have to pay a deposit CZK 10.000 before. First tour was realized this year, therefore it is a new destination for Rajbas and they might not have much experience with Colombia yet. Rajbas also offers a possibility to extend the tour by a week in Galapagos.

Next, CK Alvarez having a seat in Hradec Králové exists in Czech market from 1992 and its product range consists of more than 200 tours around the world. They organize a tour to Colombia for 21 days and price CZK 60000 (flight tickets included). CK Alvarez together with Rajbas, are two main competitors in terms of tours to Colombia. Nevertheless, huge competition on the tourism market can be perceived especially from large travel companies and agencies such as ČEDOK, Exim Tours, Fischer, Firo Tour. They are well positioned on the market, have strong negotiating power with partners, long tradition as well as established distribution channels.

As to active tours to Colombia provided by ČEDOK, CK Soleada and Livingstone, they share certain characteristics such as more comfort on the trip (3 – 4 stars hotels), price of the trip (about CZK 90.000) and short length of stay (14 days). Since, my potential customer target group is university students, considered comfort as well as price are expected to be lower than these.

In conclusion, we can say that there is very high level of competition on the tourism market in Czech. Potential customers have countless choices of destinations, types of tours as well as travel companies or travel agencies to choose from. Big travel companies such as Exim Tours, ČEDOK or Invia have recorded rising market share and the trend is very likely to continue in this way. Thus, for a small travel company it is vital to position itself clearly in the market and capture a niche on the market with which it will be able to survive. On the other hand, there is no travel company specialized exclusively in tours to Colombia, which might give us slight advantage in the eye of customers.

According to company's materials as well as statistics, we can result that number of active tours as well as exotic destinations has risen considerably. Especially young people between 18 and 30 years prefer spending their holidays in active way, since they know languages, are more global thinkers and technology allowed travelling around the world, they discover exotic destinations, such as Colombia. They can be both, man as well as women, however from my experience, men can go travelling alone. On the other hand, women mostly travel with other person.

### **Porter's Model of Five Forces**

- **Threat of new entrants**

Potential risk of new entrants in sector is very high. There are low barriers to entry the tourist market. You do not need lots of capital, also it is not necessary to have education in tourism nor practice in this field in order to run travel company. Therefore, almost everyone interested in tourism business can enter the market. Another matter is whether it can survive on the market. As we see legislative conditions make it easy to enter.

Moreover, tourist market is very attractive to new subjects. The reason is simple, tourism is a business on growing curve and people will always want to travel and have a rest from their jobs and other duties. We can expect particularly new entrants in area of internet travel companies, since selling online is a fastest growing segment.

In the market with 10 million potential customers there exist almost thousand travel companies and few hundreds of travel agencies. So many business entities make the situation pretty unclear on relatively small Czech market. On the other hand, if state started to regulate tourist market in some way, for example high price for concession or limited number of licenses for running travel company, it would lead to rising prices that consumers have to pay as a consequence.

- **The industry competitors**

There is very high competition on tourist market in Czech. More than thousand of travel companies and travel agencies operate in the market, moreover there are also companies from abroad.

Level of concentration of the industry is high, because there is a large number of small competitors as well as few huge competitors that are parts of multinational concerns and these control major part of the market. Therefore, small companies must be unique, develop a competitive advantage through which they can capture the niche and survive.

The growth rate of the market is another factor influencing level of competition. Tourist market is an incredibly fast growing market and the trend is expected to be rising more. However, in year 2009 there was a decline in the market due to financial and economic crisis people did not spend as much money for travelling abroad and rather spent cheaper holidays and travels in Czech. In the future, tourist market is expected to go up, which not necessary means less competition, but generally speaking a growing market result in less rivalry, on the other hand a declining market tends to increase the competition.

One might think that all travel agencies and companies are the same, but the opposite is true. There are so many travel companies on the market that they have to differentiate their products and services. You can find anything in the market, huge travel giants



offering wide range of destinations worldwide, various types of trips as well as products of other travel companies. Then, there are small and middle – sized travel companies that sometimes offer various kinds of product as well as destinations, but it is hard for them to compete with big ones. Rather, specialization and product differentiation should be sought – as for example CK Rajbas does. They specialize in outdoor adventure travel on a pretty low-cost basis, providing camping equipment and let people really get to know and feel the country. Naturally, having these characteristics, they focus on young people.

It is not easy to differentiate in tourist market, but it is possible. The reason for differentiation is simple, highly differentiated products and services are hard to copy and therefore associated with less rivalry. There are many ways how to differentiate, nevertheless a customer is always who decides whether it is enough differentiated product or service to buy it.

Switching cost is low in tourist market, thus a rivalry in the market is fairly high. Switching cost represent costs associated with changing companies I am buying from.

- **The potential threat from substitutes**

Potential threat from substitutes includes travelling to other destinations as well as domestic tourism, i.e. competition in terms of locality and travel agencies providing passive tours, competition in terms of type of travel.

Travelling to other destination than given one may or may not satisfy the same need of a consumer, because if a particular destination is preferred, a need for this will not be satisfied in another country. Substitution in terms of types of travel seems to be clearer, since someone wants to go to adventure tour, he is probably not going to lay down on the beach. Or, a customer wishing to go travelling on a motorcycle will not satisfy his need by going rafting. Anyway, all various types of travel as well as destination are substitutes. Relative price can influence substitution threat, as customers decide what product to buy looking at price and quality. Willingness and desire to substitute also plays a part.

- **Buyer Power**

In the tourist market there is a high number of sellers and products are more or less standardized, therefore a potential customer can choose from bunch of companies in the market and hence they have pretty much buyer power. Strong bargaining power of buyers can represent a threat to company's profitability. From this point of view, a tourist market is less attractive.

In the beginning, I consider selling services just to individual consumers who are expected to buy product once and if they like it, they might purchase more. There will be no main general customer, which on the other hand means limited level of buyer power.

- **Supplier Power**

Tourism is a business connected to other services required for a smooth functioning of tourist package itself. These services include transportation, accommodation, food etc. Supplier power of these suppliers is low due to high number of transportation and accommodation providers. Suppliers therefore can't raise prices due to the risk of switching to other supplier.

Many suppliers in the market together with relatively undifferentiated product and services offered by suppliers contribute to the fact that they have low bargaining power.

Our company is not going to supply its tours to other travel agencies nor it will be supplied with tours of other travel companies, therefore in this sense no supplier power between travel agencies. However, there will be supplier power concerning suppliers of accommodation as well as transportation.

As to accommodation services, for camping in Colombian Natural Parks, we will certainly need a permission from Natural Parks of Colombia. There are few providers of accommodation in Natural Parks in Colombia, moreover the permission to enter Natural Parks is required.

When staying in a hostel, it should not be a problem since there are plenty of hostels to choose from in Colombia. Suppliers of transportation can be divided into two parts.

First, it is air transport from Europe to Colombia. There are about twenty airlines operating between Europe and Colombia, but there is no direct connection between Czech and Colombia. The best would be to make an agreement with particular airline to bring our clients to Colombia for discounted price, however since we are new small company in the market, our negotiating position is weak, on the other hand that of airline strong.

Second, it is minibus transport around Colombia. On the beginning we plan to hire a minibus in Colombia for about 10-15 people and transport them around Colombia. Later, when a business grows, we will buy own minibus, which costs money at once, but no need to pay for rent in the future.

#### **3.2.4 Findings of analysis of market sector and external environment**

If we look at the analysis made, we certainly must take into account following factors:

- **Lack of information about Colombia as touristic destination**
- **Traditionalism of Czechs in relation to holiday destinations**
- **Growing income of university students**
- **Independent travelling**
- **More travellers are looking for destinations considered as risky – “safe danger”**
- **Introducing of tuition fees at Czech universities, possible savings to repay debt**
- **Financial and other reforms (e.g. introducing new VAT, corporate taxes, etc.)**

### 3.2.5 SWOT

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• <b>Presentation of Colombia and photos at universities</b></li> <li>• <b>Connection with students thanks to student exchanges to Colombia</b></li> <li>• <b>Selling online</b></li> <li>• <b>Specialization for tours to Colombia</b></li> <li>• <b>Friendly approach to customers (10-15 travellers)</b></li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• <b>Lack of business experience</b></li> <li>• <b>No brand and no reputation</b></li> <li>• <b>No branch store</b></li> <li>• <b>Weak connections with suppliers</b></li> <li>• <b>Focus only on students</b></li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• <b>Extension of product range (more Colombia, Peru, Ecuador)</b></li> <li>• <b>Growing interest and spending on travelling</b></li> <li>• <b>Tourist potential of Colombia – ECOTOURISM</b></li> <li>• <b>Preference for exotic destinations</b></li> <li>• <b>High income of university students in close future</b></li> <li>• <b>Cooperation with universities</b></li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• <b>Huge competition on the market</b></li> <li>• <b>Growing competition on online sales</b></li> <li>• <b>Customers' no trust in company</b></li> <li>• <b>Unemployment (students)</b></li> <li>• <b>Preference for passive tours</b></li> <li>• <b>No penetrating in customer minds</b></li> <li>• <b>Preference for buying tours in normal shop instead of online</b></li> </ul>

<p><b>(study exchanges, practices)</b></p> <ul style="list-style-type: none"> <li>• <b>Finding new suppliers</b></li> <li>• <b>Growing number of single households</b></li> <li>• <b>Demand for “safe danger” trips</b></li> <li>• <b>Demand for adventurous tourism</b></li> </ul>	<ul style="list-style-type: none"> <li>• Losing of important supplier</li> <li>• Implementation of tuition fees for studies at University in Czech</li> <li>• Independent travelling of people</li> <li>• Financial and other reforms</li> </ul>
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### 3.2.6 Marketing mix

#### **Product**

Main product of the company is tours to Colombia Natural parks – ECOTOURISM. Reservation and sales of tours will be online.

However, products must be characterized specifically, and therefore below you can find other products and services offered:

- **Reservation and sales of flight tickets to Colombia**
- **Trip preparation and program organization**
- **Providing travel insurance**

#### **Price**

Setting an appropriate price for own tours is very important, includes calculations of direct as well as indirect costs and takes into account prices of competitors in the market.

### **Indirect costs include:**

- **Transportation** (costs for a minibus for 1km, costs of flight ticket, accommodation and food for drivers)
- **Spanish – Czech guide** (accommodation and food for guide)
- **Insurance** (obligatory insurance)
- **Fixed costs** (entrance fees for natural parks and other objects)

### **Direct costs are costs related to every single customer and include:**

- **Food** (there should be no costs for food, since food is not included in package)
- **Accommodation** (accommodation includes camping in natural parks and hostels)
- **Insurance**

### **Place**

- **No place chosen for an office in the city yet** (close to big university or campus)
- **Advertisement premises** (Universities in Brno, private universities, “Menza”)

### **Promotion**

It is crucial to choose appropriate type of promotion to address our target group at reasonable costs. Naturally, we have limited financial resources on the start of business, and thus we must consider carefully where money goes. Types of promotion will be determined highly by financial costs. We should include information about what can our clients do in the destination and what benefits do they have from the destination itself?

- **Promotion in radio**

We are not going to hit big radio stations in Czech Republic, on the contrary we want to advertise in small student radios in Brno. There are few student radios in Brno – students at Masaryk University have their internet Radio R, or commercial Radio Student.

- **Promotion on internet**

Promotion on the internet should be the most intense way of promotion in regard to its reasonable costs, easy accessibility and students' s favour to internet. The company' s webpage is fundamental since it is an online travel company we must have simple, well organized webpage with good information about tours and Colombian destination. Moreover, the webpage must be suitable to university students, they are our customers.

Basic information that must be presented in every company' s webpage is name of the firm, contact and address. The internet domain is not registered yet, but it is intended to be [www.kolumbustour.cz](http://www.kolumbustour.cz) and hosting will be provided by external firm.

We think to place information about tours to Colombia and advertisement banners in internet servers about travelling such as “[www.hedvabnastezka.cz](http://www.hedvabnastezka.cz)” , “[www.cestovatel.cz](http://www.cestovatel.cz)”, “[www.cestovani.cz](http://www.cestovani.cz)”.

Last but not least, extremely popular social networks such as facebook will be used to promote our travel company. The advantage of social networks is that they provide promotion for free, it is widely used, especially young generation and students spend a lot of time on internet and it is also easy to share data.

- **Printed advertisement**

Promotion in student magazine seems to be good choice, since magazine is handed out for free close to universities where lots of students can read it and share this information. For example, student magazines in Brno are “Studenta” and “Prostor”.

Leaflets handed out to students at universities and campuses are another option. Leaflets normally do not cost much and it is simple to make them, on the other hand promotional effects can be limited.

- **Word of mouth**

Word of mouth is an essential method of promotion, especially for a new small firm that does not have much finance. This way of promotion product or service is for free and effective, since it is based by sharing experiences between potential customers.

Word of mouth is the most powerful way of promotion. Nothing works better than recommendation by satisfied customer who tells about his experience to his family, friends or colleagues. However, we will have to cope with problem how to attract and perceive customers to go travelling to Colombia. Technical University of Brno has an exchange agreement with Colombian University in Ibague. There has already been some students sent to Colombia and their experience was good. Therefore we might use them as source of word of mouth.

### **3.2.7 Marketing research**

Marketing research has been carried out in order to find out the demand for our service as well as determine the particular aspects of business in terms of customer preferences. Results of the market research play important roles in, firstly, deciding whether to start a business and if so, it helps us to design potential sales volume and anticipated revenues.

A questionnaire has been used as a research method to investigate a market. There are various methods and procedures how to investigate a market, however questionnaire method has been chosen due to its simple form, source of relevant quantitative data, large number of respondents and, least not last relatively low costs.

More specifically, personal questionnaire in which me and other questioners trained by me, approached respondents asking them questions with appropriate instructions and then writing down their answers. I decided for this type of questionnaire because of its



precise information, high response rate and possibility to observe and interact with them.

There were 150 students participated in market research. This investigation took place between 1<sup>st</sup> and 14<sup>th</sup> February 2011 at various faculties of universities in Brno, and during summer semester at universities in Prague and Pardubice. The population considered as our potential customers are university students in Czech Republic. Nevertheless, population of market research includes students only from universities in Brno, Prague and Pardubice, on account of finance and time reasons.

I am aware that 150 students is not a large sample for a market research of student population, nevertheless sufficient quantities of worth information needed has been gathered and further used for this business project.

As I already stated, questionnaire method has been used and therefore questionnaire must have been created. Questionnaire itself includes twenty-two questions with various types of answers. Four questions are so-called “open questions” in which a respondent must answer the questions with his own words. The other eighteen are “close questions” in which a respondent already has answers prepared and is picking from them. You can find a questionnaire in appendices in the end of this work.

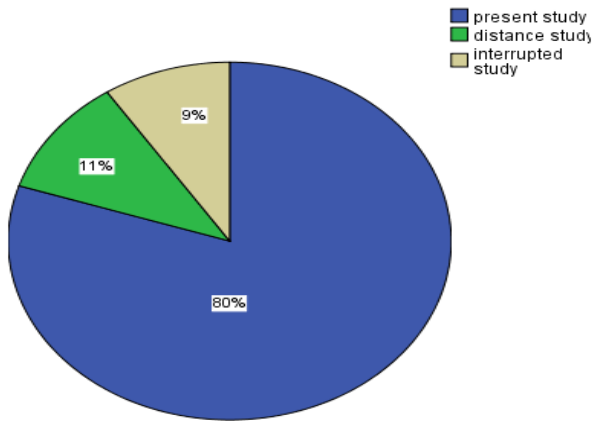
## **Marketing research results**

- **Characteristics of respondents**

Total number of respondents is 150, from which 80% of them are present students. Since our travel agency is focused on students, present students as well as distance students of universities, we must bear this in mind when planning terms of the trips.

Students of distance studies very often work as permanent or part-time workers in various companies are independent and have financial resources to spend.

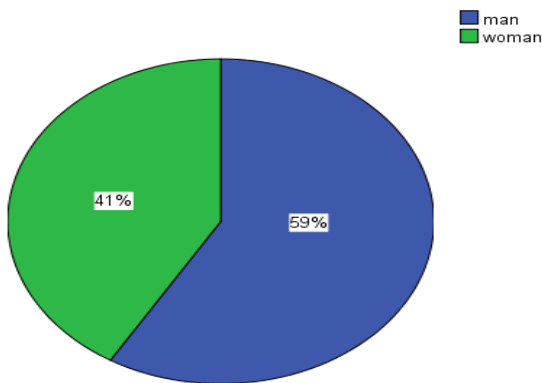
**Graf 4: Distribution by student status**



**Source: Research conducted by author**

As we can see in the Chart 2, distribution of respondents by sex was more or less equal, 59 % of men and 41% women. Potential clients of our business can be both, however we expect more men to participate due to the fact that men are more risk-takers.

**Graf 5: Age distribution**



**Source: Research conducted by author**

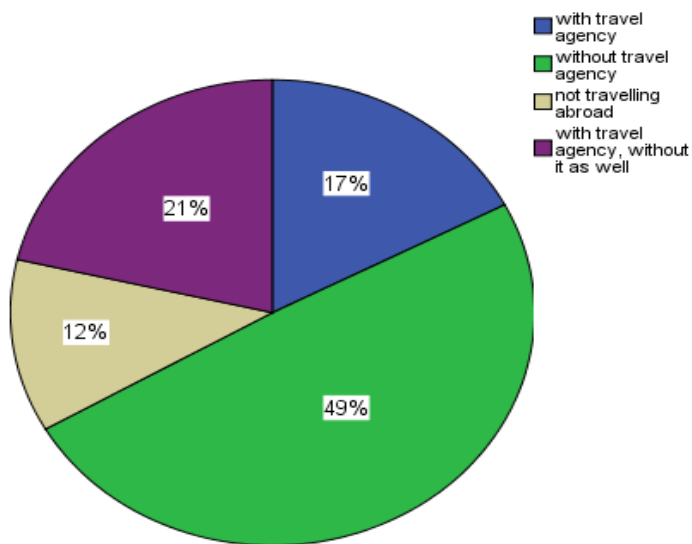
- **Respondents traveller profile**

I also wanted to know whether respondents travel abroad with travel agency or they prefer to go by their own. I think it is important to know this, because since there is internet it is easy to look for information and manage everything needed by your own

online. This has become popular trend especially for students and young people, and some of them may never go abroad with a travel agency.

In Chart 3, we can take a look at how respondents travel abroad. About half of them goes abroad without travel agency which corresponds with my hypothesis that students are independent travellers who manage their trips online. On the other hand, 21% travels abroad with agency as well as on its own. The model might be travelling within Europe on its own, on the other hand exotic and unknown destination with travel agency.

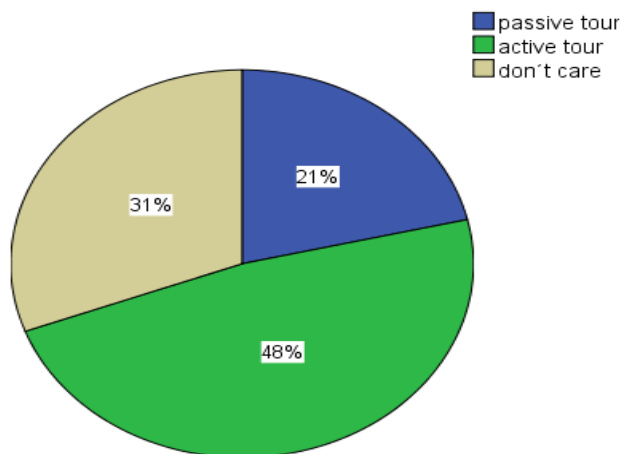
**Graf 6: With travel agencies or not**



**Source: Research conducted by author**

Second, I investigated the preference for active or passive tours of respondents. In Chart 4, we can find that almost half of respondents prefer active tours. That means they do not just want to lay down on the beach doing nothing. Young people look for active ways to enjoy their time and self-actualization. Preference for neither of those has 31%.

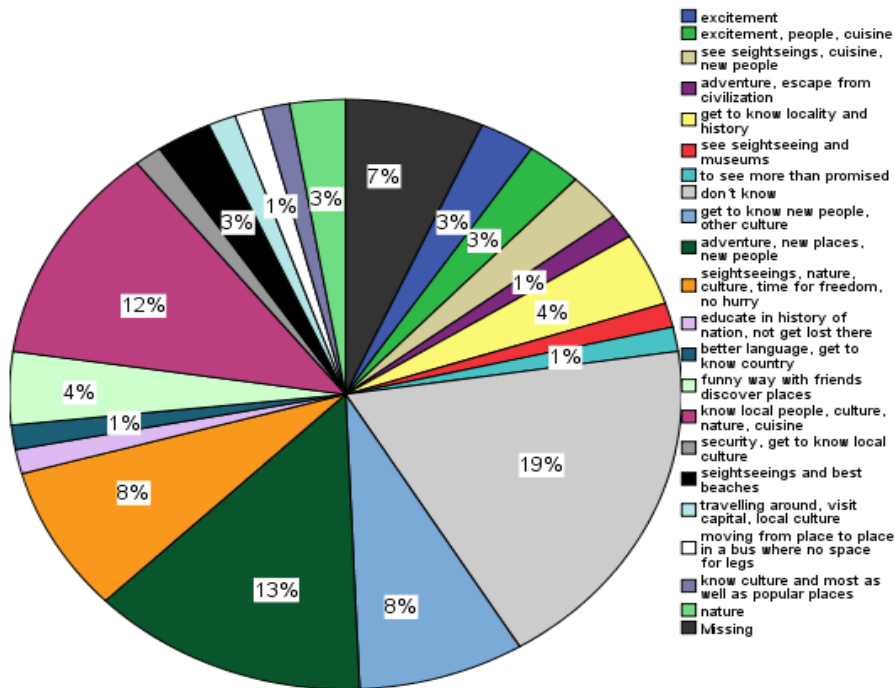
**Graf 7: Tour preference**



**Source: Research conducted by author**

First open question asked for respondents' expectation from active tours. As we can see in the chart 5, there are lots of answers given, which is what usually happens with open questions. About one fifth of respondents does not know what to expect, the other answers 13% expect to have adventure, get to know new places and new people, 12% expect to know local people, culture, nature and cuisine. To conclude the answers in general, they expect to live adventure, get to know culture and people, see nature and feel free.

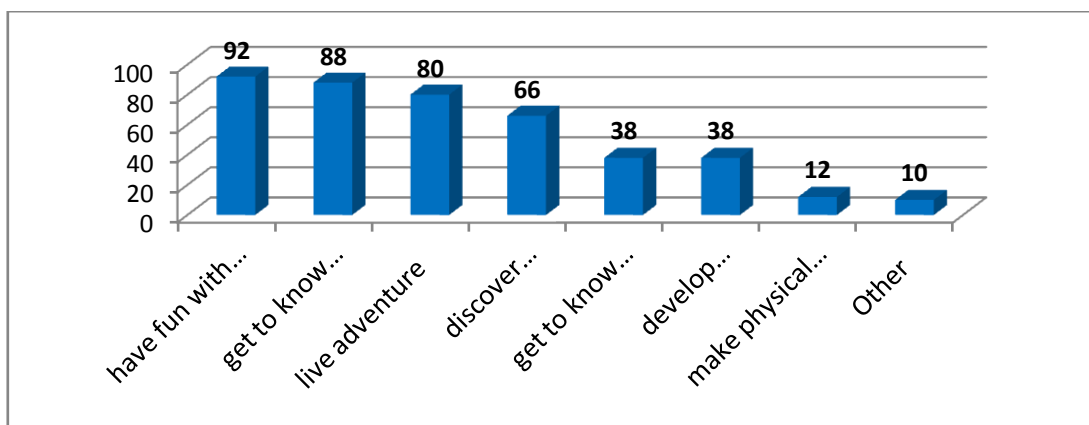
**Graf 8:Expectation from active tours**



**Source: Research conducted by author**

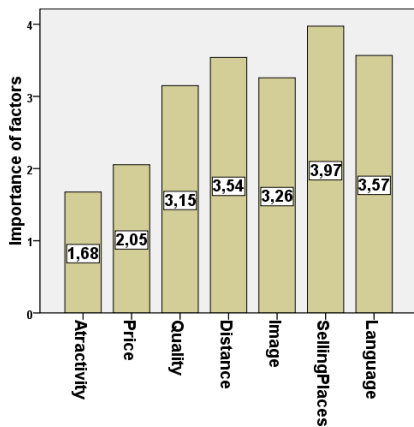
When a consumer buys something it is always for some reason. He feels a need and wants to satisfy that need by consuming a product or service. The same with travelling, not all the people have the same reasons and needs for travelling. As you will see in Chart 6, the reasons and motives for travels vary.

**Graf 9:Reasons for travelling**



**Source: Research conducted by author**

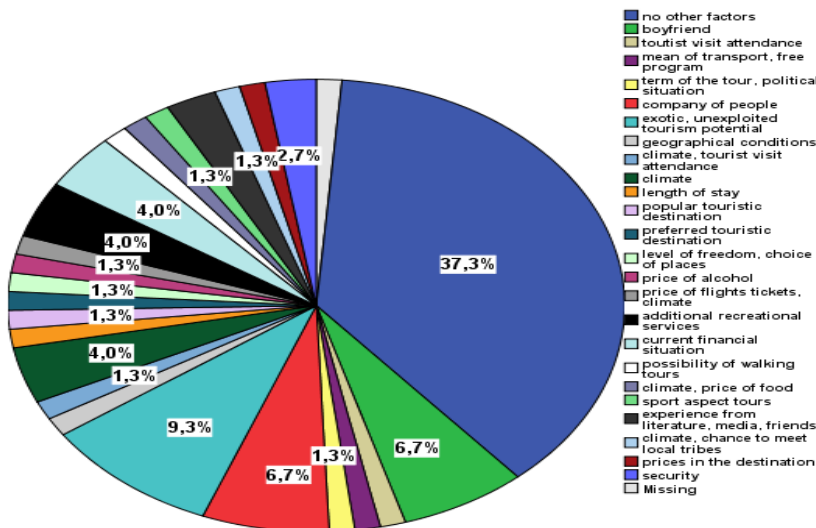
**Graf 10: Factors influencing destination choice**



Source: Research conducted by author

There were seven factors influencing the decision for destination: attractiveness, price, quality of services, distance of destination, image of destination, places where can tours be purchased and language spoken in destination. Respondents rated each factor on scale 1-5 depending how much a factor influence his decision, 1-very much, 5-not at all. Then, I calculated means for every factor and mean values are presented in Chart 7. The logic is the same, the closer mean value to 1 the more important factor. Thus, we can see that most important factors influencing respondents are attractiveness and price.

**Graf 11: Other factors influencing**



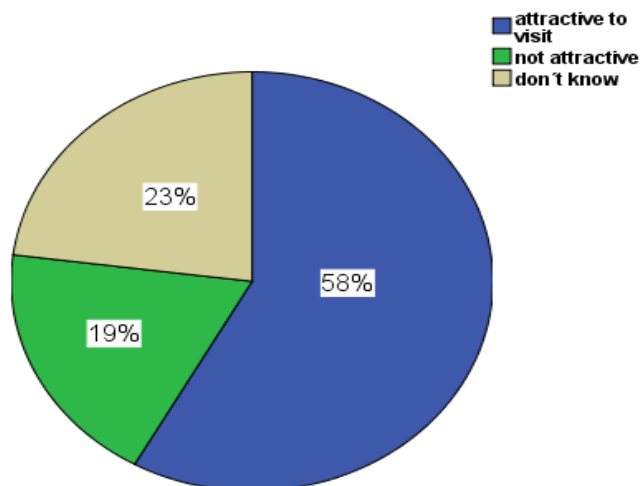
Source: Research conducted by author

In previous chart we could see factors that have been offered to respondents to rate. However, these might not include all factors playing a role, therefore open question asking for other factors has been added, and people came up with some more factors. About one third did not claim any other factor, and nearly 10% respondents stated exotic and unexploited tourism potential influence their decision. Accordingly, company of people on the trip as well as boyfriend/girlfriend recorded 7% respondents.

- **Tours to Colombia**

This part is the most important of research, because it is concerned particularly with tours to Colombia.

**Graf 12: Touristic attractivity of Colombia**



**Source: Research conducted by author**

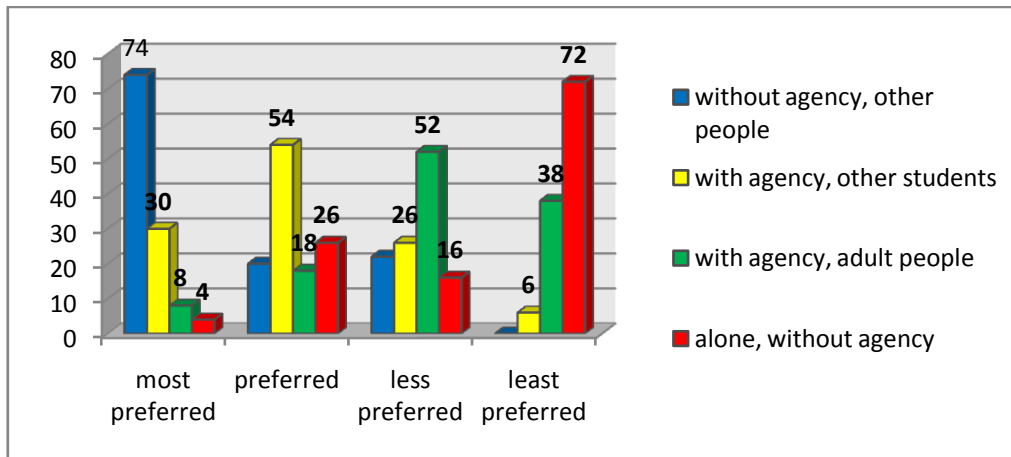
Here, I am trying to find out potential demand of research population for travelling to Colombia. There are more than 200 countries in the world and much more destinations within them, which means, high competition exist and countries seek to do their best in order to attract tourists. Nevertheless, respondents have been asked only for Colombia, if negative answer – end of the questionnaire.

For more than half of respondents (58%) Colombia is an attractive destination to visit. More or less one fifth do not consider Colombia as attractive destination to visit, and

23% does not know. I think this is pretty favourable statistic, despite of all the bad promotion in media about Colombia around the world.

**From now on, only respondents who said that Colombia is an attractive destination to visit participate in following questions related to tour to Colombia.**

**Graf 13 Travelling with agencies**



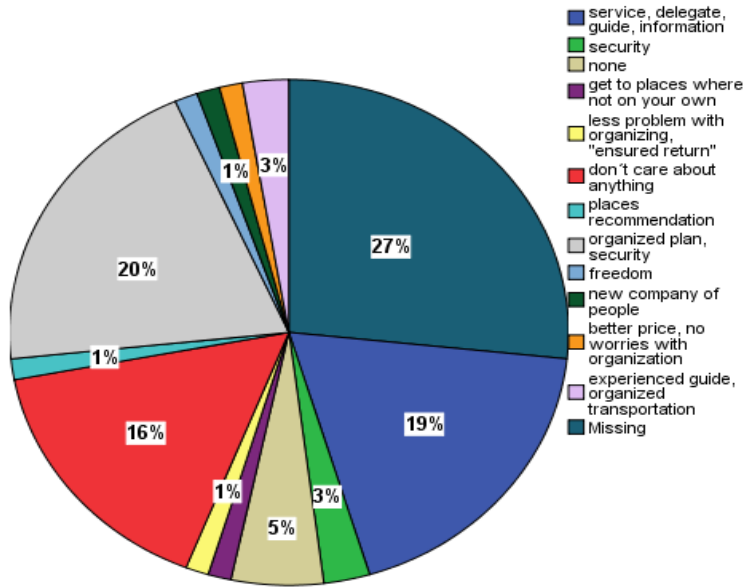
**Source: Research conducted by author**

In bar chart 10, you can see results how respondents ranked options how to travel to Colombia. The most preferred is going to Colombia without travel agency (76 respondents) that means on your own with other travellers. Next, it is going with travel agency with other students, this option got 84 answers “most preferred and preferred” which reflects the students’ desire to travel with other students, we might say students like to share with each other. (See Chart 10 for comparison agency with students and agency with adults)

I would like to note that most of respondents prefer travelling on their own to Colombia. However I think that some of them might be potential clients as well, since unknown environment, new culture and poor language might make them worry.

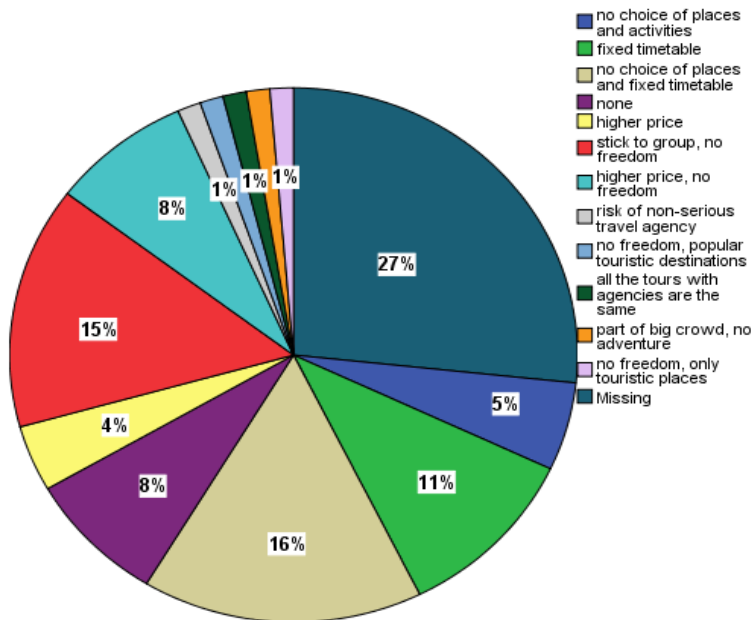


**Graf 14: Advantages of travel agency**



Source: Research conducted by author

**Graf 15: Disadvantages of travel agency**

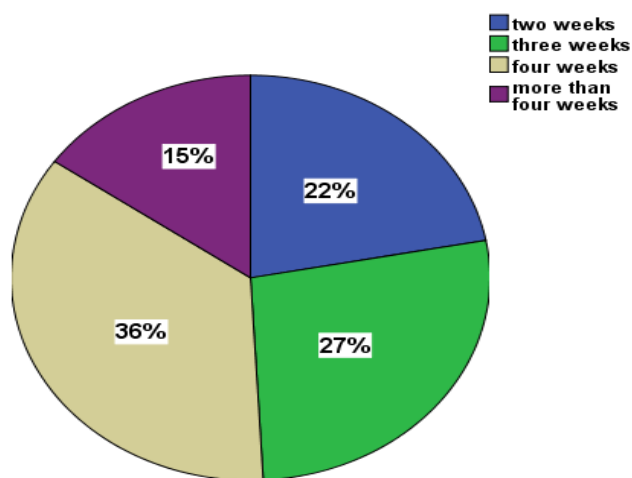


Source: Research conducted by author

Two questions about advantages and disadvantages of tour with travel agency were included in this section. The aim was to find out what are the aspects of travelling with agency that respondents do not like and therefore should have been changed in order to make their travelling more desirable and suitable to them. Take a look at Chart 11 and you will see that 27% of respondents missed that question, 20% of respondents perceive “organized plan and security” as advantage of travelling with agency, 19% perceive “service, delegate, guide and information” and 16% that agency organizes everything.

On the other hand, there are disadvantages perceived scoring as follows: 27% missed this questions, 16% “no choice of places and fixed timetable”, 15% “stick to group and no freedom” and 8% “higher price and no freedom”. Reading this, we come to conclusion that biggest dislikes respondents have with travelling with agencies is no freedom and no choice of places. This must be taken into account when creating our business model.

**Graf 16**Time period for tour to Colombia?

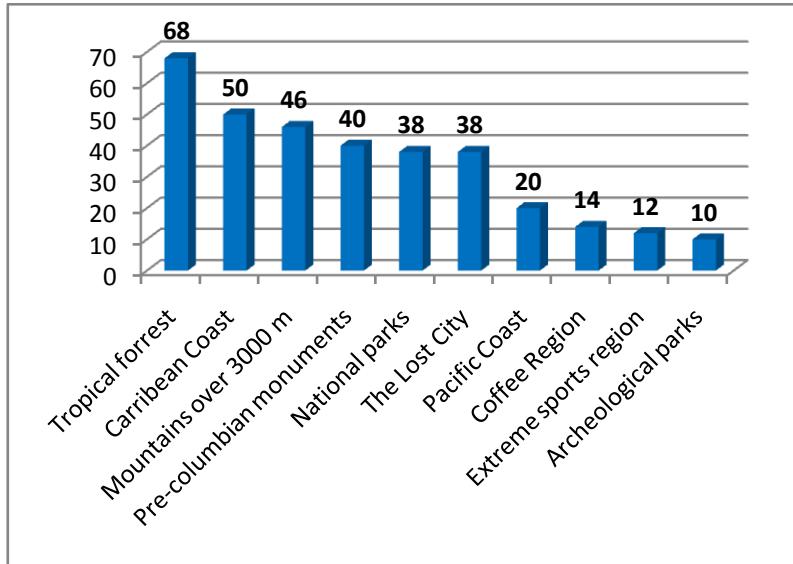


**Source:** Research conducted by author

This question should help us to determine the length of tour in regard to desire of our customers as well as their time available. The results are more or less as expected, most respondents prefer longer tour in Colombia, 36% would go for four weeks and 27% for

three weeks. The other two choices i.e. two weeks and more than four weeks were picked by slightly less. Those two options scored high might be combined in some way.

**Graf 17: Places to visit in Colombia**

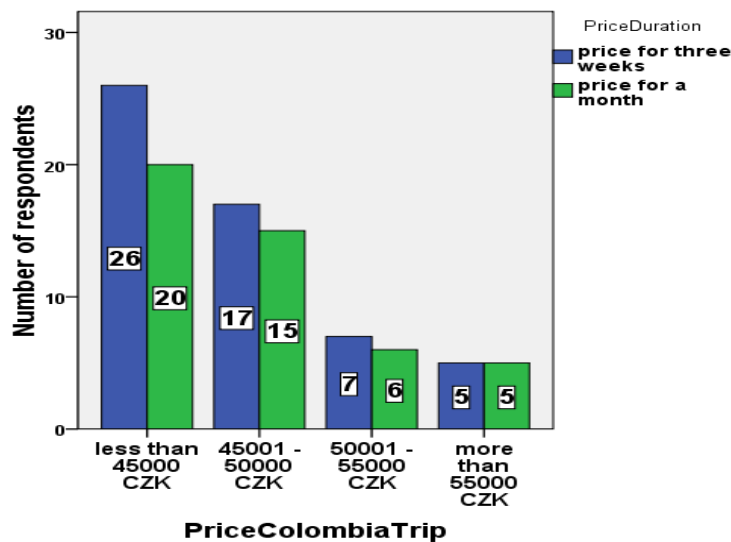


**Source: Research conducted by author**

Colombia is a huge country with countless places and attractions to visit, therefore a question asking what places in Colombia would respondents like to know. Intentionally, I did not put specific names of places because respondents would not know them. I rather stated general attractions to choose from and places will be specified later according to respondents' demands.

Figures in the graph represent number of respondents that picked particular answers. The most popular is „Tropical forrest“ with 68 votes, then Carribean Coast with 50 votes and Mountains over 3000 m with 46 votes. In the chart, you can see that answers vary rapidly, since every customer is an individual with different needs and wishes. However, this information is very useful and will be applied when planning a route.

**Graf 18: Maximum accepted price for tour to Colombia**

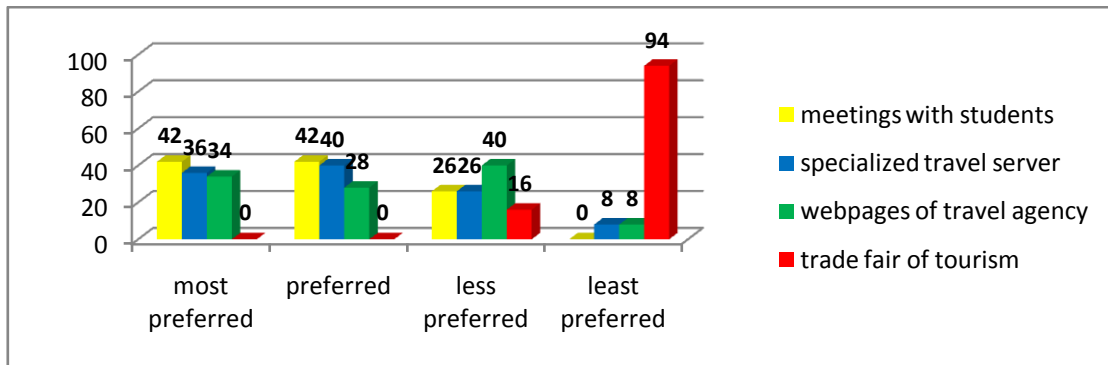


Source: Research conducted by author

This question was adapted with two different lengths of tour asking half of respondents how much they are willing to spend on three weeks tour in Colombia, and other half of population had been asked for a month tour. The purpose of this was to find out whether length of stay would have an impact on price. If we look at Chart 15, we can conclude that prices respondents are willing to pay for three weeks tour and one month tour do not differ significantly and thus length of tour in this case do not influence tour price.

Majority of students stated that maximum acceptable price for tour to Colombia is less than CZK 45.000, however I think they did not know how much normally these trips cost and therefore chose the cheapest option possible. I intend to make two versions of tour – shorter three – weeks tour and longer one – month tour, where price level will be reflected according to results of research.

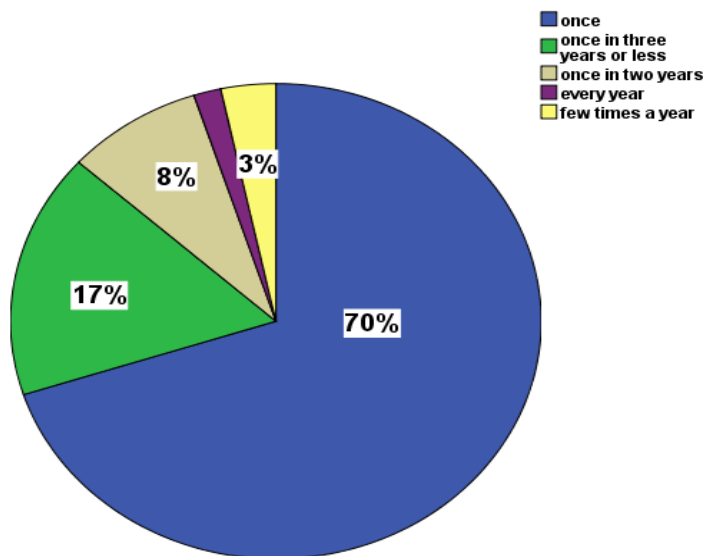
**Graf 19: How to get information about Colombia**



Source: Research conducted by author

First, a customer must have information and know about a product or service to buy it. Therefore, respondents have been asked where they would like to get touristic information about Colombia and tours. Moreover, we will have to convince customers that Colombia is not dangerous, and it is becoming popular touristic destination. From the chart, we can say that three out of four choices scored more or less equally high and should be sought as information channels. Meetings with students who were in Colombia (84 respondents) as direct contact with potential customers, specialized travel servers (76) and webpages of a travel agency (62) as internet sources of information.

**Graf 20: How often you want tours to Colombia**

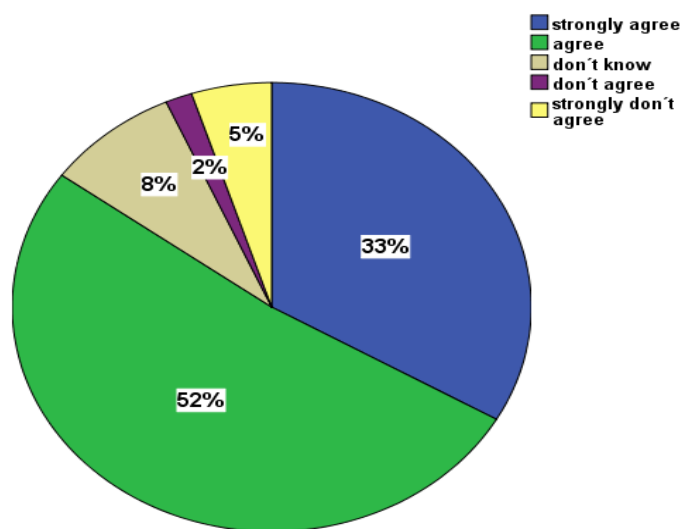


Source: Research conducted by author

We also need to know how much or how often will our customers buy our product or service. Travelling tours to Colombia is not a product you buy every day, therefore respondents were asked in terms of years. 70% of them stated they want to go to Colombia just once, but most of them then completed answer with “it depends how the first trip will be, then they might go again”. Once in three years or less 17%, and once in two years 8% of respondents chose. However, these figures are mainly for orientation.

### Travelling aspects

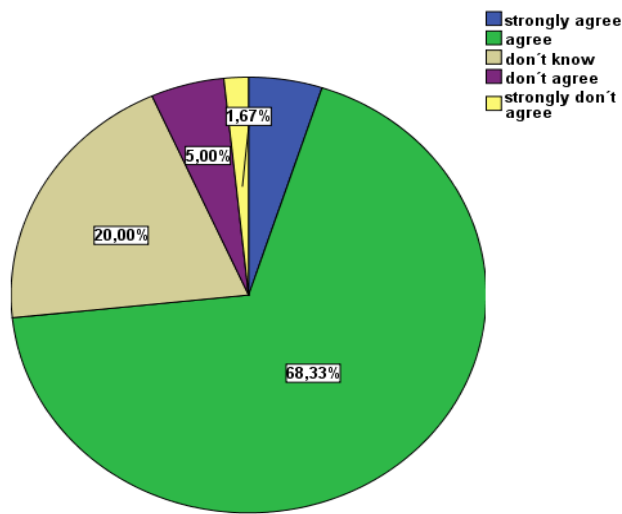
Graf 21: Sleeping in a tent



Source: Research conducted by author

Results from the research show that 85% of respondents agree with sleeping in a tent.

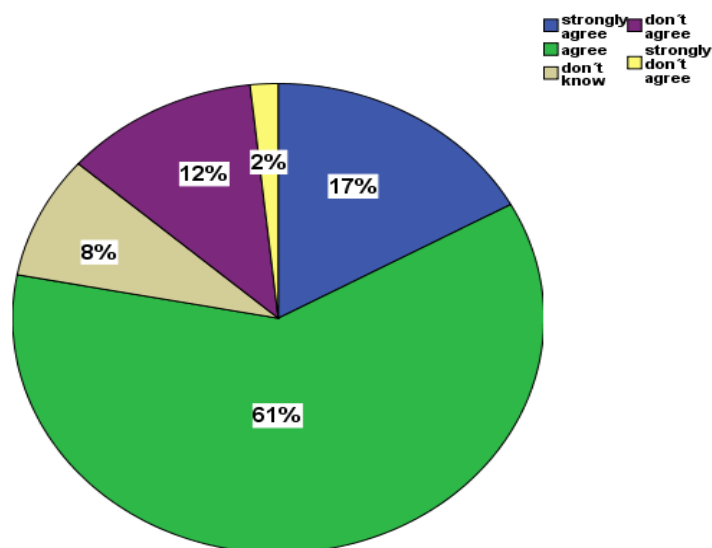
**Graf 22: Bus-ride for ten hours**



**Source: Research conducted by author**

This question was included due to the fact that Colombia is large country and long bus trips will be needed. Investigation found out that 73% agrees with long travels by bus, 20% do not know, which means they might have a problem with this. Remaining 7% of respondents do not agree.

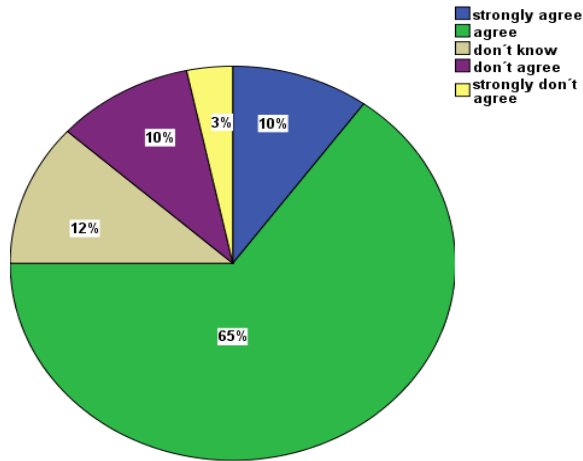
**Graf 23: Own food**



**Source: Research conducted by author**

The findings about attitude to own food on the tour are in compliance with what expected, most of students have no problem with own food on the trip. Results discover that 78% of respondents agree to some extent with own food. On the contrary, 8% do not know and 14% do not agree with own food.

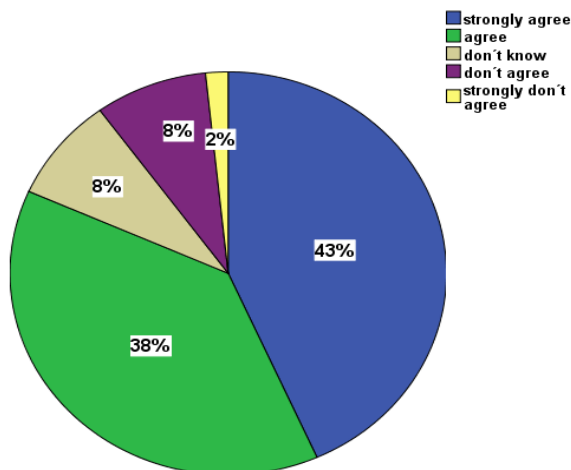
**Graf 24: Overnight bus-ride**



Source: Research conducted by author

In the chart 21 you can see that 75% majority agrees with overnight bus ride, on the other hand there are 13% who do not agree, and 12% do not know the answer.

**Graf 25: Travelling in small group**

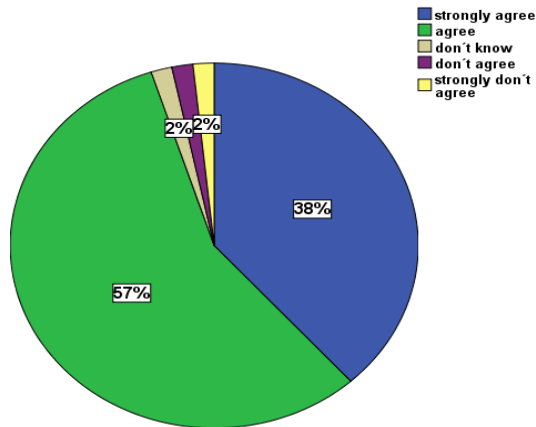


Source: Research conducted by author



Students and young people like to share time and travel in groups, but these groups can't be too big. I estimated a group of 10 – 15 people as suitable, and results of research confirmed that respondents perceive this size as acceptable, 81% agrees, 8% do not know and 10% do not agree with travelling in small group.

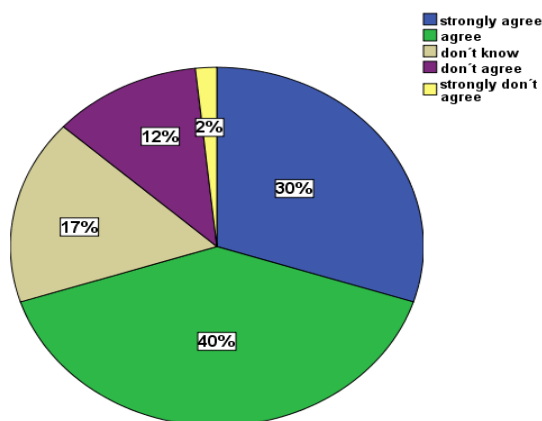
**Graf 26: Walking with small bag**



**Source: Research conducted by author**

Colombian nature is beautiful and Natural Parks intended to visit offer plenty of paths and trails that can be discovered by foot enjoying views and landscapes around. Therefore, a question about walking with small bag that 95% of respondents agree with, 2% do not know and 3% do not agree with it.

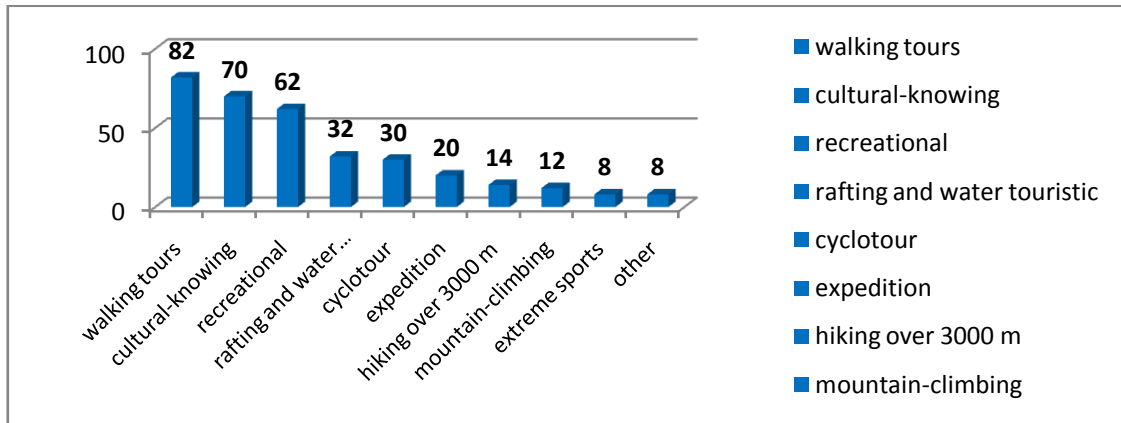
**Graf 27: Hygiene in natural lakes**



**Source: Research conducted by author**

Interesting question found out interesting results, 70% of respondents agree with hygiene in lakes and lagoons, however I would take these results carefully, since it is easy to say but the reality might be different. In all cases, there are touristic places where to do hygiene inside Natural Parks.

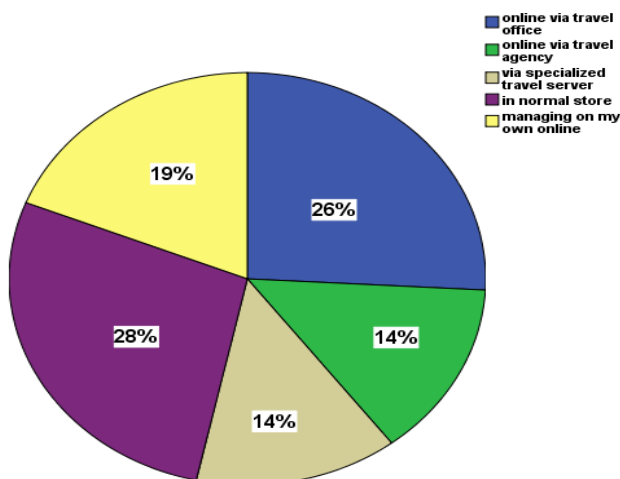
**Graf 28: Most popular type of tours**



**Source: Research conducted by author**

Walking tours (82 respondents), cultural-knowing tours (70) and recreational trips (62) are three most popular among respondents. The other types of tours are far behind, nevertheless we can see that sport tours such as rafting or cycling tours are increasing. It would be good to incorporate rafting or other sport in our Colombian tour.

**Graf 29: Preference how buying tours**

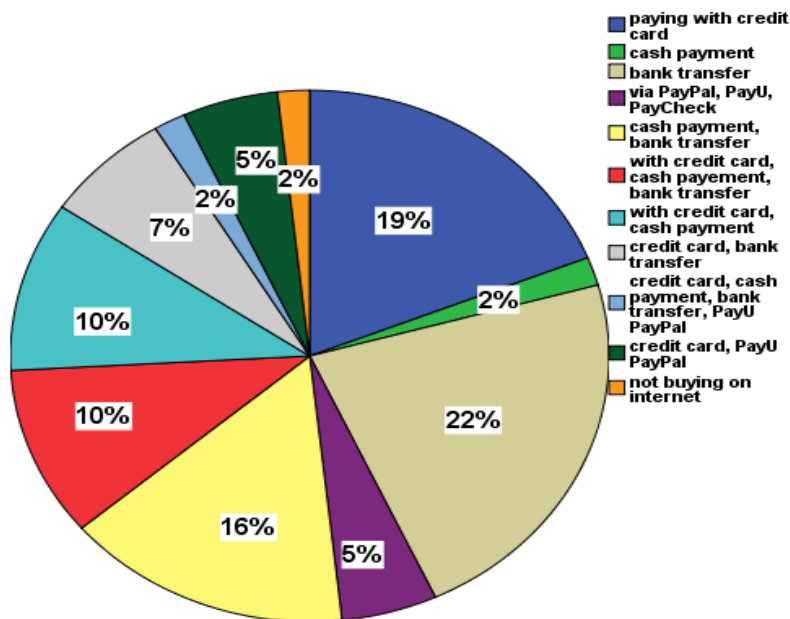


**Source: Research conducted by author**

How respondents prefer to buy their tour or holiday it is presented in Chart 26. We can see that results are distributed quite equally among all the options. Yet, buying in normal store (understand branch office) leads with 28%, online via travel office has 26%, and managing online on its own has 19%. What can we say about results? First, there are many students who might be looking for their tours online, but when it comes to purchase they prefer to go to a branch office to buy it. Second, every fifth respondent prefers not to use a mediator that means he manages everything needed for trip on its own online. This corresponds with what we observe in real life, young people with knowledge of languages and access to internet have bunch of information and can arrange everything by themselves. I expect this trend rising in the future.

Third, respondents prefer buying via travel office (26%) at the expense of travel agencies (14%). However, this result should be taken very carefully because it is possible that not all the respondents knew difference between these two, or if they knew it, does not mean they know whether a company they bought from was office or agency.

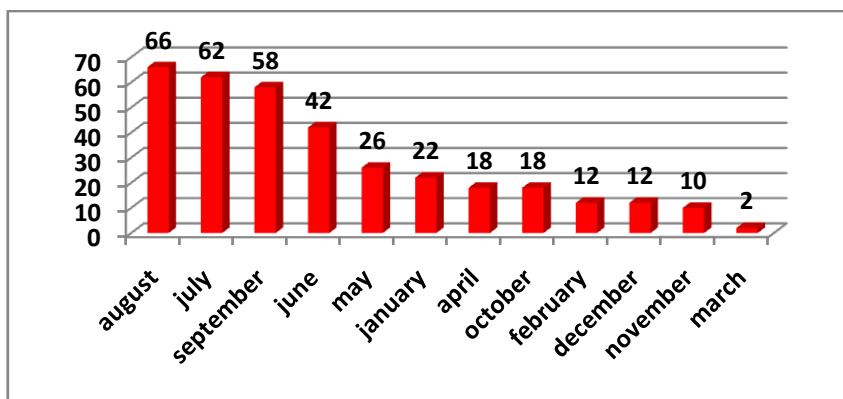
**Graf 30: Methods of payments**



Source: Research conducted by author

This question about paying online methods is related to purchase of any goods online, not only tours. I wanted to find out an attitude of respondents to various payment methods, which of them are acceptable and which not. Bank account and credit card are standard equipment almost everyone possesses and they are generally considered as safe payment methods for most of people. The results more or less go hand in hand with this, 22% of respondents prefer paying with bank transfer, 19% paying with credit card and 16% with cash payment and bank transfer. The other options combine various methods. The conclusion is that bank transfer and credit card are preferred. Yet, solely cash payment is not much popular. Young people are getting used to pay with credit cards more. We can also see that only 2% of respondents do not buy on internet.

**Graf 31: Preference for months regarding travels:**



Source: Research conducted by author

For the purpose of planning a time period in which to organize tours to Colombia, a question about what months suit respondents best for travelling. All the respondents have been asked to choose three various months in year that suit them best for travels. We can see that results correspond with fact that our respondent group was students, summer vacation, i.e. August and July with more than 60 respondents, then September with 58 and June 42. Thus, one term for a tour to Colombia might be in summer vacation. Next options, January 22 and finally February 12 have not received much votes, however they can be considered as other possible term due to its break between semesters. Two terms for tours to Colombia are planned, therefore respondents have been asked for three options and not for one only.

## **Results of market research**

This marketing research focuses on finding out demand for tours to Colombia. It also examines consumer behaviour of respondents in relation to tourism. Essentially, marketing research gives us data that help us to determine sales plan.

Sales plan is a vital part of every business plan and generally can be based on aspects:

- **Market size**
- **Price of product or service**
- **Purchase frequency**

### Market size

When estimating market size, I first took number of students in Czech universities. There were 369.619 university students in Czech in school year 2008/2009 (see Appendix 1). Our market segment is all university students in Czech, nevertheless on the start we will make a promotion only at universities in Brno due to limited financial resources. Therefore, we reduced that number only to university students in Brno. There are more than 75.000 university students in Brno, in addition 5000 students of post - gradual and in full employment. We must add up students of private universities in Brno which are 4.668 and we get to total number of students in Brno about 85.000. (2)

In order to determine market size I used results from market research, more specifically the question whether Colombia an interesting destination to visit is. Colombia is an attractive destination to visit for 58% of respondents and 23% do not know, however for the purpose of estimating market size I only count with respondents who states yes. About half of market research population stated that maximum acceptable price for a tour to Colombia is less than CZK 45.000. I excluded this group because of insufficient financial resources or reluctance to spend more than CZK 45.000 which is required.

We also must distinguish between preferences for type of tour whether it is active or passive. In market research, 48% prefers active tours. The rest either prefer passive tours or do not mind. So we further discount potential market size by 50%. One third of

respondents would prefer going to Colombia with travel agency with other students. The final number following previous logic is 3900 people.

I suppose that 3% might be potential customers of a new business. The conclusion is therefore 120 potential customers buying a product. Beyond, there were respondents who do not know whether it is interesting product to them, some of them might buy it. Thus, in total I count with 150 potential customers for my business. We suppose that 60% of potential clients prefer four weeks tour and 40% of them three weeks tour.

#### Price for service

With reference to question about maximum price acceptable to respondents as well as investigation of our competitors and their prices for comparable products, price for a three-weeks tour to Colombia will be CZK 49.999, and for four weeks CZK 57.999.

#### Purchase frequency

Almost 90% of respondents answered they would go to Colombia just once or once in three years or less. It is very difficult to estimate frequency of purchase since respondents do not have experience with product and it is very likely a potential repeated purchase depends much on their first experience, thus I suppose every potential customer makes only one purchase in a lifetime.

#### Sales plan estimation

Gross sales are estimated about CZK 8.219.850. The calculation is as follows:

Number of potential customers \* Price of product \* Purchase frequency = Sales plan  
 $(0.4 * 150 * 49999) + (0.6 * 150 * 57999) * 1 = 8\,219\,850$

This sales plan is very optimistic and estimated sales are considered as maximum possible to reach. Real sales are expected about 15% lower that means CZK 7.000.000.

## 4. BUSINESS PLAN PROPOSAL

Business plan proposal is a fundamental part of this work. Here, outcomes of analysis and theoretical findings are integrated together and business plan proposal is based on them.

### 4.1 Company description

Trade name:	Kolumbus Tour, s.r.o
Registered office:	Smetanova 49, Brno – Střed
Legal form of business:	Limited liability company
Company registration number:	Pending
Subject of enterprise:	Running a travel office
Date of commencement:	1 <sup>st</sup> January 2012
Capital stock:	CZK 200.000
Statutory body:	Executive head Martin Srníček
Number of employees:	1
Email contact:	kolumbustour@email.cz
Webpages:	www.kolumbustour.cz
Capital stock paid up:	Martin Srníček, full amount of CZK 200.000 cash

### Objectives

- **Maximize profit**
- **Until the end of the year acquire strong partner who will help with promotion Colombia as touristic destination**
- **Raise the popularity and awareness of travel agency among potential clients**

### Company' s motto

“Objevte nový svět!”

#### **4.1.1 Subject of enterprise and services**

Kolumbus Tour s.r.o is engaged in organizing and selling ecological tours to Colombia. Company does not want to offer tours of other travel offices and therefore it will exclusively offer its own tours. Organization and preparation of the tour is the core activity of the firm. I am aware that level of competitiveness is incredibly high in tourism market and therefore I was looking for something to attract customers to buy our product. This should be ecological tours to Colombia natural parks. Kolumbus tour s.r.o will have its own tours to Colombia to offer to its clients. In next years of the business, a firm plans to widen its product range and include Peru and Ecuador as destinations to visit. The reason why I chose these two countries is because of proximity to Colombia, touristic attractivity, easy access and cultural connection between them.

Orders from customers will be received electronically and when received, it will be processed and email with instructions to pay a deposit will be sent back to the customer. Once a deposit is received on bank account and payment term of the full price for tour is settled, a customer is considered as signed up for tour.

The company reserves the right to cancel the tour if not requested amount of travellers is collected. Customers must be notified at least one month before departure of planned tour. In case, there is sufficient number of travellers, a letter with detailed instructions about the trip will be handed out to customers.

Travel insurance is supplemented product to the tours to Colombia. There will be a possibility to purchase travel insurance included in tour to Colombia. Anyway, if someone prefers to contract travel insurance on its own he or she can do so.

Later, when a company will be established on the market, secondary product will be added to main subject of a firm. The idea to incorporate other product comes from the fact that with only one product a company would be exposed pretty much to business risk. I diversify the risk to some extent with two slightly differentiated products offered.



Secondary product that would be introduced in third year of firm's existence is arrangement studies at University of Ibague for students from Czech Republic. Many Czech students go studying abroad, most of them take advantage of Erasmus study programs within Europe. Nevertheless, there is an increasing number of students who want to go study outside Europe, that is to say they prefer exotic destination, want to know other culture and most importantly they want to live adventure. Colombia is such destination.

University of Ibague has all the type of study programs to choose from, mechanic engineering, civil engineering, electric engineering, industrial engineering, architecture, psychology, philosophy, social communication and journalism, economics, administration and international business, financial administration, accounting, marketing, law, political science, and finally environmental science. You can also study or teach languages in Language Centre associated to University of Ibague.

Erasmus program makes it easy to go study within Europe, since it has standardized procedure, forms and all the things needed are arranged. Yet, for example to go study to Colombia it is not the same procedure. Moreover, there are things such as visa obligation, vaccinations, accommodation issue, flight tickets, language (which is Colombian Spanish), insurance and other useful contacts in play.

Our service should make it much easier for students to live and study in Colombia. The package includes:

- **Administration and paperwork between student and university in Colombia**
- **Flights tickets from Europe to Colombia**
- **Fellow – worker in Colombia receiving client at arrival in Bogota**
- **Accommodation in Colombia**
- **Lecture of Colombia Spanish and Culture**

First, our company operates as negotiator between a client and Colombian university, we process all the administration required in order to study in Colombia. Of course this must be in cooperation with client, because there are certain matters he must decide on.

Second, there are additional services a client might need help with. Flight tickets are essential service that must be purchased if going to Colombia. Since I have lots of experience in travelling between Europe and Colombia I also know what airlines and from what European city offer best prices. Therefore, I can be very useful to clients regarding this issue. If departing to Colombia from other city than Brno, Prague, Vienna or Katowice, our service includes acquiring flight transportation to the departure city.

I know how hard it is to arrive in Bogota airport alone, did not know the language, any people and not to know what to do. Therefore, our service would include a Colombian worker in Bogota working for our company. This person would receive a client in the airport, took him either to a hostel or directly to bus terminal in Bogota to make sure that he gets the right bus for a fair price to his destination.

The package is completed with accommodation and a lecture of Colombian Spanish and Culture before the trip. Arranging accommodation in Colombia can be expensive in case you accept what university offers you. It is much cheaper to find something on your own, yet, for a foreigner who does not know anybody, does not know the language well and does not want to spend a lot of time looking for it, we are here to find you one in respect to what your preferences and financial possibilities are. Colombian Spanish and Culture lecture would be a two-hour session where basics of Colombian Spanish as well as right pronunciation and gestures they use will be explained. Additionally, basic elements of Colombian culture, its customs and habits will be presented. The class will be assisted by photo slide show from Colombia.

#### **4.1.2 Organizing tour to Colombia**

Ecotourism tour to Colombia is the main product of our company. The aim is to offer a differentiated product, because there are lots of travel companies in the market and if we were just another one with same or very similar products we would be about to die.

Organizing tour to Colombia includes:

- **Transportation to the airport**
- **Flight tickets (optional)**
- **Minibus transportation in Colombia**
- **Accommodation**
- **Travel insurance**
- **Guide (Spanish and Czech speaking)**
- **Natural Parks visit**

#### Flight tickets

Kolumbus Tour s.r.o takes care of flight tickets to Colombia for our clients. There is bunch of airlines operating between Europe and Colombia. However, since our customers will be Czech university students, we will consider only airports close to Czech. It is to say Prague, Vienna, Frankfurt and Katowice might be used in order to depart to Colombia. Student is a group of clients that are flexible and that is the reason why we include airports close to the Czech Republic as well.

### **4.2 Organizational structure**

In my case, organizational structure of the firm is very simple. At the start of the business it will be just me taking care of business. Therefore, I am executive head and the only shareholder of the company. The reason why I decided not to include any other subjects into my business is that first year is planned to be “a trial year” in which I want to examine the business and take things slow. In next years additional workers will be hired according company’s needs found out from first year in the market.

### Owner (also executive head)

The owner runs whole firm. He creates and organizes tours, acquires clients, communicates with them, signs up contracts, handles financial operations and takes care of advertisement and promotion. The owner manages all the activities on his own, however with growing number of clients as well as expanding the business, additional workers will be needed. Yet, it is the owner who is exposed and must face business risk.

In case, there is an urgent need to hire a worker in the first year of business, a contract of services will be used as type of work agreement. It permits a worker to achieve maximum 150 hours a year. This worker must have certain skills such as English language (preferred Spanish as well), communication skills and practice in tourism.

## **4.3 Marketing plan**

Marketing plan is the most important part of this work. Tourism is a kind of business where incredibly high level of competition is pursued and therefore we must differentiate our product and make it unique in some way. Marketing plan helps us to create a strategy to differentiate ourselves from competition.

### **4.3.1 Customer analysis**

Kolumbus Tour s.r.o focuses on university students in Czech Republic. With rising income of university students, they either work full – time or have a part – time job, this group is very attractive in terms of businesses. Beyond, university students are those who will have high salaries in close future, statistics prove that people with university education earn more money in the future than those without it. Therefore, it is good to capture university students as clients now, create good relationships with them and profit from them in the future as well.

It can be expected that there will be more men interested in our product than women. The reason is because eco-tours to Colombia is for those who look for adventure, escape from civilization and may be considered as risk – takers wanting “a safe danger”. Men fulfil these characteristics better than women and are more willing to take a risk.

However, I also count with women clients. They might either travel with their boyfriend or with other friends.

Generally, it is considered that clients would be comprised of few small groups of friends (2 – 3 people), and thus a fifteen – fellow tour would include about six groups. I think solitary travellers would prefer going on their own without agency and meeting new people on the way. It is small groups of friends who prefer travel agencies.

Accommodation in natural parks will be adapted to this and tents or cottages for two person (couples) as well as tents for three people will be offered.

#### **4.3.2 Marketing mix**

Marketing mix consists of four main marketing elements: product, price, place and promotion.

##### **Product**

Company' s main product is ecological tours to Natural Parks in Colombia. In next years of firm's existence, a secondary product "arrangement of studies for Czech students at University of Ibague in Colombia" will be added to a product range.

**Foto 1: Monkey Island, Amacayacu Natural Park, Amazon Region**



**Source: Online. Proexport Colombia, Tourism, Foreign Investment and Export Promotion**

**Foto 2: Park de Los Nevados**



**Source: Online. Buenas Imagenes**

### **Natural Parks in Colombia**

There are more than 150 natural parks in Colombia. The tour is planned in two versions, three – week tour and extended four – week tour. With respect to that, I decided to choose three natural parks for three – week tour, respectively four natural parks for four week tour. The natural parks will be Natural Park Nevado Del Cocuy, Natural Park Los Nevados, Tayrona Natural Park and Natural Park Amacayacu in Amazonia.

**Foto 3: Tayrona National Park**



**Source: Online. Proexport Colombia, Tourism, Foreign Investment and Export Promotion**

**Foto 4: Park Nevado del Cocuy**



**Source: Online. Proexport Colombia, Tourism, Foreign Investment and Export Promotion**

### **Price**

The price is calculated based on costs as well as prices of competitive products in the market. Total costs of three – week tour to Colombia is CZK 42.000. Final price has been set CZK 49.999. A four – week tour costs amount to CZK 50.000 and final price for consumers is CZK 57.999.

Arrangement of studies for Czech students at University of Ibagué in Colombia is another product of the firm. Price of this service package will be CZK 5.999.

### **Place**

Here we talk most importantly about distribution of our product or service. Since, our service is not a physical good, neither physical distribution of our good will be needed. However, we need a distribution channels to get our service to the customer. Kolumbus Tour s.r.o is an internet travel company and plans to sell our service online, which is a rapid growing trend. We need to specify how our service will be sold. First, it will be sold directly through website of travel company [www.kolumbustour.cz](http://www.kolumbustour.cz), next it will be sold on specialized travel webs, such as [www.hedvabnastezka.cz](http://www.hedvabnastezka.cz), [www.cestovatel.cz](http://www.cestovatel.cz).

Finally, customers will be offered service on meetings with students who were in Colombia, these meetings will be accompanied by photo presentations from Colombia.

## **4.4 Financial plan**

Financial plan is a vital and essential part of any business plan. It is required in order to calculate whether and when a business will be profitable, and it also helps us to estimate financial resources needed. If intended to attract external investors, it says them when they should get invested finance back.

### **4.4.1 Costs before initiation**

Costs include administration costs, costs of office equipment, costs for running a business and labour costs.

#### Administration costs

**Tabulka 6: Administration costs**

<b>Operation</b>	<b>Administrative charge (In CZK)</b>
<b>Extract from the police records</b>	50
<b>Public notary of partnership agreement</b>	4000
<b>Administration fee for Trade License</b>	1000
<b>Proposal for certificate of incorporation</b>	5000
<b>Total</b>	<b>10050</b>

#### Costs of office equipment

Normally you either rent or buy a place for your office and these premises are not equipped yet. Thus you must buy equipment which is always associated with costs. However, I do not plan to have an office in first year of business. As I already stated earlier, first year will be a trial and thus a company wants to minimize its costs on the start of business. Then, next year an office in the centre of Brno will be acquired.

You can find costs listed in table below:



**Tabulka 7: Costs of office equipment**

<b>Item</b>	<b>Costs (in CZK)</b>
<b>Chairs</b>	10500
<b>Table</b>	7900
<b>Wardrobe and cases</b>	12300
<b>Personal computer (PC)</b>	16800
<b>Software (Windows, MS Office)</b>	15100
<b>Laser printer</b>	5600
<b>Telephone</b>	1100
<b>Mobile phone</b>	2399
<b>Total</b>	<b>71699</b>

### **Costs for running a business**

These costs are estimated based on prices of products and services from suppliers. Kolumbus Tour s.r.o does not have any non – residential premises, therefore for the purpose of running an office some premises must be rented and rent included in costs. Every travel company must have an insurance against failure of travel company (pojištění proti úpadku cestovní kanceláře). Purpose of this insurance is first of all protection of customers in case of bankruptcy. A client gets insurance benefit in case that travel company is not able to provide customers with transportation from the destination back to Czech Republic. Yet, this applies under one condition – that transportation is included in price of the tour.

It also applies in case that a tour is cancelled, and travel company does not give back money or deposit paid by client. Again, insurance benefit is paid to a client by insurance company. Last, if a tour is not provided in full extent, an insurance company pays to a client the difference between price paid by client and price of the uncompleted tour.

Tabulka 8: Costs for running a business

Item	Costs in first year	Costs in second year
Rent	-	40000
Internet	-	7200
Phone	12000	14400
Other office costs	-	9800
Insurance against failure	50000	50000
Advertisement costs	20000	30000
<b>Total</b>	<b>82000</b>	<b>151400</b>

### Labour costs

Labour costs in first year include wages for executive head only. In next years, wage for additional worker who will work under contract of services will be added. Since “contract of services” is a special type of work contract, according Czech legislation it must fulfil following conditions:

- **Contract of services is for maximum amount of time equal one year (1.1 – 31.12.)**
- **Maximum number of working hours must not exceed 150 hours a year**
- **15% tax is levied up to gross wage CZK 5000**

Social and health insurance must be computed in labour costs as well. Health insurance for 2011 is assessed 13.5% from employee’s earnings, and it is rounded up to units of CZK. Partition of health insurance is as follows:

**EMPLOYER 9 %, EMPLOYEE 4,5 %**

An employer pays health insurance amount to 9% of employee's gross wage, and employee pays remaining 4.5%. Social insurance rate stays the same as in 2010, i.e. 25%. (12)

**Tabulka 9: Labour costs for first year (in CZK)**

<b>Item</b>	<b>Costs monthly</b>	<b>Costs yearly</b>
<b>Gross wage</b>	15000	180000
<b>Social insurance</b>	3750	45000
<b>Health insurance 9% paid by employer</b>	1350	16200
<b>Health insurance 4.5% paid by employee</b>	-	-
<b>Total</b>	<b>20100</b>	<b>241200</b>

### Other costs

Other costs include ad expenditures and unexpected small expenses.

**Tabulka 10: Other costs**

<b>Item costs</b>	<b>Month costs</b>	<b>Yearly costs</b>
<b>Ad expenditures</b>	1500	18000
<b>Small expenses</b>	1000	12000
<b>Total</b>	<b>2500</b>	<b>30000</b>

## Total costs

Total costs include all the costs stated above. For better orientation and more transparent imagination, I budget total costs in both, month period as well as yearly.

Tabulka 11: Total costs

Costs item	Costs in first year		Costs in second year	
	Monthly	Yearly	Monthly	Yearly
Administration costs	-	10050	-	-
Costs of office equipment	-	-	-	71699
Costs for running a business (including rent)	-	82000	-	151400
Labour costs	20100	241200	40200	482400
Other costs	2500	30000	2500	30000
<b>Total costs</b>	<b>22600</b>	<b>363250</b>	<b>42700</b>	<b>735499</b>

Total costs for the first year of business equal CZK 363.250. Next year total costs grow rapidly up to CZK 735.499 due to establishing an office, paying rent and doubled labour costs for additional worker hired.

### 4.4.2 Sales plan

Since this is a business plan for a starting firm that does not exist yet, the sales plan is based on market research conducted and therefore it is just predicted sales. Nevertheless, market research is a usual way to estimate sales before entering the market. Moreover, two options – optimistic as well as bit more pessimistic is designed.

### Sales plan estimation

Gross sales are estimated about CZK 8.219.850. The calculation is as follows:

Number of potential customers \* Price of product \* Purchase frequency = Sales plan  
(0.4 \* 150 \* 49999) + (0.6 \* 150 \* 57999) \* 1 = 8 219 850

This sales plan is very optimistic and estimated sales are considered as maximum possible to reach. Real sales are expected about 15% lower that means CZK 7.000.000.

**Tabulka 12: Optimistic Sales plan**

<b>Product</b>	<b>Sales for 1.Q</b>	<b>Sales for 2.Q</b>	<b>Sales for 3.Q</b>	<b>Sales for 4.Q</b>	<b>Sales for 1<sup>st</sup> year</b>
<b>Ecotours to Colombia</b>	749985	-	749985	-	<b>1499970</b>
<b>Arrangement university studies in Colombia</b>	-	-	-	-	-
<b>Total 1<sup>st</sup> year</b>	<b>749985</b>	<b>-</b>	<b>749985</b>	<b>-</b>	<b>1499970</b>
<b>Product</b>	<b>Sales for 5.Q</b>	<b>Sales for 6.Q</b>	<b>Sales for 7.Q</b>	<b>Sales for 8.Q</b>	<b>Sales for 2<sup>nd</sup> year</b>
<b>Ecotours to Colombia</b>	2465955	821985	3287940	1643970	<b>8219850</b>
<b>Arrangement university studies in Colombia</b>	29995	11998	23996	17997	83986
<b>Total 2<sup>nd</sup> year</b>	<b>2495950</b>	<b>833983</b>	<b>3311936</b>	<b>1661967</b>	<b>8303836</b>

The pessimistic or so – called real plan is estimated 15% less than optimistic scenario in terms of revenues from eco-tours to Colombia. As to secondary product, arrangement university studies in Colombia, a pessimistic plan is down to one third compared with optimistic version.

**Tabulka 13: Pessimistic sales plan**

<b>Product</b>	<b>Sales for 1.Q</b>	<b>Sales for 2.Q</b>	<b>Sales for 3.Q</b>	<b>Sales for 4.Q</b>	<b>Sales for 1<sup>st</sup> year</b>
<b>Ecotours to Colombia</b>	599988	-	599988	-	<b>1199976</b>
<b>Arrangement university studies in Colombia</b>	-	-	-	-	-
<b>Total 1<sup>st</sup> year</b>	<b>599988</b>	<b>-</b>	<b>599988</b>	<b>-</b>	<b>1199976</b>
<b>Product</b>	<b>Sales for 5.Q</b>	<b>Sales for 6.Q</b>	<b>Sales for 7.Q</b>	<b>Sales for 8.Q</b>	<b>Sales for 2<sup>nd</sup> year</b>
<b>Ecotours to Colombia</b>	2096000	698680	2794740	1397370	<b>6986870</b>
<b>Arrangement university studies in Colombia</b>	19790	7910	15830	11870	55430
<b>Total 2<sup>nd</sup> year</b>	<b>2115790</b>	<b>706590</b>	<b>2810570</b>	<b>1409240</b>	<b>7042300</b>

As to third year, sales have been projected as 10% growth from previous year, and I think that based on the market research such growth is realistic and temperate. You can see sales plan for third year of business in the table below:

**Tabulka 14: Sales plan for third year**

<b>Product</b>	<b>Sales for 1.Q</b>	<b>Sales for 2.Q</b>	<b>Sales for 3.Q</b>	<b>Sales for 4.Q</b>	<b>Sales for 3<sup>rd</sup> year</b>
<b>Ecotours to Colombia</b>	3074210	768550	3074210	1537110	<b>8454080</b>
<b>Arrangement university studies in Colombia</b>	21770	8700	17410	13060	50760
<b>Total 1<sup>st</sup> year</b>	<b>2327370</b>	<b>777250</b>	<b>3091620</b>	<b>1550170</b>	<b>8504840</b>

#### 4.4.3 Financial reports

Financial reports are elemental part of the business and they must be crated and kept for financial purposes of the firm as well as for its financial control from outside. The basic financial reports are balance sheet, cash – flow statement and profit and loss account.

**Tabulka 15: Initial Balance sheet of Kolumbus Tour s.r.o**

<b><u>Balance sheet as of 1st January 2012</u></b>			
<b><u>Assets</u></b>		<b><u>Liabilities</u></b>	
<b>CurrentAssets</b>	<b>67980</b>	<b>Shareholders´ equity</b>	<b>200000</b>
Cash and cash equivalents	67980	Capital stock	200000
Inventories	0		
<b>FixedAssets</b>	<b>81749</b>	<b>Current liabilities</b>	<b>- 50271</b>
Property, plant, equipment	71699	Short - term bank loan	- 50271
Intangible assets (costs before initiation)	10050		
<b>TotalAssets</b>	<b>149729</b>	<b>Total liabilities</b>	<b>149729</b>

Cash and cash equivalents are the only current assets on the start of the company. On the other hand, fixed assets include tangible assets that last longer than one year which is a distinction period between current and fixed assets.

## Cash – flow statement

Tabulka 16: Cash flow statement

<b>Years</b>	<b>1st year</b>	<b>2nd year</b>	<b>3rd year</b>
<b><i>Cash on the beginning of period</i></b>	<b>67980</b>	<b>154706</b>	<b>199207</b>
<b><i>Cash receipts from customers (+)</i></b>	1499970	8099850	8504840
<b><i>Cash paid to employees (-)</i></b>	-241200	-482400	-530640
<b><i>Cash paid to suppliers</i></b>	-750000	-6974850	-7499850
<b><i>Rent and other services (-)</i></b>	-82000	-151400	-166540
<b><i>Small expenses (-)</i></b>	-12000	-12000	-18000
<b><i>Ad expenditures (-)</i></b>	-18000	-18000	-30000
<b><i>VAT (20%) (-)</i></b>	-299994	-345000	-173034
<b><i>administrations costs (-)</i></b>	-10050	-	-
<b><i>costs for office equipment</i></b>	-	-71699	-
<b><i>Cash in the end of period</i></b>	<b>154706</b>	<b>199207</b>	<b>285983</b>

Sales in first year are low because only two tours a year are planned in order to adapt product better to customer needs. You can see that in next years sales grow rapidly due to more Ecotours to Colombia sold, hiring more workers goes hand in hand with rising demand and it is also associated with additional labour costs. There is 5% increase anticipated in sales in third year, for specific numbers see Tabulka 17. Cash flow statement for three years.



## 4.5 Time schedule for starting a business

Before we start doing a business we must undergo several procedures needed in order to establish a legal company. They are bureaucracy procedures that require time to go through and thus it is good to plan them. It also includes negotiation and contracts with suppliers because they can sometimes be time consuming and planning can be useful. Time schedule in following table lists tasks we must go through before starting a business.

**Tabulka 17: Time schedule for starting a business**

<i>Task</i>	<i>Term</i>
Deed of foundation (zakladatelská listina)	January 2012
Extract from the Police Records	January 2012
Pay off capital stock of a new company	February 2012
Trade Certificate application	February 2012
Proposal for certificate of incorporation	February 2012
Registration in Commercial Register	February 2012
Registration in Tax Office	March 2012
Registration at Social Security and Health Insurance company	March 2012
Negotiation with main suppliers	April 2012
Choosing suitable suppliers	April 2012
Make contracts with chosen suppliers	May 2012
Start doing business	May 2012

## 4.6 Future plans for the business

Kolumbus Tour s.r.o is a travel company specialized in ecotourism in Colombia. It operates in Brno and on the start of its existence it focuses on and wants to capture clients in city of Brno and its surroundings. However, after establishing well in this region, the plans are to embrace all population of university students in Czech Republic.

As with majority of other companies, its main aim is to make a profit, that is the reason why one engages in self-employment or its own business expecting higher profits that go hand in hand with higher risks. Kolumbus Tour s.r.o seeks to make high profits, which should be achieved already in first year of business, but it is important to say that planned sales are just estimations and reality can differ from those.

Making profit is a main goal, however the company wants to be socially and environmentally responsible, it also wants to promote Colombia as touristic destination, and connect company's name with travelling to Colombia as exclusive travel company specialized in this destination.

Later, when business is established well and Ecotours to Colombia have its own and regular clients, I would like to expand business into other South American countries, first it would be Ecuador and Peru. These destinations seem to be a natural extension of travelling to Colombia and both of them are touristic destination attractive to visit.

The aim is to become market leader in travelling to Colombia within five years. I know it is daring aim, yet I believe that with specialization, right marketing strategy and smart promotion of Colombia as touristic destination it can be reached in this time period.

Secondary product is not thought through that well yet, nevertheless in the future the company would arrange studies as well as practices at universities in whole Colombia, focusing on the biggest cities such as Bogota, Medellin, Cali and so forth.

## **5. RISK ASSESSMENT AND ITS ELIMINATION**

Further chapter handles the topic of risks associated with business and possible risk elimination in order to raise chances for successful company. The most important risks that would have biggest impact on the business have been pointed out as follows:

### **5.1 Change in legislation**

Change in legislation may represent a risk for business, for instance introducing visa for Czech citizens to Colombia would complicate the situation and people may be discouraged by need to obtain visa.

Other example of risk might be change in Colombian legislation regarding tourism in natural parks, we would have to adopt to any change accepted by local legislation.

### **5.2 Lack of knowledge of the market**

That means there might be a risk in regard to wrong analysis of the market and its incorrect development. The customers may not want to buy our product due to various reasons, for example lower salaries and standard of living would cause people rather prefer cheaper European destinations to travel to, or even travelling within Czech, as happened in 2009 when the crisis hit people's pockets.

I stated many times that a market research should partly eliminate this kind of risk. I conducted a good market research of tourism market and we will see how it corresponds to the situation in the market when entering. In case it will not, a new market research would have to be carried out.

### **5.3 Distrust of consumers in small unknown travel companies**

As we all know, there has been many cases of small unknown as well as some known companies that went bankrupt and people either lost their money or lost their trip and have been compensated by insurance company in case a travel agency had insurance.

This might cause distrust in new small travel companies, especially when there are huge players in the market, everyone knows them and rather prefers to go with big travel company because he feels secure.

#### **5.4 Risk of wrong business decisions**

We must realize that entrepreneur of the company has no experiences in business, and therefore might make mistakes or wrong decisions regarding business. This is absolutely normal, however an owner should do his best in order to avoid bad decisions. There are some tools that would help him to do so, for example planning, consultations with an experienced entrepreneur or so called masterminding group which is “a group of participants that raise the bar by challenging each other to create and implement goals, brainstorm ideas, and support each other with total honesty, respect and compassion. Mastermind group members act as catalysts for growth, devil’s advocates and supportive colleagues. This is the essence and the value of mastermind groups.” (22)

#### **5.5 Bad reputation of Colombia**

Colombia is relatively safe country whose touristic attractivity is growing incredibly fast (see the statistics). Yet, all the bad news served by media around the world, Europe no exception, make travellers scared of Colombia. Despite this, more and more people travel to Colombia and it is just question of time when Colombia becomes one of the top’ s touristic destination around the world. Still, for my business it is crucial to convince customers that Colombia is safe destination to visit. Once this problem will be overcome it should make the situation easier.

#### **5.6 Weak marketing efforts**

Marketing is a powerful tool to attract clients, yet there are many forms of marketing that can be used, and we must choose those that address effectively our target group – university students. As starting small company we do not have lot of money and therefore can afford some forms of marketing such as TV commercials or billboards.

However, promotion in student radios, word of mouth, student magazine, social networks such as facebook, internet websites of travel company, and webs about travelling such as [www.hedvabnastezka.cz](http://www.hedvabnastezka.cz) are less expensive forms of promotion we will use. Our target group is university students, thus internet is considered as first choice. Finally, International Student Club at Technical University of Brno makes regular meetings about particular cultures where every country is presented. It might be an opportunity to make a Colombian meeting, present country and culture and also make a promotion of tours, photo presentations seem to be a good idea.

## **5.7 Other risks**

“Other risks” is a category that in our case includes armed conflicts in Colombia, guerrilla kidnappings, drug trade and natural disasters.

## CONCLUSION

The main topic of this work was proposal for a business plan of travel agency Kolumbus Tour s.r.o to Colombia. This company focuses on ecotourism in Colombia and offers clients ecological tours to natural parks in Colombia.

This piece of work has two main aims. First, it is to make an analysis of business environment and tourism market to understand the situation on the market and use relevant information when creating a business plan. The second goal is a proposal for business plan itself. Market research has been carried out for this purpose as well.

First part of thesis is concerned with theoretical approach of issues covered in this work. Theoretical part takes care of elemental topics needed in this work such as business plan, small and medium enterprises, legal forms of business, execution of business plan and market research. The major part is devoted to business plan, why it is important and what parts it contains. After describing various legal forms of business, we made a decision to go for Limited Company (Ltd.), therefore this form is looked at in more detail.

Next, it comes analytical part which was a base for business plan proposal. Analytical part has been divided into four parts according to internal environment, external environment, market research and SWOT analysis summarizing findings from analysis. External analysis of macro – environment has been executed by the help of PESTEL analysis. Porter´s Five Forces Model has been used to analyse situation on the market.

For the purpose of estimating sales and find out what tastes and needs do customers have a market research has been carried out in the form of questionnaire investigation.

Basically, market research helped us to answer questions such as: What will they buy? Who will buy our product? How often will they buy it? How much will they pay for it? Where and how will they buy the product?

SWOT analysis incorporates all three previous analyses and shows findings and outcomes from those in a transparent well arranged table in its usual form S-W-O-T.

Analytical part takes care of particular analysis mentioned above in regard to tourism market and our business. It also focuses more on the company itself and describes it in terms of company description, marketing plan, financial plan, organizational structure and so on. I would say the most important part is a marketing plan together with financial plan, because without financial plan we can not predict, neither our sales nor our costs. We need a marketing plan too, especially in tourism market this becomes crucial since it is a service and marketing influences much whether it succeed or not.

Nevertheless, I want to stress out that financial plan is based on market research conducted and therefore it should be taken carefully. The plan shows that an enterprise will make a profit from the start which looks good and it is promising for a company to survive and find its spot in the market. The financial plan counts with two options – optimistic option as well as pessimistic option. These two differ in estimated sales and I expect the sales to be on the bottom line of pessimistic option, since we are new in the market and have no experiences in business.

Analytical part, especially the market research has been very useful in creating business plan proposal and I am grateful for all the worth information obtained by questionnaire examination.

I claim that aims of this work as stated in the beginning of thesis have been achieved. Nevertheless, as I stated before figures and numbers in sales plan and costs plan should be taken carefully. I am aware that I lack experience with business and creating business plans which can result in inaccuracy, wrong estimations or other weak points. However, estimations based on market research as well as other sources of information were used in creating the business plan.

This project was intended as business plan for real firm, that is the reason why it is longer and more extensive in terms of number of pages. I undertstand that it might seem bit stretched, nevertheless I seeked to make a good market research as well as analysis of the market and my competitors, which are essential for potential business success.

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# APPENDICES

## Appendix 1: Number of universities, number of university students in Czech

Tab. XX.xx Vysoké školy v České republice

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Počet škol z toho: vysoké školy veřejné vysoké školy soukromé	23 23	24 24	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23	23 23
Fakulty veřejných vysokých škol	69	82	95	100	105	106	110	111	112	112	110	111	113	117	117	117	120	125	131	135
Studenti soukromých VŠ	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Poprve zapsaní na soukromé VŠ	X	X	X	X	X	X	X	X	X	X	X	X	2 756	3 968	5 249	6 606	8 360	9 932	13 150	14 270
Absolventi soukromých VŠ	X	X	X	X	X	X	X	X	X	X	X	X	126	359	747	1 753	3 037	4 932	6 934	9 451
Studenti veřejných a soukromých VŠ celkem, vč. doktorského studia	113 417	118 194	111 990	114 185	127 137	136 566	148 433	166 123	177 723	187 148	198 961	215 207	203 512	220 270	243 807	265 070	289 636	316 496	344 615	369 619
se státním občanstvím českým	110 021	115 072	110 883	115 132	123 523	133 342	145 148	162 402	173 828	182 745	193 493	207 721	194 682	209 132	230 684	247 785	268 663	292 429	317 070	338 435
se státním občanstvím cizím	3 396	3 122	2 771	2 505	3 614	3 224	3 285	3 721	3 897	4 403	5 468	7 486	8 837	11 152	13 133	17 129	21 002	24 087	27 569	31 218
studium prezencií distanční a kombinované	.	.	.	.	.	121 613	129 440	143 945	153 089	160 648	170 207	174 327	183 562	179 465	195 665	208 095	223 293	238 389	252 228	264 304
Z toho: české státní občanství	.	.	.	.	.	14 953	18 993	22 178	24 634	28 500	28 754	34 971	39 451	42 348	49 932	58 853	68 713	80 898	95 705	109 209
studium prezencií	89 171	96 379	94 723	100 513	109 471	118 546	128 353	140 524	149 528	156 653	165 361	167 612	175 141	189 547	194 540	194 128	206 858	219 891	231 469	241 330

Poznámky:  
Do roku 1999/2000 pouze veřejné vysoké školy, od roku 2000/2001 veřejné a soukromé  
Do roku 2000/01 jsou uváděny údaje o počtech studií, od roku 2001/02 pak počty studentů – fyzických osob.

## Appendix 2: Prodané zájezdy v ČR v jednotlivých letech

<b>Rok</b>	<b>Prodané zájezdy (v tis.)</b>
<b>2003</b>	2068
<b>2004</b>	1928
<b>2005</b>	2019
<b>2006</b>	2079
<b>2007</b>	2200
<b>2008</b>	2200*
<b>*</b>	<i>odhad Mag Consulting</i>

Source: (online. Ihned.cz, dostupné z <http://life.ihned.cz/cestovani/c1-26117480-velke-cestovni-kancelare-si-ukrajuji-stale-vetsi-podil-na-trhu>)

## Appendix 3: Jednotlivci, kteří nakupovali přes internet

**GRAF 13 Jednotlivci, kteří nakoupili/objednali přes internet**  
CHART 13 Individuals who purchased over the internet

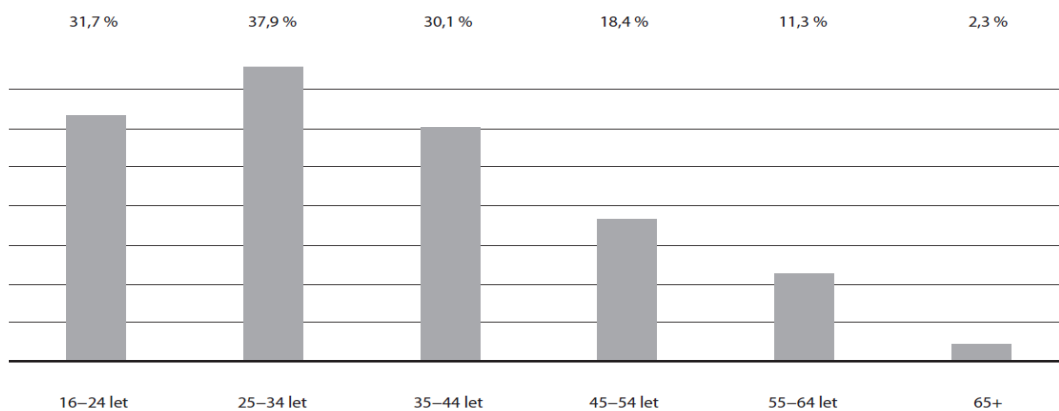


Source: Český statistický úřad

#### Appendix 4: Jednotlivci (podle věku), kteří nakupovali přes internet

**GRAF 14 Jednotlivci, kteří nakoupili/objednali přes internet – podle věku**

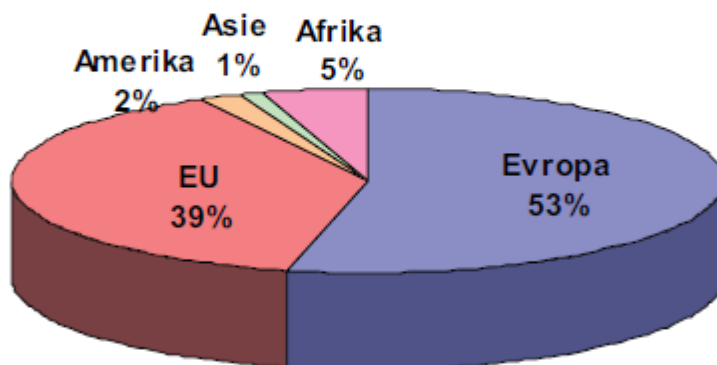
CHART 14 Individuals who purchased over the Internet by age



Source: Český statistický úřad

#### Appendix 5: Podíl kontinentů na delších cestách rezidentů v zahraničí

**Graf č. 4: Podíl kontinentů na delších cestách rezidentů v roce 2008, v %**



Zdroj: ČSÚ

Source: Český statistický úřad



## DOTAZNÍK

Jsem student závěrečného ročníku magisterského studia na Fakultě podnikatelské Vysokého Učení Technického v Brně, a píší svou diplomovou práci na téma „Obchodní plán pro založení cestovní kanceláře do Kolumbie“. Jako část své diplomové práce provádím průzkum o spotřebitelském chování při koupi cestovatelských zájezdů a dovolených.

Pro účely výzkumu bych Vám byl velmi vděčný, kdybyste mohl odpovědět tento dotazník. Mělo by to trvat mezi 10-15 minutami zodpovědět můj dotazník.

Všechny informace, které poskytnete, budou anonymní a použity výhradně pro účely mého výzkumu.

Děkuji Vám za Váš čas a účast!

### 1. Jste student/ka vysoké školy? (Vyberte právě jednu možnost)

Ano, prezenční     Ano, dálkový     Přerušené studium     Ne

**(Jestli jste odpověděli „NE“ na odpověď č.1, dotazník pro Vás tímto skončil. Děkuji.)**

### 2. Pohlaví (Vyberte právě jednu možnost)

Muž     Žena

### 3. Jezdíte na pobytové či poznávací zájezdy do zahraničí? (Vyberte všechny možnosti, které používáte)

Ano, s cestovní kanceláří     Ano, bez cestovní kanceláře     Ne

### 4. Dáváte přednost pobytovému či poznávacímu zájezdu? (Vyberte právě jednu možnost)

Pobytovému zájezdu     Poznávacímu zájezdu     Je mi to jedno

### 5. Co očekáváte od poznávacího zájezdu? (Otevřená otázka)

**6. Na pobytový či poznávací zájezd jezdím: (Vyberte 3 nejdůležitější důvody, proč jezdíte na pobytový či poznávací zájezd)**

- poznat kulturu a historii
- zažít dobrodružství
- Pobavit se s přáteli
- poznat nové lidi
- rozvinout svou osobnost
- objevit něco nového
- zlepšit svůj fyzický stav
- Jiné důvody (jmenujte):

**7. Do jaké míry ovlivní výběr destinace pro váš pobytový či poznávací zájezd následující faktory? (Vyberte u každého faktoru vždy jen jeden rámeček)**

<b>VELMI HODNĚ</b>	<b>HODNĚ</b>	<b>OMEZENĚ</b>	<b>MÁLO</b>	<b>VŮBEC</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Atraktivita oblasti (příroda, kultura, historie)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cena	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kvalita poskytovaných služeb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vzdálenost destinace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Image destinace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nabídka míst, kde se dá zájezd koupit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jazyk, kterým se v dané zemi mluví	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**8. Jaké jiné faktory ovlivňují výběr místa pro váš pobytový či poznávací zájezd? (Otevřená otázka)**

**9. Je pro Vás Kolumbie atraktivní destinací pro poznávací zájezd?** (Vyberte právě jednu možnost)

Ano       Ne       Nevím

**(Jestli jste odpověděli NE na tuto otázku, přejděte na otázku č. 22)**

**10. Na poznávací zájezd do Kolumbie byste jel/a:** (Seřad'te možnosti od 1 do 4, kde 1 – vám vyhovuje nejvíce, 4 – vyhovuje nejméně)

Sám, bez cestovní kanceláře

Bez cestovní kanceláře s dalšími osobami

S cestovní kanceláří ve společnosti osob mezi 20 a 55 lety

S cestovní kanceláří ve společnosti dalších studentů

**11. Jaké jsou podle Vás výhody poznávacího zájezdu s CK? Jaké jsou jeho nevýhody?** (Otevřená otázka)

**12. Na jak dlouhou dobu byste jel/a na poznávací zájezd do Kolumbie?** (Vyberte právě jednu možnost)

2 týdny     3 týdny     4 týdny     více než 4 týdny

**13. Jaká místa v Kolumbii byste chtěl/a navštívit?** (Vyberte právě 3, které chcete navštívit nejvíce)

deštný prales     Pacifické pobřeží     národní parky

oblast pěstování nejlepší kávy     Karibské pobřeží     Ztracené město

hory nad 3000 metrů     předkolumbovské památky Indiánů

oblast vyhlášená pro extrémní sporty     archeologické parky

**14. Jaká je pro Vás maximální akceptovatelná cena za měsíční/třítýdenní poznávací zájezd v Kolumbii (včetně letenek)?** (Vyberte právě jednu možnost)

méně než 45000 Kč     45001 - 50000 Kč     50001 – 55000 Kč     více než 55000 Kč

**15. Jakým způsobem byste chtěl/a získávat aktuální turistické informace o Kolumbii?** (Seřadte možnosti od 1 do 4, kde 1 - nejvíce chtěný a 4 - nejméně chtěný)

- na internetových stránkách cestovní kanceláře
- na veletrzích cestovního ruchu
- na specializovaných cestovatelských serverech
- na setkáních se studenty, kteří v Kolumbii byli

jiné (prosím uveďte):

**16. Jak často máte zájem cestovat na poznávací zájezdy do Kolumbie?** (Vyberte právě jednu možnost)

- jednou       jednou za tři roky či méně často
- jednou za dva roky       každý rok       vícekrát za rok

**17. Ohodnoťte následující aspekty při cestování:** (U každého aspektu zaškrtněte právě jeden rámeček)

Silně souhlasím     Souhlasím     Nevím     Nesouhlasím     Silně nesouhlasím

- |   |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Spaní ve stanu v přírodě<br><input type="checkbox"/>                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Přejezd autobusem v délce 10 hodin (s pauzou)<br><input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Vlastní stravování<br><input type="checkbox"/>                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Strávit noc přejezdem v autobuse<br><input type="checkbox"/>              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cestování ve skupině 10-15 mladých lidí<br><input type="checkbox"/>       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Pěší turistika s malým batohem na zádech

V přírodě hygiena v čistých jezerech a lagunách

**18. Na jaké druhy zájezdů jezdíte nejvíce? (Vyberte maximálně 3 možnosti)**

Pěší turistika

Cykloturistika

Vysokohorská turistika nad 3000 metrů

Horolezectví

Kulturně-poznávací

Rekreační (např. pobyty u moře)

Expedice

Rafting a vodní turistika

Extrémní sporty

Jiné (prosím uveďte):

**19. Jaký způsob upřednostňujete při nákupu pobytového či poznávacího zájezdu? (Vyberte právě jednu možnost)**

online přes cestovní kancelář  online přes cestovní agenturu

přes specializovaný server (např. [www.zajezdy.cz](http://www.zajezdy.cz), [www.dovolena.cz](http://www.dovolena.cz) )

v kamenném obchodě  jiné (uveďte):

**20. Při nákupu na internetu platíte: (Vyberte všechny možnosti, které používáte)**

kreditní kartou  hotovostní platbou při osobním převzetí  bankovním převodem  
 přes platební brány (Pay U, PayPal, Pay Check)  jinak (uveďte):

**21. Zaškrtněte tři různé měsíce v roce, které by vám nejvíce vyhovovali pro cestování:**

leden  únor  březen  duben  květen  červen  červenec  srpen   
září  říjen  listopad  prosinec

## 22. Jaká místa v Kolumbii jsou Vám známa? (Otevřená otázka)

Na závěr bych Vám chtěl poděkovat za cenné informace a čas, který jste mi věnoval/a. Přeji pěkný den!

### Appendix 7: Dotazník – pilotní studie

#### DOTAZNÍK

Jsem student závěrečného ročníku magisterského studia na Fakultě podnikatelské Vysokého Učení Technického v Brně, a píšu svou diplomovou práci na téma „Obchodní plán pro založení cestovní kanceláře do Kolumbie“. Jako část své diplomové práce provádím průzkum o spotřebitelském chování při koupi cestovatelských zájezdů a dovolených.

Pro účely výzkumu bych Vám byl velmi vděčný, kdybyste mohl odpovědět tento dotazník. Mělo by to trvat mezi 10-15 minutami zodpovědět můj dotazník.

Všechny informace, které poskytnete, budou anonymní a použity výhradně pro účely mého výzkumu.

Děkuji Vám za Váš čas a účast!

#### 1. Jste student vysoké školy?

Ano, prezenční     Ano, dálkový     Přerušené studium     Ne

(Jestli jste odpověděli „NE“ na odpověď č.1, dotazník pro Vás tímto skončil. Děkuji za účast.)

#### 2. Pohlaví

Muž     Žena

#### 3. Jezdíte na dovolenou či poznávací zájezdy do zahraničí?

Ano     Ne

**4. Dáváte přednost aktivní či pasivní dovolené?**

Aktivní  Pasivní  Je mi to jedno

**5. Co si představíte pod pojmem aktivní dovolená? (otevřená otázka)**

**6. Na dovolenou či zájezd jezdím: (zaškrtněte tři nejdůležitější důvody, proč jezdíte na dovolenou)**

- poznat kulturu a historii
- zažít dobrodružství
- Pobavit se s přáteli
- poznat nové lidi
- pasivně si odpočinout
- rozvinout svou osobnost
- objevit něco nového
- zlepšit svůj fyzický stav
- Jiný důvod (jmenujte):

**7. Do jaké míry ovlivní výběr destinace pro vaši dovolenou či poznávací zájezd následující faktory? (Zaškrtněte vždy jen jeden rámeček)**

VELMI HODNĚ	HODNĚ	OMEZENĚ	MÁLO	VŮBEC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Atraktivita oblasti (příroda, kultura, historie)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cena	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kvalita poskytovaných služeb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vzdálenost destinace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Image destinace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- Nabídka míst, kde se dá zájezd koupit
- Jazyk, kterým se v dané zemi mluví

**8. Jaké jiné faktory ovlivňují výběr místa pro vaši dovolenou? (otevřená otázka)**

**9. Je pro Vás Kolumbie atraktivní destinací pro poznávací zájezd?**

- Ano  Ne  Nevím

(Jestli jste odpověděli NE na tuto otázku, přejděte na otázku č. 21)

**10. Na poznávací zájezd do Kolumbie byste jel: (seřad'te možnosti od 1 do 4, kde 1 – vám vyhovuje nejvíce, 4 – nejméně)**

- Sám, bez cestovní kanceláře
- Bez cestovní kanceláře s dalšími osobami
- S cestovní kanceláří ve společnosti osob mezi 20 a 55 lety
- S cestovní kanceláří ve společnosti dalších studentů

**11. Na jak dlouhou dobu byste jel na poznávací zájezd do Kolumbie?**

- 2 - 3 týdny  3 - 4 týdny  4 - 5 týdnů  více než 5 týdnů

**12. Jaká místa v Kolumbii byste chtěl navštívit? (vyberte právě 3, které chcete navštívit nejvíce)**

- deštný prales  Pacifické pobřeží  národní parky
- oblast pěstování nejlepší kávy  Karibské pobřeží  Ztracené město
- hory nad 4000 metrů  předkolumbovské památky Indiánů
- oblast vyhlášená pro extrémní sporty  archeologické parky



**13. Jakou cenu byste byl ochotný zaplatit za měsíční poznávací zájezd v Kolumbii (včetně letenky)?**

- méně než 45000 Kč    45001 - 50000 Kč    50001 – 55000 Kč    více než 55000 Kč

**14. Jakým způsobem byste chtěl získávat aktuální informace o Kolumbii? (Seřad'te od 1 do 4, kde 1 - nejvíce chtěný a 4 nejméně)**

- na internetových stránkách cestovní kanceláře  
 na veletrzích cestovního ruchu  
 na specializovaných cestovatelských serverech  
 na setkáních se studenty, kteří v Kolumbii byli

jiné (prosím uveďte):

**15. Jak často máte zájem cestovat na poznávací zájezdy do Kolumbie?**

- jednou    jednou za tři roky či méně často  
 jednou za dva roky    každý rok    vícekrát za rok

**16. Ohodno'te následující aspekty při cestování:**

- Silně souhlasím    Souhlasím    Nevím    Nesouhlasím    Silně nesouhlasím

Spaní ve stanu v přírodě

Přejezd autobusem v délce 10 hodin (s pauzou)

Vlastní stravování

- |   |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Strávit noc přejezdem v autobuse<br><input type="checkbox"/>                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cestování ve skupině 10-15 mladých lidí<br><input type="checkbox"/>         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Pěší turistika s malým batohem na zádech<br><input type="checkbox"/>        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| V přírodě hygiena v čistých jezerech a lagunách<br><input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**17. Na jaké druhy zájezdů jezdíte? (Vyberte maximálně 3 možnosti)**

- Pěší turistika
- Cykloturistika
- Vysokohorská turistika
- Horolezectví
- Kulturně-poznávací
- Rekreační (např. pobyty u moře)
- Expedice
- Rafting a vodní turistika
- Extrémní sporty
- Jiné (prosím uveďte):

**18. Jaký způsob upřednostňujete při nákupu zájezdu či dovolené?**

- online přes cestovní kancelář  online přes cestovní agenturu
- přes specializovaný server  v kamenném obchodě  jiné (uveďte):

**19. Při nákupu na internetu platíte: (všechny možnosti, které platí)**

- kreditní kartou  hotovostní platbou při osobním převzetí  bankovním převodem
- přes platební brány (Pay U, PayPal, Pay Check)  jinak (uveďte):

**20. Zaškrtněte tři různé měsíce v roce, které by vám nejvíce vyhovovali pro cestování:**

leden  únor  březen  duben  květen  červen  červenec  srpen   
září  říjen  listopad  prosinec

**21. Jaká místa v Kolumbii jsou Vám známa? (otevřená otázka)**

**Na závěr bych Vám chtěl poděkovat za užitečné informace vyplněné v dotazníku a čas, který jste mi věnoval. Přeji pěkný den!**