

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Economics**



**Diploma Thesis**

**Feasibility study of E-business project in the area of  
expat services in Prague**

**Merve Dekle**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## DIPLOMA THESIS ASSIGNMENT

Merve Dekle

Business Administration

Thesis title

**Feasibility study of E-business project in the area of expat services in Prague.**

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### Objectives of thesis

Conduct a feasibility study of E-business solution providing business directory, online trading platform, and general forum for English speaking foreigners in Prague.

### Methodology

Literature review is conducted by using methods of synthesis, extraction, induction and deduction. Analytical section uses methods for a feasibility study and includes also some financial methods like return on investment.

**The proposed extent of the thesis**

60 pages

**Keywords**

feasibility study, e-business, market research

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**Recommended information sources**

Blackwell, Edward. How To Prepare A Business Plan. London: Kogan Page, 2008. Print.  
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Watt, Dougal. E-Business Implementation. Oxford: Butterworth-Heinemann, 2002. Print.

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## Declaration

I declare that I have worked on my diploma thesis titled " Feasibility study of E-business project in the area of expat services in Prague" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 11.04.2016

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I would like to thank my supervisor Ing. Petr Prochazka Ph.D., MSc for his support as well as my boyfriend Sergej and my family for their unlimited support and help during my work on thesis.

# **Studie proveditelnosti e-byznysového projektu v oblasti služeb pro cizince žijící v Praze**

## **Souhrn**

Vypracování studie proveditelnosti E-byznys řešení poskytujícího katalog firem, online obchodní platformu a obecné fórum pro anglicky mluvící cizince žijící v Praze.

Díličními cíli je stanovení a vyhodnocení trhu pomocí průzkumu trhu, analýzy e-byznys potenciálu prostřednictvím organizační analýzy, definování potenciálních hrozeb při vývoji produktu s pomocí technologické analýzy a odhad potenciálu ziskovosti obchodní myšlenky s využitím finanční analýzy.

Literární rešerše je provedena s využitím metod syntézy, extrakce, indukce a dedukce z relevantních zdrojů ve vztahu k E-byznysu, vývoji produktů a studiím proveditelnosti.

Praktická část využívá metody pro vytvoření studie proveditelnosti včetně metod pro výzkum trhu a analýzy, jako např. segmentace trhu, analýza konkurence, průzkum potenciálních zákazníků a další.

**Klíčová slova:** Studie proveditelnosti, e-byznys, průzkum trhu

# **Feasibility study of E-Business project in the area of expat services in Prague**

## **Summary**

Conduct a feasibility study of E-Business solution providing business directory, online trading platform, and general forum for English speaking foreigners in Prague.

Partial goals are, to define and evaluate market using market research, analyze e-business potential through organizational analysis, define potential treats of product development using technological analysis and estimate business idea potential profitability using financial analysis.

Literature review is conducted using methods of synthesis, extraction, induction and deduction of relevant sources in regards to E-business, Project development and Feasibility studies.

Practical section uses methods for creating feasibility study including methods for market research and analysis such as market segmentation, competitor analysis, target group surveys of potential customers and others.

**Keywords: Feasibility Study, E-business, Market research**

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# 1 Introduction

The online platforms are one of the most important communication tools for people to interact to each other in current age. Internet based communication is considered most popular among people. Based upon this reality, the idea is to start-up a business in which operates online environment for Expats who live in Prague, Czech Republic.

Prague is the capital and largest city of the Czech Republic. It is the 14th largest city in the European Union as well. It is greatly attracted by tourists to visit and by foreigners to live. Prague currently hosts over 150000 foreigners who are not entirely able to speak Czech Language and find difficulties to get benefit from the services and actual events which mostly needed.

Expat services are general services that are mostly needed daily basis. Such as; visa services, health services, beauty and relaxation, legal solution services as well other general services from electrician, plumber to tutor, babysitter etc.

A feasibility study for E-business project in the area of expat services in Prague is to be considered significantly for new entrepreneurs or businesses which are seeking for new opportunities with expertise. The feasibility study is a very important step in order to determine whether the idea is viable or not. In the start-up process, feasibility study can be mostly skipped by entrepreneurs or businesses however, it leads most businesses fail due to lack of research of feasibility. Starters should take into consideration conducting a feasibility study before creating any business plan for the success and sustainability of the business.

The study has been conducted by analyzing market, industry, competitors in external environment as well as organizational, technological and financial analysis prepared in order to determine the requirements of the idea in terms of both monetary and quality wise and profitability of the business. For every new idea feasibility study should be conducted therefore the owners know that their business is going to be successful and sustainable.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The main objective of this master thesis is to design and conduct a feasibility study of e-business idea for web solution providing business directory, online trading platform, entertainment section, and a general forum for English speaking foreigners in Prague.

Secondary objectives are:

- Obtain up-to-date data into market, customers and potential competitors;
- Evaluate market size, characteristics, Target market and estimate projected market share;
- Evaluate organizational and technological capacity of the organization proposing business idea;
- Estimate potential profitability of the proposed business idea;

### **2.2 Methodology**

Thesis is composed of two parts as theoretical and practical parts.

In the theoretical section, literature overview, secondary scholar sources were used. The literature part concerning definitions and key steps of feasibility study, financial analysis, market research and analysis and organizational- technological analysis information were mainly collected from University library, books and articles. As a secondary source, relevant websites were collected and necessary information extracted.

Practical section involves, implementation of a feasibility study of E-business project in the area of expat services in Prague (Part 4).

Secondary sources were collected from Czech Statistical Office, relevant official websites.

In the primary research, online two questionnaires have been designed for both commercial and consumer markets with both open and close ended questions Moreover, observation and face to face technics were used in order to decide segmentation of the market and determine needs, interests and prefers of the targeted groups.

Depending on obtained sources, market analysis has been done by using following tools

- Market research,
- Market segmentation,
- Porter's five forces,
- Competitor's analysis,

Financial analysis has been created cost-revenue relationship oriented and profitability focused. Below tools were used,

- Break-even analysis
- Return on Investment

Lastly, organizational and technological analysis have been created

- Organization analysis,
- SWOT analysis.

### 3 Literature Review

Literature review contains necessary theoretical background, required for successful development and implementation of business idea introduced in the previous chapter.

It is organized in four main sections:

- General terms,
- E-Business,
- Business Lifecycle, and
- Feasibility study.

**General terms**, introduces basic terms and definitions, as defined by the leading experts in the field of economics, management, and marketing. Moreover definition of each term is deduced to suit the needs of the business idea, e-business characteristics and feasibility study.

**E-Business**, introduces the concept, characteristics and principles of modern e-Business, and compares it to other business models.

**Feasibility study**, introduces the concept, characteristics, types and structure of feasibility study, as well as economic, management and marketing strategies involved in development of the feasibility study.

The goal of this chapter is to provide the reader with all the necessary know-how to understand and appreciate the importance and the complexity of the well conducted feasibility study, as well as to understand the economic, marketing, and business factors involved in development of the same.

#### 3.1 General Terms

Throughout this thesis, several key economic terms are used. As one can expect these terms have already been the subject of many scientific studies, and there are many different definitions and interpretations of these terms.

This section analyses most important definitions by some of the leading experts in the field of economics, as well as historical and economic factors that have influenced understanding of these terms and provides a fresh look on these terms.

### **3.1.1 Market**

Market is easily the single most important term in the Economics. Oxford University (2016) defines market as:

*“A regular gathering of people for the purchase and sale of provisions, livestock, and other commodities”* (2016 Oxford University Press, n.d.)

While this was the case indeed, this definition covers only the basic understanding of market. It does not meet the scientific, economic and business requirements. Moreover as the market has developed and changed so has the understanding of what market represents. Gathering of people was no longer a necessary element of market, purchase and sale were no longer the only trading tools, and provision, livestock and commodities are insufficient terms to describe product and services.

NetMBA, Business knowledge center for management and business administration provides a more academic definition of market

*“Market refers to the group of consumers or organizations that is interested in the product, has the resources to purchase the product, and is permitted by law and other regulations to acquire the product”* (NetMBA.com, n.d.)

Philip Kotler, one of the world’s leading authorities on marketing, professor of International Marketing at the Kellogg School of Management, North-western University, defines market as

*“A market was a physical place where buyers and sellers gathered to buy and sell goods. Economists describe a market as a collection of buyers and sellers who transact over a particular product or product class”*(Kotler & Keller, 2012)

### **3.1.2 Marketing**

Marketing has therefore been a subject of many scientific researches and studies.

According to American Marketing Association (2013), a professional association for marketing professionals and the pre-eminent force in marketing for best and next practices, defines marketing as;

*“Marketing is the activity, set of institutions, and processes for creating communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”* (The American Marketing Association, 2013)

The Chartered Institute of Marketing provides the following definition

*"Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably"* (The Chartered Institute of Marketing 1996 - 2016, n.d.)

This definition incorporates the "activities, set of institutions and processes" as a management process, while introducing an important aspect missing from previous definition, a profit.

Philip Kotler Marketing Group (2011-2015), provides a more academic definition of marketing

*"Marketing is the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires"* (Kotler, 2001-2015 Kotler Marketing Group, Inc, n.d.)

### **3.1.3 Management**

While market represents both customers and providers of product and services, and marketing represents management process for the providers of product and service, it is necessary to understand how these processes are implemented and coordinated in order to be accomplished efficiently and effectively. This is where Management comes to play. (Prasad & Gulshan, 2011).

American mechanical engineer, one of the first management consultants and a pioneer in the science of management, E. W. Taylor defines management as

*"Knowing what you want to do and then seeing it is done in the best and cheapest way"* (Taylor, 1911).

This definition, apart from being one of the first attempts of understanding management, shows the productivity oriented approach that has driven the development of management. Key goal of managers, should therefore be to ensure maximum use of the resources in order to achieve a business goal (Taylor, 1911).

Henry Fayol, French mining engineer and executive attributed for developing a general theory of business administration, offered his view of management as

*"To manage is to forecast and to plan, to organize, to command, to coordinate and to control"* (Fayol, 1949)

This is one of the first definitions that mentions the functions of the management in order to achieve a desired result.

#### **3.1.4 Business idea**

The beginning of every business lies in the business idea. However, unlike the previous terms, a business idea, did not receive as much attention, analysis and academic interest. While great business ideas have been changing economic landscape since time immemorial, it has only recently been in the focus of academic community (Osgood, 1980).

Business Dictionary, leading online business resource, business idea as

*“A thought or collection of thoughts that generate in the mind. An idea is usually generated with intent, but can also be created unintentionally. Ideas often form during brainstorming sessions or through discussions”* (Business Directory, n.d.).

Steve Faktor, founder of IdeaFaktory, former Head of the American Express Chairman’s Innovation Fund and ex-senior innovation & strategy executive at Citi, MasterCard, and Andersen, gave an interesting vision of business idea.

*“Whether you’re thinking of starting a mobile app company, a massage parlor or a restaurant, three factors will determine if your venture will have a happy ending: your abilities, your connections, and market demand”* (Faktor, 2013)

An idea is the first step in the process of building a successful business, it is followed by the feasibility study, Business Plan and ultimately, hopefully a successful business.

#### **3.1.5 Business**

Business idea defined in previous chapter serves as proper introduction to the term Business.

*“An activity that meets the needs and desires of the community economic and organized a company to engage in such activities”* (Musselman & Jackson, 1984).

Business is an activity leads providing the goods or services which are demanded by people in order to make profit. It is conducted by a group of people or individual for a profit by producing/selling/promoting goods or services (Alter, 2000).

*“The term management refers to the process of getting things done, effectively and efficiently, through and with other people”* (Robbins & Decenzo, 2005).

#### **E-Business**

Electronic business (E-business) is the activities of business procedures on the Internet. The activities are relatively broad primarily buying, selling and trading goods and services, serving customers, cooperate with partners and suppliers, tracking and processing monetary issues, preparing instalments, controlling production process, sharing knowledge, procuring etc. (Margaret Rouse, n.d.)

*“Electronic business (e-business) is aimed at enhancing the competitiveness of an organization by deploying innovative information and communications technology throughout an organization and beyond, through links to partners and customers”* (Chaffey, 2009)

### **3.1.6 Feasibility study**

In the most simplest term,

*“a feasibility study is an analysis of the viability of an idea”* (Holz-Clause & Hofstrand, 2009)

In other words feasibility study is economic analysis of the business idea. The goal of feasibility study is to evaluate whether the idea is worth to perform, i.e. entire feasibility study activities are made in order to find the correct answer

*“whether we proceed and develop a project with suggested idea or not?”* (Holz-Clause & Hofstrand, 2009)

It is considered one of the most critical element of a successful business (Overton, 2000).

Hofstrand and Holz-Clause (2009), from Iowa State University state that the companies / institutions with a business idea are suggested to establish a feasibility study in order to determine whether the viability of their idea should be taken into account or not. Becoming aware of reality of a business idea in early stage will not lead to lose time, money and avoid entrepreneurs to have sorrow later.

The business Feasibility Study is used to support the decision-making process based on a cost benefit analysis of the actual business or project viability (Thompson, 2005).

*“A Business Feasibility Study can be defined as a controlled process for identifying problems and opportunities, determining objectives, describing situations, defining successful outcomes and assessing the range of cost and benefits associated with several alternatives for solving a problem.”* (Thompson, 2005)

According to Overton (2000), key factor in any feasibility study must be ensuring that you are dealing with correct facts, correct assumptions and up to date financial data.

## **3.2 Feasibility Study**

As introduced in the general terms section, a feasibility study is an economical study of the business idea, conducted in order to determine if a business idea is feasible or not.

This chapter is focused on providing detailed theoretical background necessary for conducting a successful feasibility study. Chapter will cover following topics:

- **Purpose**, main goal of feasibility study
- **Benefits and drawbacks**, advantages and disadvantages, and
- **Implementation**, steps involved in conducting a feasibility study.

### **3.2.1 Purpose**

Feasibility study is first key step in developing a business idea, and more often than not it is a “break or make” decision factor in deciding if to proceed with developing business idea or not.

The main purpose of feasibility study is to evaluate if a business idea is feasible or not, in other words, to:

- Define primary issues related to a business idea,
- Define key strengths of the business idea,
- Provide information necessary for business plan,
- Determine the capacity of the business organization to implement business idea, and
- Determine product / service development requirements
- Determine if business idea is profitable. (Oke, Adetayo, Kareem, & Ayedun, 2014)

#### **Define primary issues**

During the feasibility study of the business idea primary issues related to business idea will be identified and their impact on the successfulness of the business evaluated.

*“The purpose is to identify any “make or break” issues that would prevent your business from being successful in the marketplace” (Gumpert, 1994).*

In other words, a feasibility study determines whether the business idea makes sense.

### **Define key strengths**

Just as important is to define the potential threats and issues, it is important to define strong characteristics of the business idea. Feasibility study also provides information about the most important aspects of the product / service business idea proposes and assess its chances of success on the market.

### **Provide information necessary for business plan**

Many elements later necessary for development of business plan are initially part of feasibility study. A well conducted feasibility analysis provides a lot of information necessary for the business plan.

*“A good market analysis is necessary in order to determine the project’s feasibility. This information provides the basis for the market section of the business plan.”* (University of Wisconsin Center for Cooperatives, n.d.)

Feasibility study is not a substitute for the business plan however, it is meant to be a “first cut” look at the possible issues.

In the Feasibility study it’s not necessary to create a long-term financial projections, however it is important to do a break-even analysis to estimate what would be possible revenue to cover up company’s operating expenses (Gumpert, 1994).

### **Determine the capacity of the business organization**

As good as business idea can be, it will not be feasible if the organization that is attempting to develop it doesn’t have appropriate business model.

Most importantly it should answer the question: What organizational structure is the right one for this business idea? (McLaughlin, 1985)

### **Determine product / service development requirements**

Another important goal of the feasibility study is to assess the cost and availability of technology required for the implementation of business idea. Technological requirements may range from a personal computer to the complex factory machines. It may be of critical importance to the feasibility of a project, or it may not be an issue at all (Ford, Bornstein, & Pruitt, 2007)

### **Determine if business idea is profitable**

Final purpose of the feasibility study is to determine whether or not the business idea has a financial sense. To estimate the chances of the business idea to make profit. It is important to stress that the financial projections developed as a part of feasibility study are not meant to go into many details, rather estimate how much revenue will be required to meet initial cost of the business. A good example of financial analysis used in feasibility study is the Break-even point analysis (Ford, Bornstein, & Pruitt, 2007).

### **3.2.2 Benefits and drawbacks**

There are many benefits of conducting a feasibility study. According to Hofstrand and Holz-Clause (2009) key benefits of conducting feasibility study include:

- Diminishes alternatives / ideas,
- Helps finding new opportunities,
- Gives quality data,
- Improves the contingency of achievement by addressing and conveying components which may decelerate process at an early stage that could influence the venture,
- Provides official documents that prove the investigation has been done utterly,
- Determines facts not to proceed the idea/s,
- Prevents investment wasting, gives recommendations for entrepreneurs not to fund from lending institutions or other sources (banks, investors etc.) (Holz-Clause & Hofstrand, 2009)

Main drawback seems to be the price of conducting the feasibility study.

Feasibility study might be costly. The cost in both money and time might not be efficient to complete the study.

However, according to Thompson, estimations demonstrate that only one in fifty business ideas are actually valued to start and viable in terms of commercial. Many entrepreneurs begins to perform their ideas into business and invest on this without sufficient research and considering possible risks. At this stage, Business Feasibility Study is highly needed to avoid wastage of investment, time and resources (Thompson, 2005).

### **3.2.3 Implementation**

Feasibility study is called as a safeguard of wastage (Gofton & Ness, 1997).

Hofstrand (2009) states that truth is that conducting a feasibility study is an expensive process and time consuming. This reality should not be underestimated. However, considering the amount the company may lose by wrong decisions or lack of research, can cost much greater than a conducting feasibility study.

Truth to be told, there are very few drawbacks in regards to feasibility study, and the benefits are numerous.

Identification of major roadblocks facing business idea before making investment is the main purpose of a feasibility study.

*“A Feasibility Study is conducted to obtain an overview of the problem and to roughly assess whether feasible solutions exist prior to committing substantial resources to a project”* (Overton, Feasibility Studies Made Simple, 2007)

Implementation of feasibility study is organized in three major areas:

- Market analysis
- Organizational and Technical analysis
- Financial analysis

Well implemented feasibility study shall answer following questions:

1. Is the idea is realistic to consider as an opportunity?
2. Is there a demand to this idea?
3. Who else/ which companies providing the same product/service?
4. What is the approximate cost of providing service/product?
5. What is a projected income/revenue/profit? (Agriculture and Consumer Protection Department, n.d.)

#### **3.2.3.1 Research**

Gathering information is critical element of the Feasibility study implementation. The result of any analysis depends first of all on the quality of data gathered from the research.

While conducting research it is necessary to be as objective and as specific as possible about the dimensions (size, trends) of the opportunity business idea faces.

Research must be thorough to enable you to make realistic sales estimates (Pope, 1993)

Market research involves activities designed to obtain data about the market, and falls into two main categories:

- **Primary research** , and
- **Secondary research.**

### **Primary research**

Primary research is any type of research where new data is gathered directly, through various methods. Key primary research methods include: Online surveys, Observation, Postal surveys, Telephone interviews, Face-to-face surveys, Focus groups, and Test marketing (Jim Riley, n.d.)

#### **Online surveys**

One of the most popular primary research tools is online survey – questionnaire. This method is increasingly popular due to its relatively low cost and quick access to the wide range of potential customers and clients (Driscoll, 2011).

#### **Observation**

In the case of E-Business observation may include observing organizations meeting to determine if the proposed structure is suitable for the requirements of developing business idea. Observing the similar e-business, and what they offer on their website, etc.(Driscoll, 2011).

#### **Interviews**

Personal interviews are conducted face-to-face. They can be structured or unstructured. They can provide more information than the survey, and experienced interviewer can gather more information than the online survey (Fink, 2005).

### **Secondary research**

Secondary research is based on gathering pre-existing data, gathered from various published sources, economic journals, publish studies, reports, financial magazines, government statistics, computerized data bases, and the Yellow Pages (Pope, 1993).

Main sources of secondary research material include: Internet, Libraries, Government, and Industry.

### **Internet**

Internet providers, and web search engines can provide a lot of information on competitor's e-business, as well as general trends in e-business. Google analytics is a good example of a powerful source of internet information (Babbie, 2013).

### **Library**

Academic libraries contain a lot of information used for academic purposes, and while often outdated can provide a great insight in the market trend, and how it has changed through time.

### **Government**

General population information, Immigration statistics, Nativity rates, Mortality rates, Crime statistics, information on economy etc. All this information can be very useful in market research.

### **Industry**

Figures can be obtained for average sales in many industries, with the exception of entirely new products. Most of the successful companies publish their annual reports as the part of their PR strategy.

All information gathered from primary and secondary research goes into analysis of the market, company, technology and into estimating the potential income of the business idea for first few years of operation (Fink, 2005; Babbie, 2013).

### **3.2.3.2 Market Analysis**

This section will explain some of the techniques used to, process the data gathered during the research and conduct the market analysis as the first step in a feasibility study

Market analysis starts by asking:

- What is the market?
- Is the market growing, shrinking, or staying the same?
- Is it worth your while?

- Is the market you've identified big enough to make it worth the time? (Ford, Bornstein, & Pruitt, 2007).

*“The purpose of market analysis is to thoroughly acquaint yourself with all aspects of your market so that you can formulate a plan to capture a share of it” (McLaughlin H. J., 1985).*

Market analysis results in information about the market potential, which provide the basis for accurate sales forecasts and your marketing strategy. Its basic components include:

- **Market characteristics:** estimation of the size of the market, market trends and characteristics for the product / service,
- **Projected market share** – estimation of the penetrated market
- **Target market** - information about your target market, and
- **Competitor analysis** – analysis of the competition.

Market research will provide vast amount of information about the market, product, service, company, industry, customers, competitors and other important factors for market analysis.

However it is equally important to process this information and obtain useful information and feasibility indicators in order to be able to make logical assumptions and conclusions.

Processing information includes standard analysis and economic techniques such as:

- **Ordering** – Organizing data in a specific order,
- **Filtering** – Analyzing only part of data that is relevant for a specific filter,
- **Patterning** – Detecting and analyzing data patterns,
- **Grouping** – grouping different data together based on common factors,
- **Data reduction** – reducing unnecessary or corrupt data, and
- **Frequency distribution** – analyzing reoccurrences in data.

Apart from these basic data analysis tools, marketing analysis uses various other marketing analysis tools such as: Statistical methods, Market segmentation, Porter's five forces, SWOT, and Competitor analysis (Thompson, 2005).

### 3.2.3.2.1 Statistical methods

According to Kotler P. (2003) various statistical methods are used through this thesis during marketing analysis. Most significant of these methods are:

- **Discriminant Analysis** is used to for classification of people, products, or other target groups into two or more categories. Market research can use this method to determine relationship between these categories and product / service types.
- **Factor Analysis** This statistical method is used to determine the strongest underlying characteristics of a larger set of variables that are inter-correlated. Analyzing correlated factors identifies which relations are strongest.
- **Cluster Analysis** This statistical method is used to separate objects into a specific number of groups that are mutually exclusive but that are also relatively homogeneous in constitution. This method is generally based on market segmentation, where the researcher is interested in the similarities that enable grouping consumers into segments and is also interested in the attributes that make the market segments distinct.
- **Conjoint Analysis** This statistical method is used to analyze the preferences of consumers in regard to different product /service types.
- **Multidimensional Scaling** This statistical method represents a constellation of different techniques used to produce perceptual maps of competing brands or products, where competitors are shown in a space of attributes in which distance between the brands represents dissimilarity (DeVault, 2014).

### 3.2.3.2.2 Market segmentation

Market segmentation allows feasibility study to analyze different characteristics and different requirements from different groups of potential customers. This concept requires understanding customers and satisfying their needs better than the competition.

Main purpose of market segmentation is identification of Target market. This allows feasibility study to focus on marketing to a distinct class of customers.

Apart from being different to each other market segments must be practical. Therefore, they should be evaluated against the following criteria:

- **Identifiable:** different attributes should make them easily identified,

- **Accessible:** within the reach of the organizations communication and distribution channels,
- **Substantial:** the segments should be large enough to be justify the required resources spent to target them,
- **Unique needs:** segments must respond differently to the different marketing strategies,
- **Durable:** the segments should be stable to minimize the cost of frequent changes. (Kotler & Keller, Marketing Managment, 2009).

There are two main approaches to implementing market segmentation, based on the market type:

- Segmentation of consumer markets, and
- Segmentation of industrial markets

Implementation of market segmentation for consumer markets is based on the customer characteristics.

Main bases for segmentation in customer markets are:

- **Geographic:** Region, Size, Population density, Climate, etc.
- **Demographic:** Age, Gender, Income, Occupation, Education, Nationality, etc.
- **Psychographic:** Activities, Interests, Opinions, Attitudes, etc.
- **Behavioristic:** Brand loyalty, Usage rate, Readiness to buy, Benefits sought, etc.

Industrial markets are different from consumer markets. Industrial customers tend to be fewer in number, purchase larger quantities, evaluate offerings in more detail, and the decision process usually involves more than one person. However, many of the consumer market segmentation variables can be applied to industrial markets as well.

Industrial market segmentation applies to organizations such as manufacturers, service providers, resellers, governments, and institutions.

Main bases for segmentation in industrial markets are:

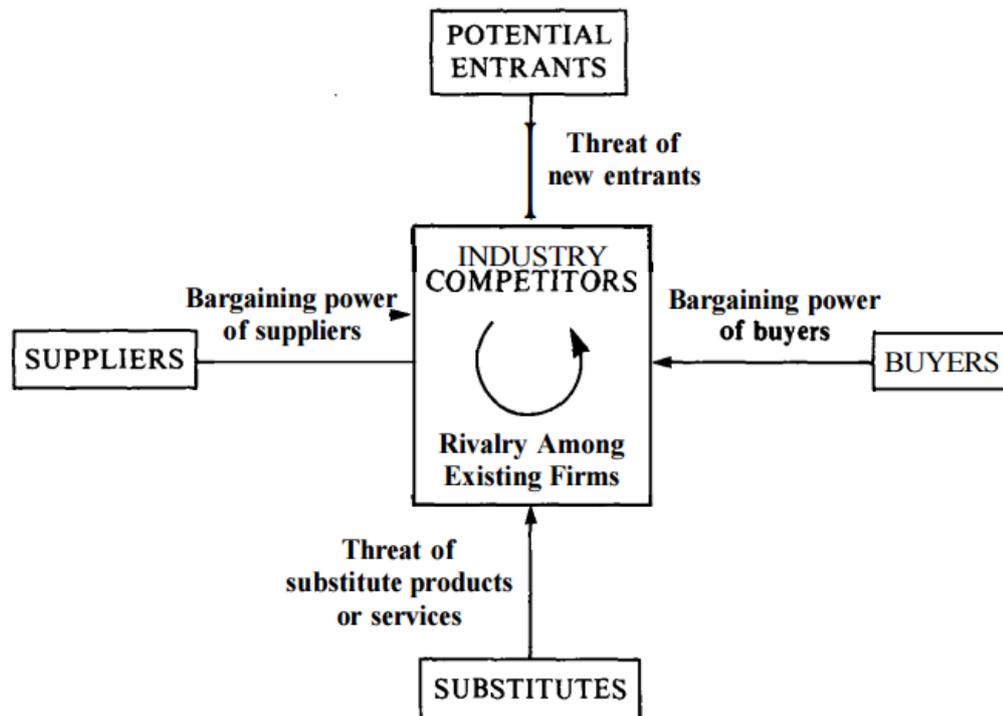
- **Location:** Distance, Shipping, Delivery, etc.,
- **Company type:** Company size, Industry, Purchase criteria, etc.,

- **Behavioral characteristics:** Usage rate, Buying status, Purchase procedure, etc. (Kotler & Keller, Marketing Management, 2009)

### 3.2.3.2.3 Porters Five forces

According to Porter (2008) Porter's Five Model is an external analysis which used to analyze the industry in which the company is going to be active and competing with others.

Figure 1 Porter's Five Forces



Source: (Porter, 1980)

### Rivalry

In economy, rivalry is evaluated by indicators of industry concentration. Two most common indicator are

- **Concentration Ratio:** which indicates the percent of market share held by the four largest firms, and
- **Trend:** which conveys more information than distribution of market share.

Main characteristic of rivalry is intensity, which is commonly estimated to be cutthroat, intense, moderate, or weak, based on the firms' aggressiveness in attempting to gain an advantage.

The intensity of rivalry is influenced by the following industry characteristics: Number of firms, Market growth, Fixed cost, Storage cost, Switching cost, Product level, Strategic stakes, Exit barriers, Diversity of rivals, and Industry Shakeout.

### **Threats of substitutes**

Threat of substitute exists when a product's demand is affected by the price change of a substitute product. Number and quality of substitute products can affect the demand and constrain the ability of firms in an industry to raise prices. Therefore, threat of substitutes generally impacts an industry through price competition, but it can also lead to the substitute of the product entirely as was the case with smart phones in mobile industry.

### **Buyer Power**

The power of buyers is the indicator that evaluates the impact that customers have on a producing industry. If buyer power is high, there are many suppliers available to customer, and it is the customer that sets the product / service price.

### **Supplier power**

The supplier power is the indicator that evaluates the impact that suppliers have on the producing industry. If supplier power is high, suppliers can influence on the producing industry, by selling supply materials at a high price.

### **Threat of New Entrants**

Threat of new entrants is indicator that evaluates the possibility that new firms may enter the industry also affects competition. However, companies in the industries possess characteristics that can prevent or decrease the chance of new companies entering the market. These are called **barriers to entry**.

Barriers to entry arise from several sources: Government, Patents and proprietary knowledge, Asset specificity, Organizational (Internal) Economies of Scale, etc.

Moreover, there are **barriers to exit**, as well, that work similarly to barriers to entry, but there purpose is to limit the possibility of a firm to leave the market.

#### **3.2.3.2.4 Competition Analysis**

Main goal of competition analysis is to:

- Identify and analyze leading market competitors, in order to estimate their capabilities, strategies and possible reactions to organization actions, and

- Provide key indicators in order to select the best marketing strategies for the organization.

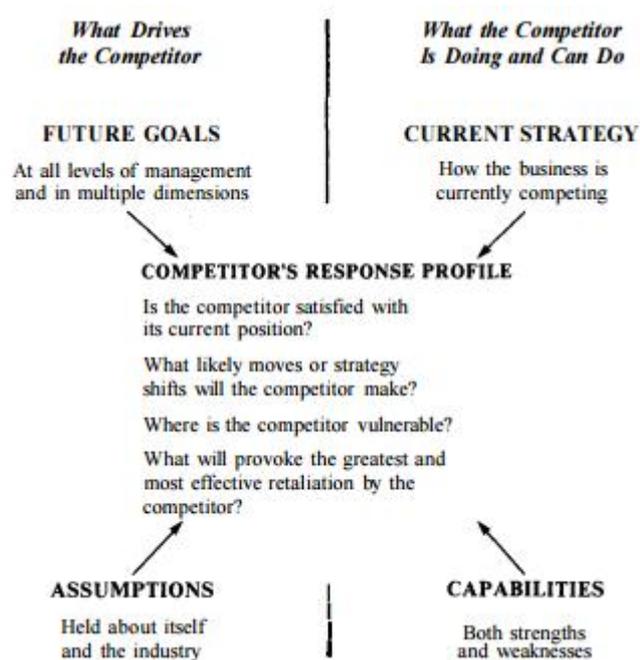
In general competitor analysis has two primary activities:

- **Competitor identification**, identifying main market competitors, their structure, market share and other characteristics, and
- **Estimation of competitor behavior**, analysis of competitor objectives, assumptions, strategy and capabilities. (Porter, 1980)

For successful competitor analysis, market research is the key factor. It is necessary to collect sufficient amount of accurate information so that it can compile a wide array of information and well informed strategy decisions can be made.

Porter (1980) designed a framework for analyzing competitors. This framework is shown on the figure below

**Figure 2 Competitor's response profile**



Source: (Porter, 1980)

Porter's framework is designed on the idea that objectives and assumptions are what drives the competitor, where strategy and capabilities are what the competitor is doing or is capable of doing.

Based on this framework, four key aspects of a competitor are identified:

- **Competitor's objectives**, can be determined based on organizational structure, management incentives, backgrounds of the executives, composition of the board of directors, etc.)
- **Competitor's assumptions**, can be determined based on competitor's beliefs about its competitive position, past experience with a product, regional factors, industry trends, etc.)
- **Competitor's strategy**, can be determined based on information competitor provides (annual shareholder reports, statements by managers, press releases, etc.) and based on information from competitor's action in market (hiring activity, investments, promotional campaigns, partnerships, mergers and acquisitions, etc.)
- **Competitor's Resources and Capabilities**, can be determined based on cash reserves, large investments in fixed assets, organizational structure, etc.) (Porter, 1980)

### 3.2.3.3 Organizational and Technological Analysis

This section will focus on two important aspects of any feasibility study:

- Organizational analysis, and
- Technological analysis.

#### 3.2.3.3.1 Organizational analysis

Purpose of the Organizational analysis is to estimate Organizations characteristics and capacity by focusing on:

- Structure of the organization,
- Qualification of the organization, and
- Operating procedures (Ford, Bornstein, & Pruitt, 2007).

#### Structure of the organization

*“An organizational structure defines how activities such as task allocation, coordination and supervision are directed toward the achievement of organizational aims”* (Pugh, 1990).

Indeed even with right resources, expertise and good business plan, the structure of the organization can prevent business idea from ever becoming the reality.

Structure of the organization depends primarily on the organization's objective, since structure of an organization determines the modes in which it operates and performs on its way to reach its objective (Lawrence B. Mohr, 1982).

Organizational structure determines different organizational entities such as the branch, department, workgroup and individual, and determines the way in which these entities will operate together.

Organizational structure affects success of implementation of business idea in two big ways:

- It determines how operations are executed, and
- It determines who executes which operation (Lawrence B. Mohr, 1982).

Feasibility must determine the structure of the company, its capabilities, and requirements of the business idea and evaluate if the structure meets the requirements.

### **Qualification of the organization**

Qualification of the organization is estimated by analysis of the people in the organization from board of directors to employees in the attempt to provide answer following questions:

- Who will serve on the board of directors and what are their qualifications?
- What qualifications are needed to manage this business?
- Who will manage the implementation of business idea (Lawrence B. Mohr, 1982)?

### **Operating procedures**

In well-structured organizations every process is described by standard operating procedures. While there are great benefits in well-defined processes such as minimization of human error, and standardization of documentation, it also contains certain drawbacks such as lack of innovation and creativity. It is critical that the organization uses operating procedures best fit with organizational structure and the requirements of business idea.

#### **3.2.3.3.2 Technological analysis**

Two key elements in technological analysis include:

- The cost of technology, and
- The availability of technology

Depending on the type of business idea, technological analysis may be of critical importance to the feasibility of a project, or it may not be an issue at all. (University of Wisconsin Center for Cooperatives, n.d.).

The complexity of technological requirements varies depending on the type of the business, it can be as complicated as the industrial machinery, or as simple as a personal computer, printer, or fax machine. (<http://koyalcenter.org/>)

Key questions to answer include:

- What technology is required for the proposed business?
- Where, when, how and at what cost can you obtain this technology and equipment?
- Are there additional conditions to obtaining this technology (licenses, expertise, etc.)?
- What is the total cost of acquiring the equipment and technology?

Naturally, the more complex the technology needed, the more research that will be required to make good decisions about it (University of Wisconsin Center for Cooperatives, n.d.).

With the introduction of e-business a whole new aspect to technological analysis was introduced, generally analyzed from the Hardware and Software point of view. Software requirements introduced additional requirements such as licenses, maintenance, installation, configuration, etc. In the same fashion software can invoke additional requirements from the hardware, such as performance minimal requirements, processor speed, internet speed, etc.

Unmet technological requirements can cause serious impact on the organization and the business itself, security risks can increase the chances of lawsuits from damaged parties, lack of integration solutions and slow performance can lead to user frustration, etc. (Courtney Kaufman)

#### **3.2.3.4 Financial analysis.**

Last stage of the feasibility study is to conduct a financial analysis.

After, examinations of market, organizational and technology aspects have been handled, the third and final step is to be financial part. The analysis answers the accompanying inquiries below in addition assists recognition of other key issues that will require extra research.

- **Start-Up Costs:** These are the expenses aroused a start-up business, including capitals such as land, buildings, equipment, etc.

- **Operating Costs:** These are the continuous costs, for example, rent, utilities, and wages that are caused in the regular operation of a business.
- **Revenue Projections:** These projections are made based upon market analysis results and primary research such as surveys, interviews, observations etc.
- **Sources of Financing:** In case business idea needs to be supported by funding or investors, research of the potential sources should be identified.
- **Profitability Analysis:** The final step of financial analysis and one of the most important indicator of the result of a feasibility study. It's called as "bottom line" for the idea viability. Relevant analysis are mainly Break –even analysis and Return on Investment (ROI) (University of Wisconsin Center for Cooperatives, n.d.).

#### 3.2.3.4.1 BEP – Break Even Point

The analysis enables entrepreneurs to determine how much sales the company should have in the period given in order to pay off the cost of revenue that was spent during preparations (Averkamp, n.d.).

In essence, the point where sales will be equal to all of the company's expenses.

An internet start-up that only sells digital products will have almost zero direct Cost of Sales therefore makes the effort of calculating one almost meaningless.

Calculation of Break- Even Point:

BEP= Break - Even Point

FC= Fixed Cost

VC= Variable Cost

CMR= Contribution Margin

When the contribution margin is expressed as a percentage of sales, it is called as the "contribution margin ratio".

CMR= VC/Total Sales,

Equation of BEP:

$$\text{BEP} = \text{FC} / \text{CMR}$$

### 3.2.3.4.2 ROI - Return on Investment

One conceptual definition is that ROI is a project's net output (cost savings and/or new revenue that results from a project less the total project costs), divided by the project's total inputs (total costs), and expressed as a percentage (Jefrey, 2004).

Equation of ROI is stated below:

$$\text{ROI (\%)} = \frac{\text{Gain from investment} - \text{Cost of investment}}{\text{Cost of investment}} \times 100$$

### 3.2.3.5 Overall feasibility study conclusion – SWOT

Overall feasibility study generally serves as the conclusion of the feasibility study, it incorporates all the key conclusions deduced from Marketing analysis, Organizational and technological analysis and Financial analysis.

In some cases SWOT analysis is recommended method of presenting the conclusion of the conducted feasibility study.

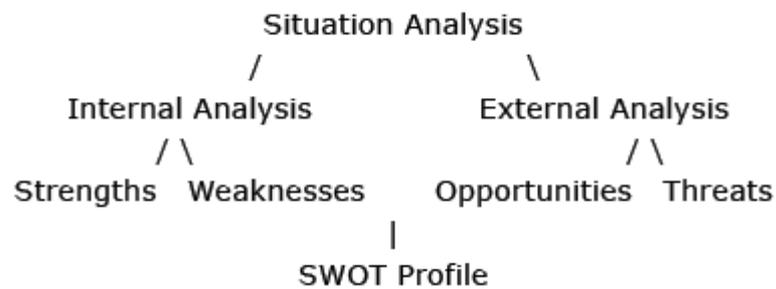
#### SWOT Analysis

SWOT is a simple, but powerful framework for analysis evaluation of strengths, weaknesses, opportunities, and threats of a project, product, place, industry, business or organization (Humphrey, 2005)

Main purpose of SWOT analysis is identification of the internal and external factors that are favorable and unfavorable to successfully implement business idea or objective (Humphrey, 2005).

The result of SWOT analysis is identification of four key factors: Strengths, Weaknesses, Opportunities, and Threats, and generation of SWOT Profile, as shown in the following figure.

**Figure 3 SWOT Analysis**



Source: <http://www.netmba.com/>

### **Internal Analysis**

The internal analysis results with identification of Internal Strengths and weaknesses of the organization. Factors to consider during Internal Analysis include: Company culture, Company image, Organizational structure, Key staff, Access to resources, Experience, Operational efficiency, Operational capacity, Brand awareness, Market share, financial resources, Exclusive contracts, and Patents and trade secrets (Andrews, Christensen, Guth, & Learned, 1969).

### **External Analysis**

External analysis focuses on the factors outside organizations control, and results with identification of external Threats or Opportunities. Factors to consider during external analysis include: Customers, Competitors, Market trends, Suppliers, Partners, Social changes, New technology, Economic environment, and Political and regulatory environment.

The SWOT analysis all these internal and external factors and summarizes them as either strengths or weaknesses for internal and threats and opportunities in SWOT Profile (Andrews, Christensen, Guth, & Learned, 1969).

### **SWOT Profile**

SWOT profile is used as the basis of goal setting, strategy formulation, and implementation. General structure of the SWOT profile is shown on the figure below:

**Figure 4 SWOT Profile**

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• 1</li> <li>• 2</li> <li>• 3</li> </ul>	<ul style="list-style-type: none"> <li>• 1</li> <li>• 2</li> <li>• 3</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• 1</li> <li>• 2</li> <li>• 3</li> </ul>	<ul style="list-style-type: none"> <li>• 1</li> <li>• 2</li> <li>• 3</li> </ul>

Source: <http://www.netmba.com/>

Finally SWOT profile provides the means to formulate strategy that enables interaction of the internal and external factors, in order to effectively use organizations strength to pursue opportunities and to avoid threats, and avoid using strategies that rely on company weakness or external threats.

## **4 Practical part**

As noted in theoretical part, the feasibility study is organized into four major sections:

1. Market analysis,
2. Organizational analysis,
3. Technical analysis, and
4. Financial analysis

### **4.1 Market Analysis**

The first step in conducting feasibility study is Market Analysis, since it is critical to the success of the business.

Market analysis was conducted in the period from January to March 2016, and it was conducted in following steps:

- Market research,
- Market identification,
- Market segmentation,
- Porter's five analysis,
- Competitor's analysis

#### **4.1.1 Market Research**

Market research has been conducted in the January and first half of February 2016. Both primary and secondary research was conducted in order to obtain significant data for further analysis. Period of month and a half for information gathering was selected in order to attain sufficient data as well as maintain the data as actual as possible.

##### **Secondary research**

Secondary research was conducted by finding, collecting, filtering, organizing, grouping and processing data collected mainly from following sources:

- **Internet:** main source of research, and main tool for conducting secondary research. It proved to be the largest and most actual source of various information that serves as the source for other research categories, such as Government and Industry.
- **Social media,** a great and valuable insight into behavioral indicators of market, as well as its size and trend.
- **Libraries,** great source of academic works on the market, as well as database of valuable sources that was later used to identify more sources and collect more data.
- **Government sources,** most notably Czech statistical office, by far the most complete and reliable source of information for collecting data on the total number of foreigners and their demographic characteristics.
- **Industry sources,** primarily search engine statistics, as well as competitor website and publications, provided great insight into the status and performance of competitors as well as behavioral indicators for general market.
- **Business directories,** provided bases for estimating size of the business provider base, number of operating companies in the researched area, as well as websites and further sources for primary research.
- **Market research companies,** provided more detailed information on the market situation, competitor data as well as techniques and methods for research.

### **Primary research,**

Primary research was conducted with following three methods:

- Online survey,
- Observation, and
- Face to face survey.

### **Online survey**

In order to conduct online survey questionnaire was designed. Design of the questionnaire was done in such way that the results will serve to indicate following parameters:

- Market characteristics
- Target group characteristics

- Product / Service expectations and desirability
- Evaluation of product / service attributes

Considering two very distinctive markets, Commercial market and Industrial market, Two questionnaires were designed, one for each market.

Online survey was implemented in late February 2016.

Google Forms was used to design interface and distribute questionnaire via, direct link, e-mail and social groups.

Commercial market questionnaire was designed to contain 10 questions, with multiple answer options. Design was limited to 10 questions in order to prevent discouraging potential survey taker from giving up on survey or losing interest on doing the survey in the first place.

First five questions were designed to provide information on demographic features of the target group (gender, age, occupation, income, and nationality) (*Appendix A – Customer market survey*).

Question six was designed to provide information on the general demand for the main services described in the business idea, i.e. assessment of service to be provided.

Last four questions were designed to provide detailed information on demand for major characteristics of the services described in the business idea.

Moreover, with the questionnaire implemented in this way, results also provided insight into relationship among interest, characteristics and demographics of the target group, usage, and characteristics of the product / service.

During this period, 134 people completed the survey.

Full questionnaire can be seen in the (*Appendix A – Customer market survey*).

Business market questionnaire was designed to approach potential business and service providers. It was designed to provide information on industry, freelance gender, type of business / service and amount of money businesses would be willing to pay to provide their business on the web platform.

As with customer market questionnaire, the design of the business market questionnaire also provided information on the relationship among type of services, willingness to pay and occupation.

During this period, 50 business and freelancers have completed the survey.

Full questionnaire can be seen in the (*Appendix B – Business market survey*)

### **Observation**

Observation was used to estimate structure, workflow, motivation, procedures and obtain data for construction of business profile. Valuable data was collected for identification of organizational issues and estimation of the qualification of management.

Observation was conducted on several board meetings, taking place in January and February of 2016 where business idea was discussed, as well as by analyzing provided communication between key holders via e-mail or chat programs.

### **Face to face survey**

Face to face survey was designed to be private unstructured interview in order to maximize on the amount of suggestions from surveyed people, as well as to increase possibility of obtaining new insight into target groups.

Face to face survey method was implemented in January and February of 2016. During this time 5 potential freelancers, 2 business owners, various foreign students and expats were interviewed.

This method was also used to obtain information necessary for organizational analysis.

#### **4.1.2 Market identification**

Deriving from the business idea of providing a web platform for foreigners living in Prague, two Potential markets have been identified:

- **Consumer market** – Foreigners, living in Prague, speaking English, interested in products and services,
- **Business market** – Companies, organization, and freelancers offering various services in Prague area that speak English

#### **4.1.3 Target Market**

Secondary research, mostly government sources, was used to estimate the size of the Potential Consumer market. And business directories provided data for the estimation of the potential business market.

## Consumer market

Based on the data from the (Czech Statistical Office, n.d.), following information regarding total number of foreigners in Prague was obtained

**Table 1 Size of consumer market (2012 -2015)**

	2012	2013	2014	2015
Male	89.715	87.931	90.292	91.574
Female	73.000	73.073	76.040	77.616
Total	162.715	161.004	166.332	169.190

Source: Czech Statistical Office

However, Czech statistical office only publishes reports at the end of the year, therefore the market size for 2016, had to be estimated, as well as for the following years. Based on the additional information such as mortality rate and Immigration net, it is estimated that the number of foreigners increases by 2158 new foreigners every year.

Moreover based on ratio between man and woman in the previous years, it is estimated that 54.5 % of foreigner population in Prague are man, and 45.5 % are woman. Based on this data it was possible to estimate size of the market for the period from 2016 to 2019 as shown in figure below

**Table 2 Market size projection (2016 -2019)**

	2016	2017	2018	2019
Male	93.453	94.630	95.808	96.985
Female	77.895	78.876	79.857	80.839
Total	171.348	173.507	175.665	177.823

Source: Own, source Statistical estimation

Furthermore, by applying additional filters age and language, it was possible to estimate the size of the potential market. Based on the ratio of different nationalities in Czech statistical Offices report from 2012, 2013, and 2014, it was estimated that more than 30% of foreigners in Prague were from the EU28 countries, 28,52% were from Ukraine, 15,20% were from Slovakia, 12.52% from Russia, and the rest were from other countries. Using the statistical data from International Report 2011 (Euromonitor 2016, n.d.) it was possible to estimate percentage of English speakers per nationality, and average English speaker percentage in general. Using these assumptions it was possible to estimate size of the available market and size of the target market. Finally size of the projected market share was estimated as 10% from the market share, as shown in the figure below.

**Table 3 Estimated Consumer market size**

Market size	2017	2018	2019
<b>Total population</b>	173.507	175.665	177.823
<b>Potential market</b>	49.888	50.509	51.129
<b>Available market</b>	48.619	49.224	49.829
<b>Qualified market</b>	48.619	49.224	49.829
<b>Target market</b>	48.619	49.224	49.829
<b>Projected market share</b>	4.862	4.922	4.983

Source Own source, statistical analysis

### **Business market**

Estimation of the size of potential business market was based on two factors:

- Estimated total number of business/service providers in Prague area,
- Estimated percentage of business/services providing services in English.
- Estimated percentage of business/services in the industry compatible with business idea

For these estimations total number of companies in Prague was estimated based on the industry statistical data published by relevant industrial and business magazines such as imper.cz, onBusiness.cz, kurzy.cz. Using statistical data average growth rate of business market was estimated to 29619 companies per year. Therefore total estimated potential business market was estimated to 645.071, as shown in the figure below

**Table 4 Total Business market size**

	2014	2015	2016	2017	2018	2019
Total Business market	541.277	567.121	606.096	645.071	684.046	723.021

Source: Own source, Statistical analysis

Sampling was conducted by analysis of random sample of business and service providers, verifying if they provide information in English on their websites and contacting them and inquiring if they provide service in English. Selected size of the sample was **20** organization, freelancers and other service providers. This research has shown that approximately 5% of the companies provide full service in English. No factor was considered as critical for the available market due to the low price definition. Finally based on another sampling and data from competitor analysis it is estimated that 55% of the Qualified market provide services appropriate for the business idea web platform. Therefore it is estimated that Total Target Business Market size is **5000** potential customers, as shown on figure below.

**Table 5 Estimated Business market size - 2017**

<b>BUSINESS MARKET</b>	
<b>Market size</b>	<b>2017</b>
<b>Total population</b>	645.071
<b>Potential market</b>	32.254
<b>Available market</b>	32.254
<b>Qualified market</b>	17.739
<b>Target market</b>	5.000
<b>Projected market share</b>	500

Source, Own source, Statistical analysis

As it was case with Consumer market, it is estimated that 10% of the target market will be projected market share, i.e. 500 companies.

#### **4.1.4 Market segmentation**

In the course of market identification, two key market types have been identified as

- Consumer market, and
- Business market.

##### **Consumer market segmentation**

Due to description of business idea, and Prague being one of the market parameters there was no purpose to use geographic criteria in market segmentation.

Most relevant criteria for identification of market segments was age, occupation and income.

Based on these conditions, following consumer target market segments were identified:

- Age 25-34 student average income
- Age 35-44 employed high income
- Age 25-34 Students low income

Both primary and secondary research data was used to determine the size and the ratio of the target markets. Secondary research was in particularly useful to analyze different characteristics and different requirements from different market segments of potential customers, main purpose was to evaluate which of determined market segments is most interested in the proposed business / service.

##### **Business market segmentation**

As it was case with the consumer market segmentation, Geographic criteria plays no role in the business market segmentation as well.

Business market segmentation was conducted using following criteria:

- **Type of business provider:** Freelancer, Entrepreneur, Employer and Employee
- **Type of service business provides:** Health, Legal, Cosmetic, Organizational, Educational, Household, Car, and other

Based on these conditions, following consumer target market segments were identified:

- Entrepreneurs in legal industries:
- Employer legal services
- Employer in beauty services

#### **4.1.5 Competition Analysis**

Key sources for Competition analysis were obtained from secondary research (Industry sources, Web statistics, internet traffic, Competitor's publications, Statistical publications, google analytics, etc.)

Implementation of competition analysis was conducted in two steps:

- **Competitor identification,** and
- **Competitor's characteristics,**

Considering the fact that feasibility study should is not substitute for business plan, but rather a first step in evaluating feasibility of the business idea Estimation of competitor behavior was not a part of competitor analysis.

#### **Competitor identification**

Analysis of data from market research focused on the organization which provide same or similar services as services described in business idea has identified following main competitors:

- **Expats.cz,** marketed as the Most-Read English-Language Media in Czech Republic, ten years in the market, they are clear market leaders, with strong social group

following, and largest number of monthly visits. Their wide product offering includes: News, Jobs, Forum, Directory, Education, Reviews, etc.

- **Myczechrepublic.com**, marketed as the first-hand information about various aspects of Czech life, they are focused on touristic aspect of Czech Republic, but they do however offer strong if not so big group of followers, and provide services such as touristic business directory, reviews, forum, information and entertainment
- **Prague.tv**, marketed as web's most visited source for information related to Prague and the Czech Republic, is an online city directory, entertainment guide and community resource with 15 years in the market. They provide wide range of services such as Business Directory, Events, Jobs, Real estate, Articles, Classifieds and other.
- **Praha.eu**, official web portal of Prague, developed and maintained as a part of government institution, it is focused mostly on providing public services and information. It is primarily in Czech language but it does provide various number or services in English, such as: General information, news, forum, blogs, entertainment, events, etc.
- **Praguemonitor.com**, online news portal and magazine, focused mainly on providing news about Czech Republic in English language, also provides various other services such as Advertisement, Jobs, Business directory, Real-estate, etc.

### **Competitor characteristics**

Competitor characteristics was conducted in two main steps:

- **Estimation of Competitor's market share, and**
- **Analysis of competitor products and services**

Estimation of competitor's market share is estimated as the percentage of the number of daily visitors from the evaluated Potential market.

Average monthly visit was obtained secondary research (web traffic analysis websites, and competitor publications about their web portal traffic).

Estimated competitors market share is presented in the following figure:

**Table 6 Estimated competitor's market share.**

	Potential market	AVG visit (month)	AVG visit (day)	Estimated market share
Expats.cz	49.888	443.530	14.784	29,64%
Praha.eu	49.888	322.100	10.737	21,52%
Myczechrepublic.com	49.888	210.640	7.021	14,07%
Praguemonitor.com	49.888	53.386	1.780	3,57%
Prague.tv	49.888	49.198	1.640	3,29%
Others	49.888	N/A	N/A	27,92%

Source: own source + similarweb.com

Analysis of competitor's products and services was conducted based on the secondary data, from analysis of services and products offered by the competitor on their web page, and compared to the description of main business and services described in the business goal.

**Table 7 Competitor - product analysis 1**

Numbers	Domain	Forum	Service Directory	Trade goods	Entertainment
1	Expats.cz	In service and active .	In service, being provided indifferent sections at detailed.	Not provided.	Exist. There is search button for specific places and events.
2	Myczechrepublic.com	In service as a massage baords.	Only in language services.	Not provided.	Not up-to-date
3	Prague.tv	Not provided.	Broad service directory. Subcategorized.	In service under classified section.	Events provided. Time oriented.
4	Praha.eu	Not provided. Active Article section.	Not provided.	Not provided.	Not up-to-date.
5	Praguemonitor.com	Not provided.	In service only in business area.	Not provided.	Only business events up--to-date.

Source: adapted competitors' official websites

#### 4.1.6 Porter's Five Analysis

Based on the data gathered from primary and secondary research, characteristics of the five Porter industry indicators have been assessed and model for industry was estimated as follows:

**Rivalry** – Based on the market share of the competitors estimated in competition analysis and size of the potential market estimated in the market analysis it is estimated that the concentration indicator is low, which indicates that none of the rivals has a significant market share. Therefore markets is estimated to be **competitive**. Other rivalry indicators are estimated based on market analysis, secondary and primary research as follows:

- Based on the number of competitors and overall potential market size, indicates **Average number of competitors**
- Average increase of number of visitors and registered users in competitors platform and increased number of new foreigners in Prague indicates **High market growth**
- Nature of business and preliminary fixed cost estimation estimates **Low fixed cost**,
- Average prices of server storage indicate **Low storage cost**,
- Nature of product and services indicates **Low switching cost**,
- Low product differentiation and high brand recognition of market leaders indicates **Medium product level**
- Competitor's market share and history of their business indicate **high strategic stakes**,
- Nature of business indicates **non-existent entry and exit barriers**.

**Threat of substitutes** – Various mobile apps, and social groups indicate increased threat of substitutes.

**Buyer Power** – Average number of competitors, similar characteristics and low quality of product/service, and low market price indicates **High Buyer power**.

**Supplier power** – Numerous hosting and domain providers, global characteristic of hosting industry indicates **Very low supplier power**.

**Threat of New Entrants** – Low number of service providers, high product demand, low product / service offer, ease of market penetration, non-existent entry and exit barriers, and low cost of development indicate **High treat of new entrants**

## 4.2 Organizational and Technological Analysis

After successful implementation of market analysis following step is organizational and technological analysis.

Bases for these analysis is data obtained in primary and secondary research:

- **Primary research:** Online survey, Unstructured interview with the management of the business, observation of company processes, Observation of company communicational channels and interview with head of technical department.

- **Secondary research:** Industry sources (competitor websites, PR publications, About us sections, etc.), Technical sources (hosting providers, domain sellers, web design companies, etc.), and Market research companies

Organizational and technological analysis was conducted in the period of February 2016, and it was conducted in following steps:

- Organization analysis,
- Technological requirements,
- Cost of development

#### **4.2.1 Organization analysis**

Organizational analysis was conducted during and after the market research, as soon as there was sufficient information to analyze company with sufficient understanding of the market, environment and business requirements organization will have to meet.

Implementation of Organizational analysis was focused on three key elements:

- Structure,
- Qualifications, and
- Operating procedures.

##### **Structure**

Based on the internal documentation of the organization as well as the interviews conducted with the employee's structure of the organization was analyzed. Structure analysis is straight forward and simple in nature as it usually is with small start-up business.

Analysis has shown that the company is consisted from three members with equal stake in the company in charge of three different business operations: Development, Management, and Marketing.

Moreover analysis was implemented from the business idea point of view, by analyzing the competitor's business structure in order to estimate what organizational structure is the best for this kind of business.

##### **Qualifications**

Qualification analysis is based on two segments:

- Analyzing business requirements – what skill set organization needs to have in order to implement successful business idea
- Skills and knowledge – what skills, experience and knowledge organization already contains

Analyzing business requirements was conducted based on

- competitor analysis - by extracting employee skills of successful competitors used to develop their business
- organization of business processes – extracting skill requirements and organizing them by the categories of management, marketing and development
- evaluating business skills – sorting and organizing the extracted skillsets based on priority

Skills and knowledge analysis was conducted based on

- interviews with organization members,
- analysis of the members resumes, and
- observation of organizations work flow

### **Operating procedures**

Final step in analysis and development of organizations profile was conducted based on observation interviews and analysis of previous work logs and work history.

Analysis has been focused on three different operating procedure categories:

Management procedures: Analysis of business meetings, Work logs, project plans, vision, strategic goals, communicational issues, documentation of projects and knowledgebase

Marketing procedures: Analysis of research process, data collection and organization, maintaining research database, and implementation of marketing strategies.

Development procedures: Analysis of technical project plan, WBS, work logs, meeting set deadlines, development maintenance, content development, process organization etc.

Based on the result from these three key elements Business organization profile was constructed and alongside further marketing research all conditions for developing SWOT Analysis were met.

#### **4.2.2 Technological analysis**

Technological requirements were determined based on the interview with the head of development, analysis of the technology involved in the development of the web platform, analysis of the server and domain providers, as well as the latest technological trends in web design.

Three key aspects were considered during technological analysis

- Hardware requirements
- Software requirements
- Knowledge requirements

##### **Hardware requirements**

Hardware requirements were determined by extracting all the technological equipment required for web development including computers, notebooks, wide screens, mobile phones, tablets, mouse and keyboards, modems, routers and server.

Data on current status of hardware was extracted from the companies' records as well as the interviews with head of development. Requirements characteristics of hardware (such as resolution, processor, and graphic card were extracted from the requirements of necessary software (such as Photoshop, Moviemaker, PLSQL Developer, Apache, etc.)

Finally these requirements have been prioritized based on their necessity for successful development, quality of development and speed of development.

Estimated hardware requirements include: Computers, Computer monitors, Modem with internet connection, and Server.

##### **Software requirements**

Software requirements were determined by analysis of technologies involved in developing web platform, analysis of most common software used for development, licenses and license fees and technical requirements of the product/service (for example security requirements, ability to support great amount of operations and visits in the real time, etc.)

Data on the current status of software was extracted from the companies' records as well as the interviews with head of development, and compared with the list of software requirements

in order to deduce what software is missing and what is the best way to obtain it or substitute it with other more accessible software.

Estimated software requirements include: Domain, WordPress, PLSQ Developer, Photoshop, Irfan View, MS Excel, Google Sheet, etc.

### **Knowledge requirements**

Hardware and software are only tools in the hands of the developers. Analysis of the lifecycle of website development provided a list of different skills required to develop a web solution that can meet the requirements of business idea. This requirements were grouped into following categories:

- **Research**, skills related with finding and procuring solutions for various development issues, ability to quickly resolve issue and provide sound technical solution to any problem either in development or maintenance.
- **Project planning**, organizing the process of development, planning the steps and milestones, managing resources, etc.
- **Analysis and solution architecture**, analyzing business requirements of business plan and extracting it into logical technical requirements, providing high level design of the web platform solution
- **Design**, skills related to visual aspect of the web platform, from icons, logos, colors, to images videos, organization of content, etc.
- **Integration**, understanding of different operating systems, and platforms, from computers, tablets to mobile applications
- **Database**, designing and maintain database to support vast amount of information regarding users, business directories, history of transaction, web content etc. Working with SQL Developer, PLSQL Developer, MySQL
- **Web development**, developing web structure and implementing database and design, developing web pages, working with html, CSS, JavaScript, and other web development programming languages
- **Security**, skills and experiences with data protection, user privacy, logging, preventing junk traffic, etc.

- **Testing**, skills related to integration and operational testing, developing test cases executing tests, creating Site Acceptance procedures, etc.

Each skill set was evaluated by the existing knowledge as well as web platform development requirements. Not all categories were considered to carry the same impact on development, maintenance and overall platform quality.

### 4.2.3 Technology Cost

Technology cost was estimated based on the data collected from:

- **Secondary research** – Technical websites, Development manuals, Software publishers price catalogues, Salary statistics, etc., and
- **Primary research** – Interviews with developer.

Technology was estimated in two main categories:

- **Development cost** – the total cost necessary to develop and launch web platform, and
- **Maintenance cost** – total cost of support and maintenance of the web solution.

Comparison of technological requirements provided the list of technological requirements both hardware and software as well as knowledge requirements.

Hardware and software companies provided average price for the required elements, and various certified companies provided pricelist necessary to obtain missing knowledge requirements.

Considering that the only evaluated missing hardware component is server, its average price was estimated to **3.000,00 CZK** per year.

All the estimated required Software is either open-source or already procured with unlimited licenses, only missing element is domain, whose price depends on the availability of the desired domain. Average price is estimated to **3.000,00 CZK**.

#### **Development cost**

Total development cost is estimated based on the three main development operations: Website development, Development research, and Content Development.

Analysis of the average hourly salaries provided following estimation of the average hour cost for:

- Website development: **200,00 CZK**,
- Development research: **150,00 CZK**, and
- Content development: **120,00 CZK**.

Based on the developer’s estimation and experiences for various other web development examples total amount of time for following activities was estimated to:

- Development time: **400 mh**,
- Research time: **300 mh**,
- Content development time: **400 mh**,

Total technical development cost is estimated to CZK 173,000.00 as shown in figure below

**Table 8: Estimated technical development cost**

<b>Operation</b>	<b>Time</b>	<b>Price per hour</b>	<b>Total price</b>
	1	2	(1 x 2)
Website development	400 mh	CZK 200.00	CZK 80,000.00
Development research	300 mh	CZK 150.00	CZK 45,000.00
Content development	400 mh	CZK 120.00	CZK 48,000.00
<b>Total</b>			<b>CZK 173,000.00</b>

Source: own source

### **Maintenance cost**

Analysis of the average hourly salaries provided following estimation of the average hour cost for Web Administrator: **100,00 CZK**.

For the maintenance of technical website, based on the developers estimation and average maintenance tasks it is estimated that on average **8 mh** per week to maintain technical aspects of the web platform.

Estimated maintenance cost is **57.600,00 CZK** for the maintenance in the first year of operation. Details of the calculation can be found in the (*Appendix D – Operating cost and revenue.*)

### 4.3 Financial Analysis

As a final step of the implantation of feasibility study financial analysis was conducted in end of March 2016.

Financial analysis was conducted in following steps:

- **Start-up cost**, Investment estimation, total cost necessary to implement business idea,
- **Operating cost**, total cost necessary to operate website for a year,
- **Revenue projections**, estimated revenue for the first year of business, and
- **Profitability analysis**, comparison of cost and revenue, Return of Investment (ROI), Break-even Point analysis (BEP).

#### 4.3.1 Start-Up Costs

Start-up cost, or total investment required to start the business was estimated based on the indicators from Market Analysis and Organizational and Technological Analysis.

Start-up cost analysis was implemented by incorporating:

- **Total Technology Requirement Cost:** Hardware, Software and Cost of training / education, and
- **Total Development Cost:** Creating articles, Forum sections, importing companies to database, creating and importing entertainment material, etc.

Technology requirement cost is estimated by summing the estimated hardware cost, software cost, and knowledge cost requirements, estimated during the Organizational and Technological Analysis in previous chapter.

Estimated technology requirement cost is therefore **6.000,00 CZK**. Details of the calculation can be found in the Appendix Formulas and calculations.

Total Development cost is estimated in previous analysis to be **173.000,00 CZK** .

Moreover, startup promotion cost for flyers, customer promotion gifts, and social group sponsor-ship and promotion activities was estimated to **CZK 75.580,00**.

Therefore, adding these two indicators estimates that Total Start-Up cost, or Investment for this business idea to **254.580,00 CZK**. Details of the calculation can be found in the Appendix Formulas and calculations.

### 4.3.2 Operating Costs

Operating cost were estimated to include ongoing costs, including

- Accountant,
- Website maintenance, and
- Promotion activities.

#### **Accountant**

Average price of the accountant is based on the secondary research where various accounting costs were used to calculate average yearly price to **CZK 20.000,00**.

#### **Website maintenance**

Website maintenance is a sum of technical maintenance and website administration. Technical maintenance is estimated as a part of Organizational and Technological analysis to **57.600,00 CZK**.

It is estimated that 16 mh per week will be required for administration of the website, and that average price of website administrator is **100.00 CZK** per hour. Therefore estimated yearly cost of website administration is **76,800.00 CZK**

In total therefore website maintenance is estimated to cost **134,400.00 CZK** per year. Details of the calculation can be found in the Appendix Formulas and calculations.

#### **Promotion activities**

This cost is calculated based on the

- estimated amount of flyers used for promotion purposes: **1000** per month,
- estimated price of the flyer: calculated from the secondary research (Printing companies) as average price of the flier to **20,00 CZK** per piece

Therefore, promotion activities per year, assuming it is constant number of flyers per month is estimated to **240.000,00 CZK** per year. Details of the calculation can be found in the Appendix Formulas and calculations.

Sum of all three estimated indicators, estimates that the total operating cost in the first year equals to **374.400,00 CZK**

### 4.3.3 Revenue Projections

Revenue projections are based on primary, secondary research as well as Market analysis and Organizational and Technological analysis.

Revenue projections are estimated based on the four proposed methods of generating revenue:

- Business provider membership fee,
- Transaction compensation,
- Paid advertisement, and
- Google advertisement.

#### **Membership fee:**

Based on the online survey done for service providers, the average monthly amount that service providers are willing to pay is estimated to **99 CZK**.

Estimated Penetrated Business Market in 2017 is estimated to **500** service providers in 2017. This estimation is based on Business Target market and estimated percentage of penetrated market in 2017, estimated in the market analysis.

Therefore revenue from Membership fee is estimated to **49.500,00 CZK** in the first year. Details of the calculation can be found in the Appendix Formulas and calculations.

#### **Transaction compensation**

Based on the secondary research of average transaction fees for online payment, it is estimated that average transaction fee is **2%** of the transaction value.

Estimated average price of transaction was calculated based on the average prices of the various services collected in market research and filtered by the most common service provider types based on market segmentation, to **200,00 CZK**.

Therefore it is estimated that average revenue from the single transaction is **10,00 CZK**.

Moreover primary research conducted via online survey of customer market, has provided following estimations:

- Percentage of the people that use/buy services 1 or 2 a year is **30,14%**,
- Percentage of the people that use /buy services 1 a month is **16,80%**,
- Percentage of the people that use /buy services every week is **6,90%**, and

- Percentage of the people that use /buy services every day is **8,03%**.

Not all potential transaction will however be conducted on the platform, Primary and Secondary research estimate that **70%** of transactions are conducted by online paying, while the rest generally rely on reservation and payment in cash.

Therefore estimated revenue from transaction fees for 2017 is **1.203.617,10 CZK**. Details of the calculation can be found in the Appendix Formulas and calculations.

### **Paid advertisement**

Considering the interest shown in this business idea through various interviews and surveys, it is estimated that all advertisement locations on the web platform will be purchased.

Research shows that the value of advertisement depends on its location on the website, based on the interview with development, and marketing members, and based on the price selection of competitor advertisement area, following average number and price of banners per location were estimated

- Home Page, 2 banners, **1000,00 CZK**,
- Front Page, 4 banners, **500,00 CZK**, and
- Side Page, 8 banners, **200,00 CZK**

Additionally it is estimated a 5% growth on various prices throughout 2017 therefore estimated revenue from paid advertisement fees for 2017 is **70.560,00 CZK**. Details of the calculation can be found in the Appendix Formulas and calculations.

### **Google advertisement**

Google provides two models of revenue based on Google advertisement:

- CPC, Cost per Click, where money is made if a visitor clicks on advertisement,
- CPM, Cost per Mile, where money is made for each 1000 view of advertisement

Market research has concluded that the average CPC is **6.48 CZK**, and average CPM is **1.20 CZK** in Czech Republic. Statistics also show that approximately **1%** of viewers actually click on the Google advertisement.

Based on the assumption that number of registered users in 2017 is equal to estimated penetrated customer market size and estimated Business market size, i.e. it is estimated that the website will have **5362** registered users in 2017.

Furthermore it is estimated that each registered user will visit the web platform at least once per day. Assuming that some users will visit more than once, and that some visitors will come to website from other computers (work, school, mobile, etc.) it is estimated that web platform will have **5.523** visitors per day, i.e. at least **2.015.820** visitors per year.

Therefore total CPM revenue in 2017 is estimated to **CZK 24.189,84** , and total CPC revenue is estimated to **1.306.251,37 CZK**, which puts total estimated Google advertisement revenue in 2017 to **CZK 1.330.441,21**. Details of the calculation can be found in the Appendix Formulas and calculations.

#### **4.3.4 Profitability Analysis**

Last part of financial projections is to determine profitability of start-up business. BEP and ROI methods were used to estimate profitability.

Break Even Point is estimated based on the following:

- (I) Investment (start-up cost) = CZK 254.580,00;
- (FOC) Fixed Operating Cost = CZK 20.000,00;
- (R) Projected revenue = CZK 2.654.118,31;
- (FE) Fixed Expenses = I + FOC = CZK 274.580,00;
- (VE) Variable Expenses = Operating Variable Cost = CZK 374.400,00;
- (VE%) Variable Cost as the percentage of Revenue = Variable cost / R = 14.11%
- (CMR) Contribution Margin Ratio = 100% - 14.11% = 85.89%

Therefore, BEP = FE x CMR = **CZK 235.846,70**.

*Note: An internet start-up that only sells digital products will have almost zero direct Cost of Sales therefore makes the effort of calculating one almost meaningless. Therefore; Cost of Sales has been considered as start-up costs+ fixed cost (annually).*

Another profitability indicator ROI was estimated, based on the following financial parameters:

- (I) Investment (start-up cost) = CZK 254.580,00;
- (R) Projected revenue = CZK 2.654.118,31;
- (OC) Operating Cost = CZK 668.980,00;

- (A) Planed Overhead Allocation = 10% = 10% x Projected Revenue = CZK 265.411,83
- (GP) Gross Profit = Total Revenue – Operating Cost = CZK 1.985.138,31

Therefore, ROI = (GP – (I + E)) / I = **CZK 5,76.**

#### 4.4 SWOT Analysis

SWOT analysis was conducted in three main stages:

- **Internal data analysis:** extracting weaknesses and the strengths of the organization,
- **External data analysis:** identification of the possible threats and opportunities.
- **Development of SWOT Profile:** Synthesis of the internal and external analysis into SWOT matrix.

##### **Internal data analysis**

Internal data analysis was conducted based on the: Primary research data (observation, interview and questionnaires), Secondary research data (industry, technology, and market analysis), Competition analysis, Porters five forces, and Organizational analysis.

All these data was analyzed and grouped into Strengths and Weakness, based on the following internal criteria: Brand awareness, Company organization, Area of expertise, Product/Service, and Finances.

Each criteria was analyzed, and using collected research data its attributes were put either in Strength or weaknesses depending on its overall comparison with the competitor or customer expectation.

**Strengths**, multiple opportunities to transform to another business or establishing connected new businesses, easy to keep in touch with customers by social media tools, using email marketing etc., new business can be started with low investment, affordable advertising, low staff cost for maintaining platform, low cost of sales, open minded approach of stakeholders and management team has similar experiences with target groups. Similar approach leads to understand customer needs.

**Weaknesses**, the concept can be easily copied, No direct customer-provider interaction, only online interaction, Inadequate funding, inadequate capital, does not promise great profit, unless business is not expanded by other ideas, insufficient business experiences of

stakeholders, future need for experienced employees for growth of the company as well as sustainability of the project and no brand recognition.

### **External data analysis**

External data analysis was conducted based on the: Primary research data (questionnaires and interviews), Secondary research data (government, social groups, technology, market analysis), Market research, Competition analysis, and Porters five forces.

All these data was analyzed and grouped into Opportunities and Threats, based on the following internal criteria: Trends, Society's tendency, Funding and legal, Economy, and Market situation.

Each criteria was analysed, and using collected research data its attributes were put either in Opportunities or Threats:

**Opportunities,** Insufficient competitors' social media activities, competitors' platform provides more than necessary, high service demand, high number of target group in the location, rapid increase of internet users, sustainability of actions, timeless and endless need for service, improving Czech Republic Economy, increasing foreign investment and International companies open offices in Prague thanks to low taxes.

**Threats,** likely new entrants, competitors may start counter campaign, easy entrance to the market, low entry barriers, does not require high investment.

Development of SWOT Profile has been done and included to Overall Feasibility Evaluation – SWOT.

## 5 Feasibility study

### 5.1 Introduction and Scope of the study

Svetik s.r.o is a company situated in Prague, Czech Republic. Founders of the company are three foreigners who are currently living in Prague. The founders are young and in the beginning of their careers in Information technologies, Management and Marketing respectively. They decided to start-up their own business in order to use their skills and expertise and put their idea into reality.

The main idea is creating an online platform for Foreigners, mainly Expats in Prague, Czech Republic. This web platform is designed to provide a common place where all foreigners can meet, commute, entertain, buy, sell, trade, do business and find general services such as health, legal, educational, beauty etc. in English language.

The online platform main services company proposes are:

- **Forum:** A common platform for foreigners to meet, commute, discuss ideas, and help each other. Main characteristics include: Starting discussion, commenting, responding, following and searching topics and threads.
- **Business Directory:** The list of most needed services providers that provide their service in English language. Main characteristics include Searching, Booking, Reserving, Commenting and Evaluating Services, as well as registering and offering their service for a fee. Services range from Healthcare, Legal, Beauty and Relaxation, Organizational, Educational, Household, Car, and Other services.
- **Online Trade:** Registered users can buy, sell, or trade various goods via online platform. Main characteristics include: Putting advertisements Searching, Reserving, Commenting and evaluating various trade offers.
- **Entertainment:** This service offers entertaining material, videos, and amusing content. Main characteristics include posting, commenting, rating and sharing materials.

## 5.2 Market Analysis

### 5.2.1 Market definition

This business idea will affect two types of market:

- **Consumer market:** English speaking foreigners (Expats) living in Prague who are interested in Discussion, Trade, Business services and Entertainment material in English language.
- **Business market:** Various service providers, composed of companies, entrepreneurs and freelancers that are able to provide various services in English language in Prague area.

### 5.2.2 Market size

Following table represents estimated size of Consumer Market.

**Table 9 Estimated Consumer market size**

Market size	2017	2018	2019
<b>Total population</b>	173,507	175,665	177,823
<b>Potential market</b>	49,888	50,509	51,129
<b>Available market</b>	48,619	49,224	49,829
<b>Qualified market</b>	48,619	49,224	49,829
<b>Target market</b>	48,619	49,224	49,829
<b>Projected market share</b>	4,862	4,922	4,983

Source: own source, Market Analysis

Following table represents estimated size of Business Market

**Table 10 Estimated Business market size**

Market size	2017
<b>Total population</b>	645.071
<b>Potential market</b>	32.254
<b>Available market</b>	32.254
<b>Qualified market</b>	17.739
<b>Target market</b>	5.000
<b>Projected market share</b>	500

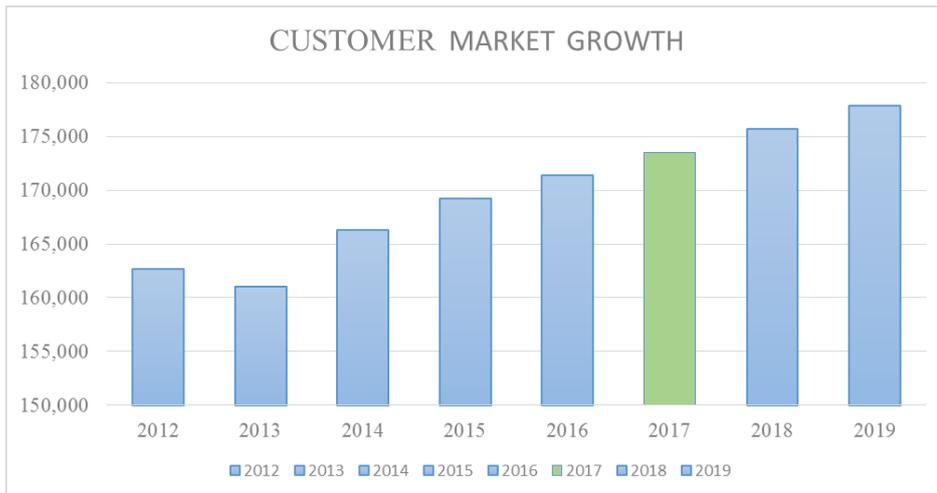
Source: own source, Market Analysis

In conclusion Estimated Target market and Projected Market Share are of sufficient size to provide successful implementation of proposed business idea.

### 5.2.3 Market tendency

Based on the data gathered from the secondary research for estimation of market size for the period of 2012 to 2015, projections were made to estimate market size for the period from 2017 to 2019. Based on this projections it is estimated that consumer market has the tendency to grow at the steady rate, as shown in figure below.

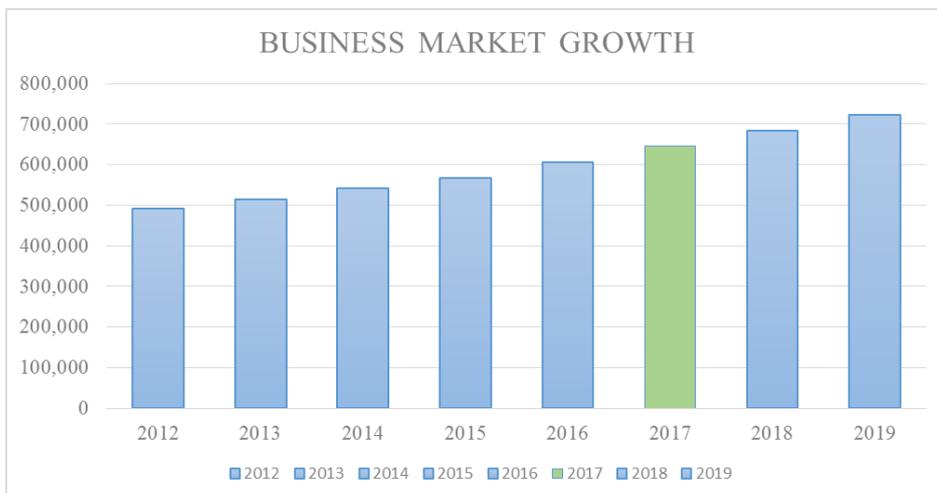
**Figure 5 Customer market growth 2012-2019**



Source: own source and

Business market size projection also suggest a growing market tendency as shown in the figure below.

**Figure 6 Business Market Growth**



Source: own source, + <http://onbusiness.cz/kolik-firem-je-v-cr-v-jednotlivych-krajich-835>

To conclude both markets show tendency to grow suggesting increasing customer size, and potential of expanding the business idea.

### 5.2.4 Market Segmentation

#### Customer market segmentation

Customer Market segmentation, based on age, occupation and income level has identified following key Customer market segments:

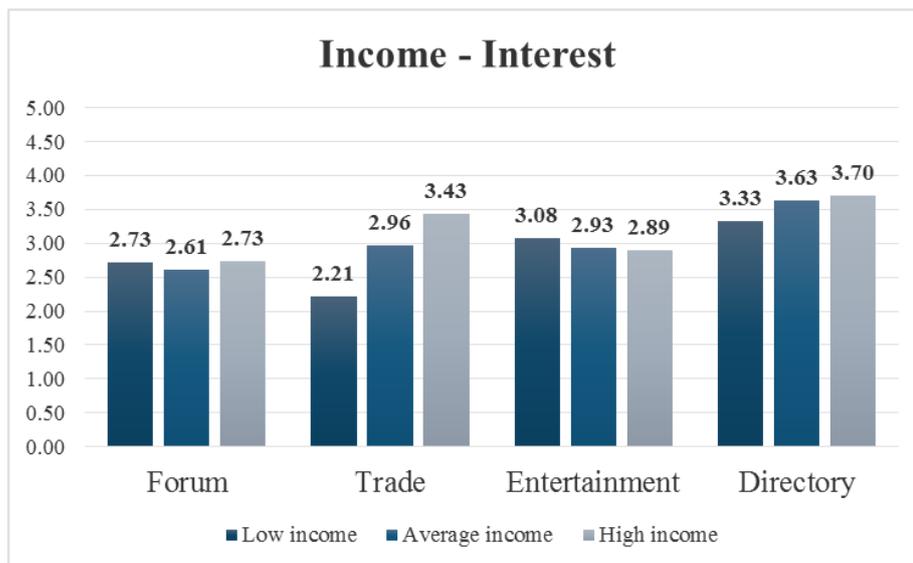
- Age 25-34 student average income,
- Age 35-44 employed high income, and
- Age 18-24 Students low income.

Income indicator was categorized by author as:

- Low income: 0-19.900,00 CZK
- Medium income: 20.000,00 CZK – 39.000,00 CZK, and
- High income: 40.000,00 CZK and above.

The Customer market online survey has shown following customer interest into four product/services offered based on the customer income:

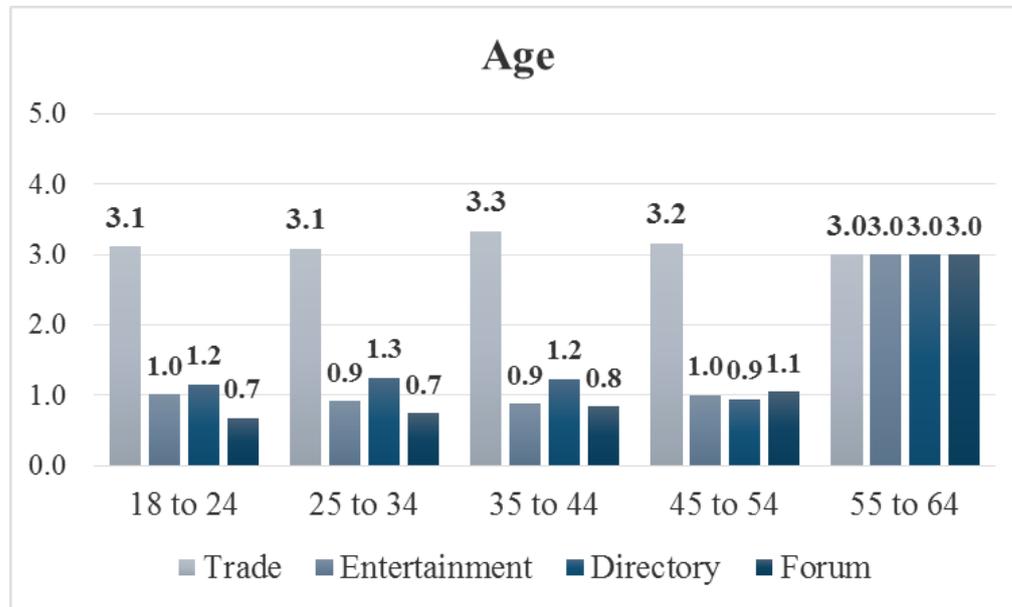
**Figure 7 Relationship between income and interest to proposed services**



Source: Own source, Questionnaire analysis

According to Figure 7 Relationship between income and interest to proposed services, potential customers with higher and average income find trading and business directory as most interesting service, while potential customers with low income showed more interest to entertainment and forum services.

**Figure 8 Relationship between age and interest to proposed services**



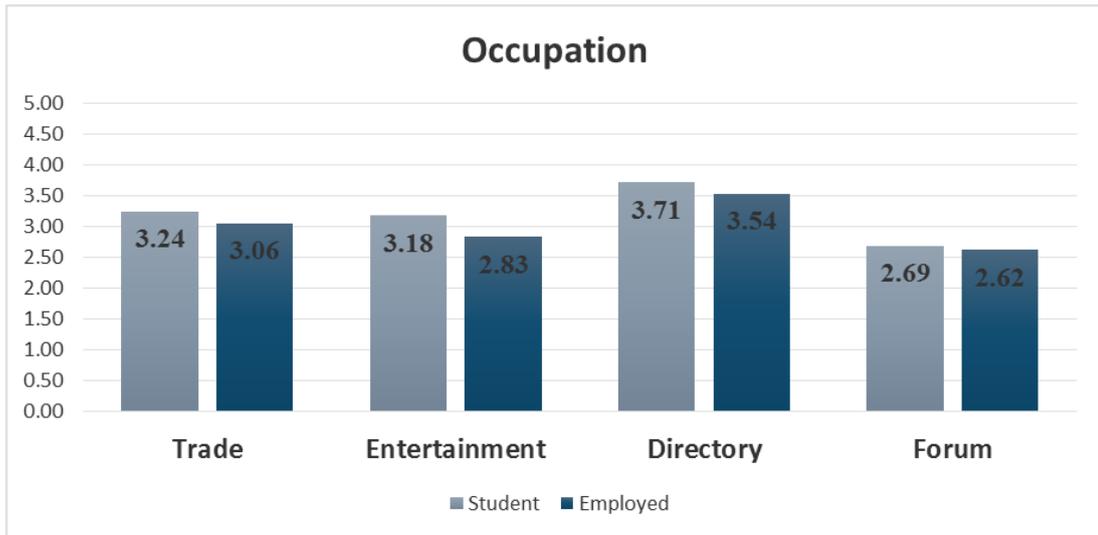
Source: Own source, Questionnaire analysis

Analysis of the results based on the age criteria indicate that Trade is the most interesting service over all target market segments. Second most promising service is business directory in all age segments except age range 45 to 54, where Forum service has slight advantage. In first three age categories Forum is the least interesting offered service.

According to online survey, most surveyed people were age 25 to 34, 52.99%, 26,12% were age 18 to 24, and 15,67% were age 35 to 44. Resulting number of people in other category is insufficient for further projections, and was not considered further in the analysis.

Survey shows that 86.5% from all the surveyed potential customers are either students or employed. Other categories of demographic criteria occupation were therefore not taken into account. Based on the occupation, both customer groups have shown similar interest across all four product service offers, ranking Business Directory as most interesting, and Forum as least interesting service, as shown in following figure.

**Figure 9 Relationship between occupation and interest to proposed services**



Source: Own source, Questionnaire analysis

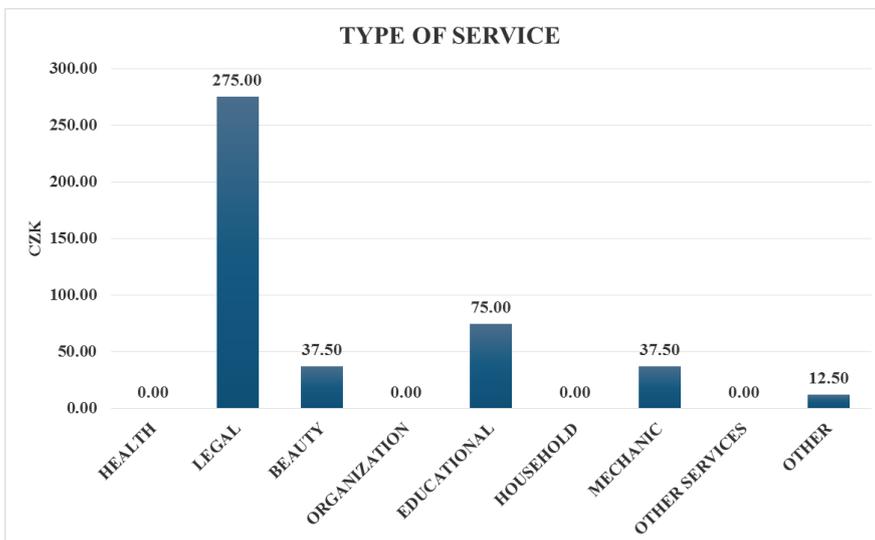
### **Business market segmentation**

Based on the business type and type of business service offered, following market segments have been identified as the key market segments of Business Market:

- Entrepreneurs in legal industries,
- Employer legal services, and
- Employer in beauty services.

Willingness to pay was used as indicator of interest in Online business market survey as shown in a figure below.

**Figure 10 Relationship between service providers and willingness to pay**

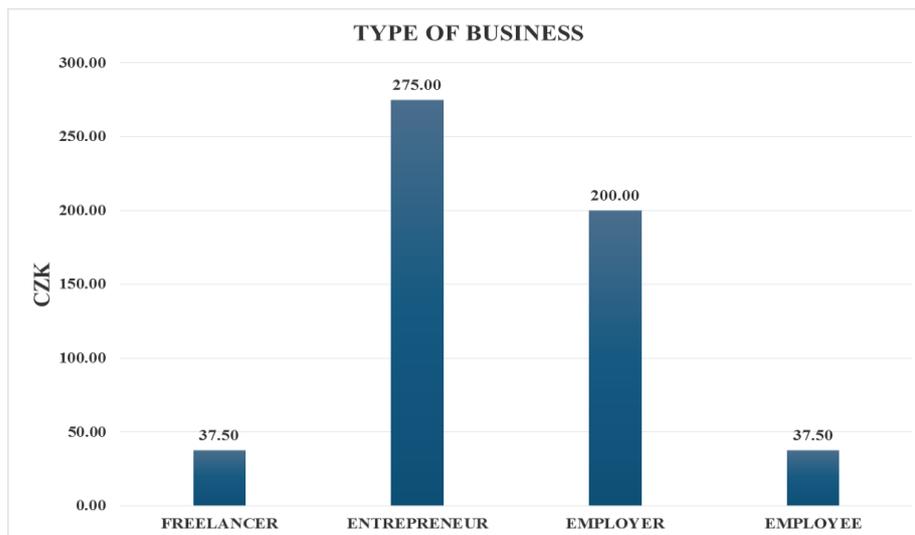


Source: Own source, Questionnaire analysis

As shown in Figure 10 Relationship between service providers and willingness to pay, potential business providers of legal, educational, mechanical and beauty services showed the most interest in proposed products/services.

Most interest has been shown by legal service providers that would on average pay 275 CZK for the opportunity to promote their business and access clients via proposed platform.

**Figure 11 Relationship between type of business and willingness to pay**



Source: Own source, Questionnaire analysis

Figure 11 Relationship between type of business and willingness to pay demonstrate that all four categories would be willing to pay for this business service, however entrepreneurs and employers are willing to pay much more, considering their significantly stronger monetary aspects. In light of these results, entrepreneurs and employer partners show to be most profitable category. Therefore, it is proposed that these two categories be the focused of future marketing strategies.

Moreover average willingness to pay indicator suggest that the average of **99 CZK** should be the optimal price for business at the beginning of the business implementation.

### 5.2.5 Competitor analysis

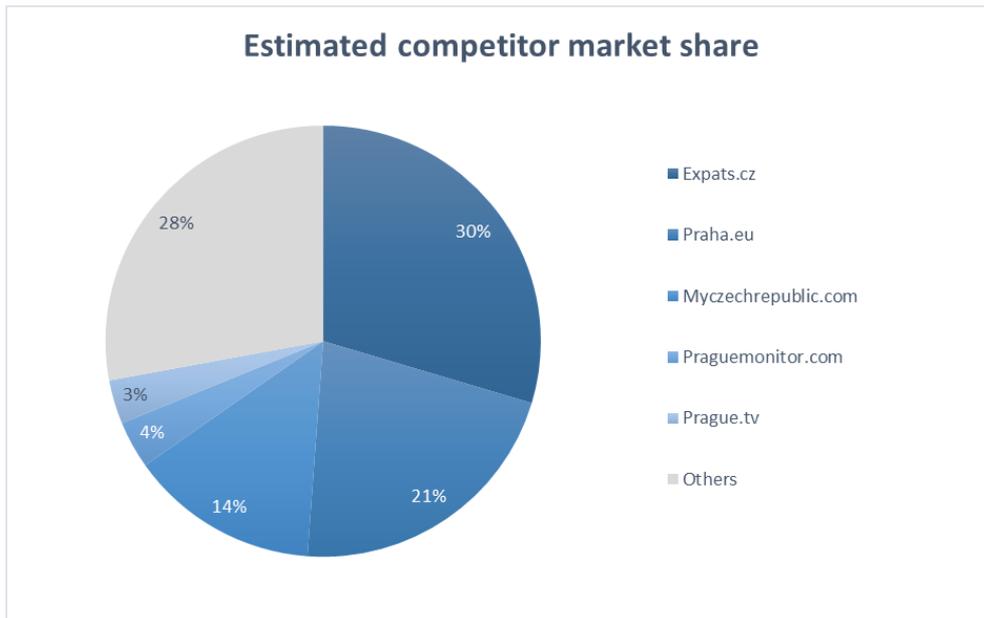
Key potential competitors are:

- **Expats.cz**, current market leaders, with strong social group following, and largest number of monthly visits, providing competition in almost all proposed services.

- **Praha.eu**, government provided, official web portal of Prague, focused mostly on providing public services and information, is not a direct competitor service wide, but contains potential to be so should he adopt different product portfolio.
- **Myczechrepublic.com**, more concentrated on touristic product portfolio, but their wide range of services include key product/services proposed by business idea..

Based on market analysis, it is estimated that Expats.cz holds the largest share of Customer market, 29.64% as shown on the following figure.

**Figure 12 Market shares of competitors**



Source: Own source, Competitor analysis

According to Figure 12 Market shares of competitors figure, top three market leaders together hold estimated 65.23% of the market. However, other potential competitors hold very small percentage of market, leaving almost 28% of potential market available.

Moreover second market leader Praha.eu, is focused on informational and entertainment services, which are of lower priority based on the proposed business idea.

Indeed, Prague.tv provides more services/products as direct competition to proposed business product / services but holds only estimated 3.9% of potential market.

Therefore, there is more than enough market still available for new business even without directly engaging other potential competitors.

In regards to product similarity, following figure examines the direct competitors based on the similarity of product, service they offer.

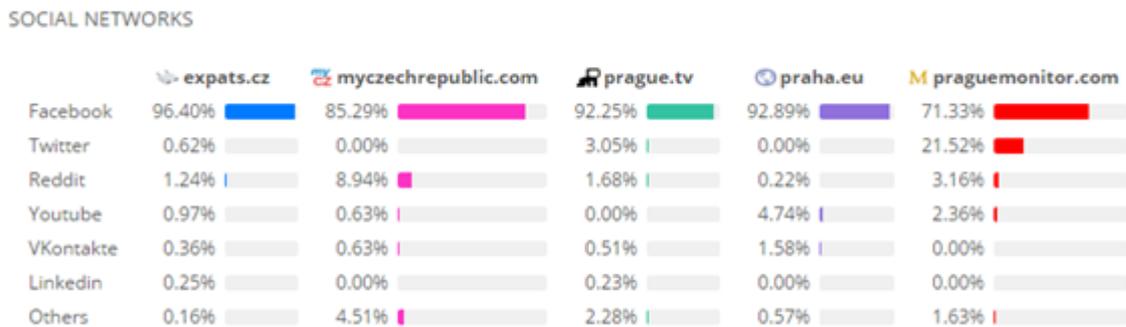
**Table 11 Competitor – product analysis 2**

Competitor	Forum	Service Directory	Trade goods	Entertainment
Expats.cz	+	+	-	+
Myczechrepublic.com	+	+	-	+
Prague.tv	-	+	+	+
Praha.eu	-	-	-	+
Praguemonitor.com	-	+	-	+

Source: Own source, Questionnaire analysis

Table 11 Competitor – product analysis 2 depicts that neither of the analyzed competitors have the full specter of services that the business idea proposes. However, Expats.cz and Prague.tv have three of services currently, as it was mentioned in Table 7 Competitor - product analysis 1, those services are broad, detailed and active.

**Figure 13 Social media activities of competitors**



Source: Similarweb.com (www.similarweb.com, n.d.)

Figure 13 Social media activities of competitors represents the activity of competitors in numerous social media.

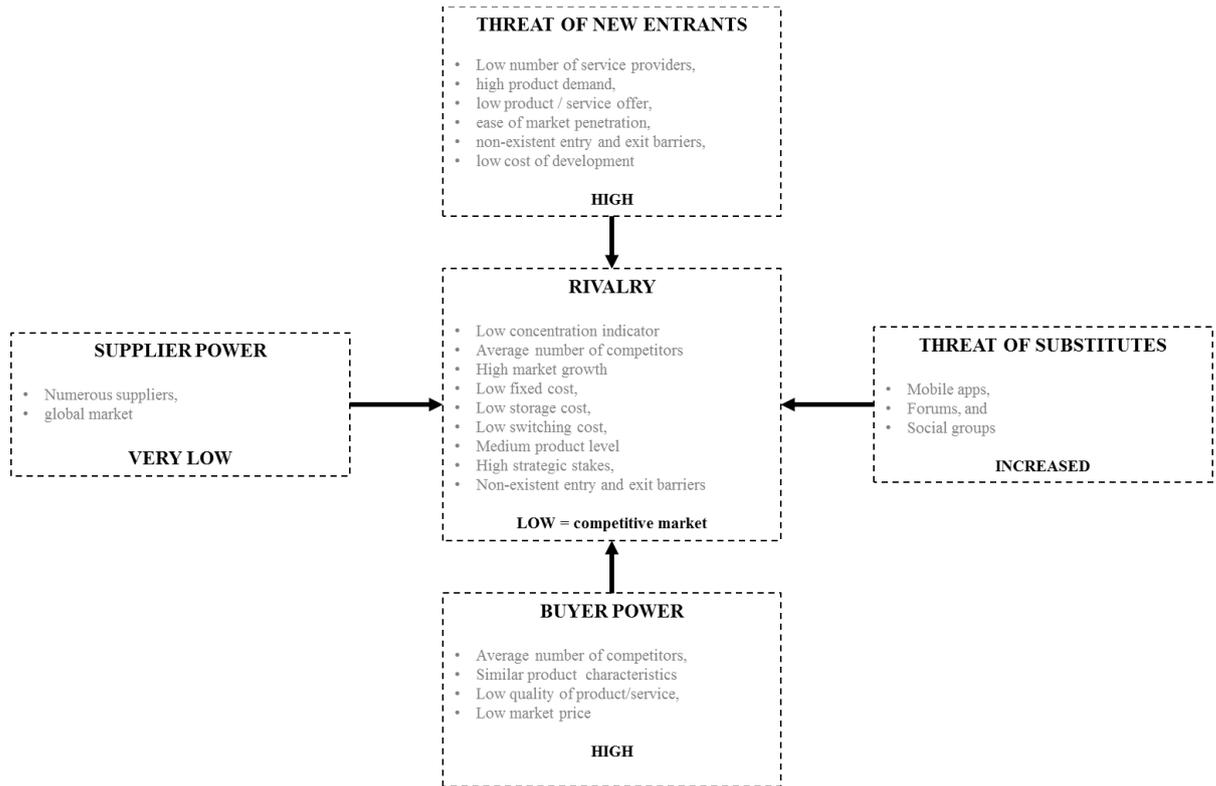
Results show that competitors are focused on Facebook, as the primary social media, and while their activities is high, it is very low on the other social media, such as Twitter or YouTube.

### 5.2.6 Porter’s Five Analysis

Industry model developed through Porter’s five analysis, as a apart of Market analysis is shown on the following figure.

The result of the porters five analysis implementation is shown on figure below.

**Figure 14 Porter's Five Forces of Industry**



Source: own source, Porter's five analysis

Low supplier power indicates that using outsourcing for hosting is a safe way to go, and prices of hosting and domain should be small compared to project size.

To decrease threat of new entrants organization should focus on differentiating product from competition by improving product / service, and offering additional options (rating of salesman, direct contact with service provider, entertaining and actual material relevant to target group, etc.)

To decrease threat of substitutes it is recommended that platform is integral with all types of devices, development adds mobile apps into their plan of development, and increase product characteristics to limit capability of substitutes (for example entertaining flash apps will not work on android devices since they don't support flash)

To decrease Buyer power organization should focus on developing brand name, ensuring superior product quality and invest into customer loyalty programs.

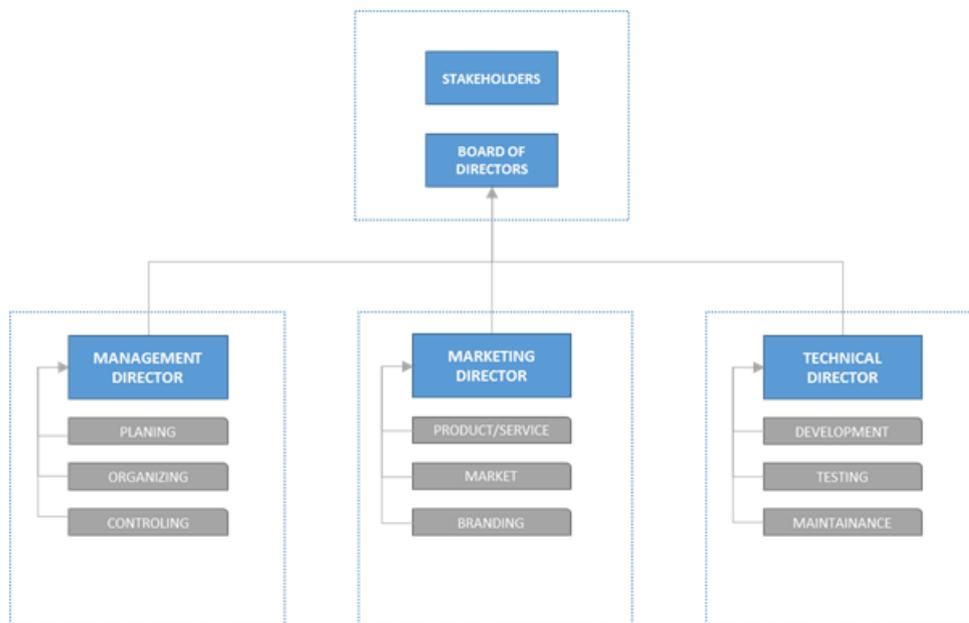
In conclusion Porters analysis estimates a very good industrial model for start-up project, but indicates the importance of superior product / service line in order to attract and keep customers in this very competitive market.

## 5.3 Organizational and Technological analysis

### 5.3.1 Company profile

Svetik, s.r.o is a small start-up company, with limited financial and human resources. It consist on only three members divided into three main operational responsibilities: Development, Management and marketing as shown in the following figure.

**Figure 15 Company structure**



Source: Own source, Organizational and Technological analysis

However structure is highly flexible, providing ease of effort shifting whenever necessary, limited only in Development segment.

All three members compose key stakeholders, they come from different national backgrounds, English is the official language of the company, and all three members share same predicament of being foreigners in Prague.

### 5.3.2 Operational procedures

Company employs simple yet effective operational procedures:

- Management procedures: Analysis of business meetings, Work logs, project plans, vision, strategic goals, communicational issues, documentation of projects and knowledgebase

- Marketing procedures: Analysis of research process, data collection and organization, maintaining research database, and implementation of marketing strategies.
- Development procedures: Analysis of technical project plan, WBS, work logs, meeting set deadlines, development maintenance, content development, process organization etc.

Skype, Viber, Facebook, and e-mail are most commonly used communicational channel. Communication is open and friendly, new ideas are welcomed and overall working atmosphere is enthusiastic.

### **5.3.3 Qualifications**

Company poses sufficient set of skills necessary for the successful implementation of business idea, however the scope of the project might require employment of several other employees mostly in development (design and testing), and promotion activities (designing and distribution of flyers).

Moreover, there is a lack of experience in start-up projects for both three members, which may be a threat in seeing the project through.

### **5.3.4 Technological requirements**

For the successful implementation of the business idea, following technological requirements are necessary to improve / obtain:

- **Hardware requirements:** Server (for platform implementation) and Tablet (for testing),
- **Software requirements:** Domain, several current software licenses need to be extended
- **Knowledge requirements:** Web security, online payment, Implementation of promotion strategies

Overall technological requirements are sufficiently met by the company's current resources.

### **5.3.5 Cost of development**

Three key groups of operations are identified as necessary for successful development of proposed web platform:

- **Data research**, collecting information about content, organization, trends, entertainment, forum materials, and others.
- **Website development**, design and development of web platform, and
- **Content development**, collection and preparation of content data for website.

Estimation of cost of development was based on the estimated time for completing each operation, and average cost of the man-hour (mh) estimated based on the average price in the respective work field.

Final cost of development is estimated to **168.580,00 CZK**, as shown in the following figure.

**Table 12 Cost of development**

Development activity	Estimated cost
Website developmetn	CZK 80.000,00
Development research	CZK 45.000,00
Content development	CZK 48.000,00
<b>Total</b>	<b>CZK 173.000,00</b>

Source: Own source, Organizational and Technological analysis

## 5.4 Financial Analysis

### 5.4.1 Cost and Revenue

#### Total cost

Total cost was estimated based on:

- Investment,
- Operating fixed cost, and
- Operating variable cost.

Investment was estimated to cost **CZK 254.580,00**, as shown in following table:

**Table 13 Investment cost**

Investment	
Server	CZK 3.000,00
Domain	CZK 3.000,00
Development cost	CZK 173.000,00
Promotion	CZK 75.580,00
<b>Total</b>	<b>CZK 254.580,00</b>

Own source, Financial analysis

Fixed operating cost is estimated to cost **CZK 20.000,00**, and consists of average cost for accountant for the first year of operations.

Variable operating cost is estimated to cost **CZK 374.400,00**, as shown in following table:

**Table 14 Operating variable cost**

Operating variable cost	
Website technical maintainance	CZK 57.600,00
Content maintainance	CZK 76.800,00
Continuos promotion	CZK 240.000,00
<b>Total</b>	<b>CZK 374.400,00</b>

Own source, Financial analysis

Total cost for the first year is therefore estimated as the sum of theses parameters to a total of **CZK 648.980,00**

### **Total Revenue**

Total revenue was estimated based on the four income plans:

- **Business providers membership,**
- **Transaction compensation,**
- **Advertisement,** and
- **Google advertisement.**

Total estimated revenue is based on the number of companies that register to the website, amount of traffic website generates, number of registered users and number of transactions executed via website, and overall attractiveness of the website as a place to market services.

Total revenue in the first year is estimated to **CZK 2.654.118**, as shown in the following figure:

**Table 15 Total Revenue**

Total revenue	
Business provider membership	CZK 49.500,00
Transaction compensation	CZK 1.203.617,10
Advertisement	CZK 70.560,00
Google advertisement	CZK 1.330.441,21
<b>Total</b>	<b>CZK 2.654.118,31</b>

Own Source, Financial Analysis

### 5.4.2 ROI

Return of investment shows a high rate of investment return of 5.76 CZK for 1 CZK invested, as shown in the table below:

**Table 16 ROI**

ROI	
A - INVESTMENT	CZK 254.580,00
B - TOTAL REVENUE	CZK 2.654.118,31
C - OPERATING COST	CZK 668.980,00
D - GROSS PROFIT	CZK 1.985.138,31
E - OVERHEAD ALLOCATION (10%)	CZK 265.411,83
<b>ROI</b>	<b>CZK 5,76</b>

Source: Own source, Financial Analysis

### 5.4.3 BEP

Break Even Point analysis is calculated based on the estimated Fixed Expenses and Gross margin percentage GMP as shown in following figure:

**Table 17 BEP**

BEP	
REVENUE	CZK 2.654.118,31
FIXED EXPENSES	CZK 274.580,00
VARIABLE EXPENSES	CZK 374.400,00
VC %	14,11%
CMR	85,89%
<b>BEP</b>	<b>CZK 235.846,70</b>

Source: Own source, financial analysis

## 5.5 Over all Feasibility Study Conclusion

In conclusion there are many strong indicators that the proposed idea is feasible.

Both identified markets are of promising size, with competitive market characteristics and all the market research supports that market will continue to grow.

There are not many strong competitors on the market, with the exception of expats.cz, who after 10 years holds one third of market share, but lacks innovation, and customer loyalty. Moreover there is a large share of potential market not yet satisfied by the current product/service offer.

Product quality and good marketing promotion seem to be key factors to success of the proposed business idea. Product must be better than the competitions and introduce innovations that make it more attractive to the target market. For promotion it is strongly suggest to use social media, mostly those indicated to be ignored by the competition, since research indicates that this can prove to be vital channel to the unattended potential customers.

Organizational analysis indicates that organizational structure is good for innovation and start-up projects, but if the business is to reach its full potential, it will must gradually expand, incorporate new products and services, and therefore it will not be sustainable with the current organizational resources.

Technological analysis doesn't indicate any serous barriers in developing web platform, but considering financial analysis. research suggest that investing into more resources for the development could bring product easier and faster to the market, for which ROI states that investment will return with high rate.

Moreover, both ROI and BEP analysis indicate that it can be highly profitable business idea, for relatively low investment budget.

Summary of companies strengths and weaknesses as well as opportunities and threats it faces are shown in the figure below

**Figure 16 SWOT profile**

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• multiple opportunities to transform to another business or establishing connected new businesses,</li> <li>• easy to keep in touch with customers by social media tools, and using email marketing</li> <li>• new business can be started with low investment,</li> <li>• affordable advertising,</li> <li>• low staff cost for maintaining platform,</li> <li>• low cost of sales,</li> <li>• open minded approach of stakeholders and</li> <li>• management team has similar experiences with target groups. Similar approach leads to understand customer needs.</li> </ul>	<ul style="list-style-type: none"> <li>• the concept can be easily copied,</li> <li>• No direct customer-provider interaction, only online interaction,</li> <li>• Inadequate funding,</li> <li>• inadequate capital,</li> <li>• does not promise great profit, unless business is not expanded by other ideas,</li> <li>• insufficient business experiences of stakeholders,</li> <li>• future need for experienced employees for growth of the company as well as sustainability of the project and</li> <li>• no brand recognition.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Insufficient competitors' social media activities,</li> <li>• competitors' platform provides more than necessary,</li> <li>• high service demand,</li> <li>• high number of target group in the location,</li> <li>• rapid increase of internet users,</li> <li>• sustainability of actions,</li> <li>• timeless and endless need for service,</li> <li>• improving Czech Republic Economy,</li> <li>• increasing foreign investment and International companies open offices in Prague thanks to low taxes.</li> </ul>	<ul style="list-style-type: none"> <li>• likely new entrants,</li> <li>• competitors may start counter campaign,</li> <li>• easy entrance to the market,</li> <li>• low entry barriers,</li> <li>• does not require high investment.</li> <li>• Strong competitor brand name</li> </ul>

Source: Own source, SWOT Analysis

To conclude, Both Market analysis, financial analysis and Technological analysis indicate that business idea is **strongly feasible**, only problem can be in the lack of resources and/or expertise.

Product Quality, and good product promotion will be key factors in successful implementation of proposed business idea.

## 6 Conclusion

This master thesis entirely achieves all objectives described in the chapter 2, Objectives and methodology.

During the development of this master thesis a complete feasibility study of presented business idea, was designed and implemented.

Theoretical part, chapter 3, was developed based on academic research and provides necessary economic terminology and sound knowledge base for understanding all key factors necessary for implementation of feasibility study.

Development of feasibility study included detailed Market research and analysis, Organizational and technological analysis, financial analysis and overall feasibility analysis, SWOT analysis.

Both primary and secondary market research was conducted.

Primary research included design, implementation and distribution of online questionnaires, interviews with key company members, potential customers and observation.

Secondary research was conducted by finding, collecting, filtering, organizing, grouping and processing vast amount of data collected from: Internet, Social media, Public libraries, Government sources, Industry sources, conducted market studies, business directories, statistical reports etc.

As a result vast amount of relevant, up-to-date data regarding customer, market and competitors was gathered and processed.

Based on collected data, market analysis was successfully conducted during which:

- Relevant market was identified and defined,
- Online survey results were processed and analysed,
- Potential and Target market was determined,
- Projected market share was estimated,
- Market segments were defined and analysed,
- Competitors were identified and their market share was estimated, and
- Porters Five forces analysis was conducted and relevant industry model was estimated

During the Organizational and technological analysis, organizational capabilities were estimated based on the organizational analysis that included determination of companies structure, evaluation of companies qualification and operation procedures.

Potential business idea profitability was estimated based on the financial analysis, that included estimation of Investment, Total variable and fix cost, and projected revenue for the period of first three years of operation. Additional estimation was made using ROI and BEP analysis.

Overall feasibility study was conducted using SWOT analysis and results from marketing analysis, organizational and technological analysis, and financial analysis.

All the steps of feasibility study implementation are described in chapter 4, Practical part.

Final part of practical work included designing structure of feasibility study report and presenting the solution, detailed feasibility study in in chapter 5.

To conclude, primary objective and all secondary objectives of master thesis have been successfully achieved and presented.



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# Appendix

## Appendix A – Customer market survey

### 1. What is your gender?\*

- Female
- Male

### 2. What is your nationality?\*

### 3. What is your age?\*

- under 18
- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 to 74

### 4. What is your occupation?\*

- Student
- Employed
- Freelancer
- Unemployed
- Housewife

### 5. What is your monthly net household income?\*

- 0-9,999 CZK
- 10,000-14,999 CZK
- 15,000-19,999 CZK
- 20,000-24,999 CZK
- 25,000-29,999 CZK
- 30,000-39,999 CZK
- 40,000-59,999 CZK
- 60,000-79,999 CZK
- 80,000 and above CZK



### 6. Please scale below online activities?\*

	Not at all interested	Little interested	Interested	Very interested	Absolutely interested
Sharing ideas/asking questions through forum.	<input type="radio"/>				
Buying/Selling goods online.	<input type="radio"/>				
Reading/Rating/Posting Entertainment material on internet.	<input type="radio"/>				
Searching service online (medical, legal, household etc.)	<input type="radio"/>				

**7. How often do you use below activities ?\***

Service examples stated in each questions.



	None	Once or twice a year	Every month	Every week	Everyday
Find a general service/business in English language	<input type="radio"/>				
Offer a service/business in English language	<input type="radio"/>				
Find a medical services in English (doctor / dentist / psychiatrist etc...)	<input type="radio"/>				
Find a educational services in English (tutor / babysitter etc...)	<input type="radio"/>				
Find a house hold services in English (plumber / electrician / cleaning lady / maid / etc...)	<input type="radio"/>				
Find a car services in English ( Mechanic / Car dealers etc...)	<input type="radio"/>				
Find a cosmetic services in English (Hair-saloons / Beauty saloons / Waxing / Solarium / etc...)	<input type="radio"/>				
Find other services in English (Locksmith / Tailor / Vet / Cobbler / etc...)	<input type="radio"/>				
Comment, rate, recommend used service/business	<input type="radio"/>				
Contact, reserve, purchase services directly	<input type="radio"/>				

**8. How often do you use below activities ?\***

Buying/Selling

	None	Once or twice a year	Every month	Every week	Everyday
Buying second hand goods	<input type="radio"/>				
Trading / Exchanging second hand goods	<input type="radio"/>				
Selling second hand goods	<input type="radio"/>				
Reviewing, suggesting, commenting different buy/sell/trade offers	<input type="radio"/>				
Providing private services (tutoring, language courses, babysitting, etc...)	<input type="radio"/>				
Providing translation services	<input type="radio"/>				
Acquiring private services (tutoring, language courses, babysitting, etc...)	<input type="radio"/>				
Acquiring translation services	<input type="radio"/>				

**9. How often do you use below activities ?\***   

Entertainment

	None	Once or twice a year	Every month	Every week	Everyday
Get ideas on cafes / bars / restaurant / clubs	<input type="radio"/>				
Learn about discounts, activities, festivals, events etc	<input type="radio"/>				
Rate and share experiences about different cafes / bars / clubs	<input type="radio"/>				
Comment and discuss entertainment offers	<input type="radio"/>				
Read entertaining posts, videos, jokes, etc	<input type="radio"/>				
Post and share entertaining posts, videos etc.	<input type="radio"/>				
Share entertaining experiences of life in Prague.	<input type="radio"/>				
Register to events in cafes / bars / restaurant / clubs	<input type="radio"/>				
Make reservations for cafes / bars / restaurant / clubs	<input type="radio"/>				
Book and purchase tickets to events concerts etc	<input type="radio"/>				
Share tips and tricks about nightlife in Prague	<input type="radio"/>				

**10. How often do you use below activities ?\***

Forum

	None	Once or twice a year	Every month	Every week	Everyday
Informing on Visa and Documentation issues	<input type="radio"/>				
Sharing experiences of life in Prague with other foreigners	<input type="radio"/>				
Meeting other foreigners living in prague	<input type="radio"/>				
Discussing everyday events	<input type="radio"/>				
Discussing current political events (Czech and International)	<input type="radio"/>				
Learning tips and tricks that make Prague life easier	<input type="radio"/>				
Get reviews and recommendations about restaurants, bars, clubs	<input type="radio"/>				
Sharing shopping tips and ideas	<input type="radio"/>				
Advising and asking for advice	<input type="radio"/>				
Help with translation and legal issues	<input type="radio"/>				

Feel free to share any comments, ideas, suggestions

# Appendix B – Business market survey

## Prague Services in English

Dear Providers,

I am a student at CULS, Prague. I am currently working on my Master thesis.  
The aim of this research is finding out possible English service providers for Expats in Prague.

**1.What is your gender?\***

- Female
- Male

**2. What is your occupation? \***

- Freelancer
- Entrepreneur
- Employer
- Employee

**3. Which services are you able to provide in English?\***

- Health (Dentist/Gynecologist/Psychiatrist/Veterinary etc.)
- Legal (Visa/Accountant/Advisory etc.)
- Beauty & Relaxation (Masage/Waxing/Hair dressing/Yoga etc.)
- Organization Services (Event/Party etc.)
- Educational (Tutor/Babysitter/Coach etc.)
- Household services (Electrician/Cleaning/Plumber etc.)
- Mechanic (Car dealer/Spare part distribution etc.)
- Other Services (Locksmith/Tailor/Cobbler etc.)
- Other:

**4.Please specify your service?**

**How much you are willing to pay monthly for intermediate platform to promote your business?\***

- 0-25 CZK
- 25-50 CZK
- 50-100 CZK
- 100-150 CZK
- 150-250 CZK
- 250-300 CZK
- 300-400 CZK
- 400-500 CZK
- Above 500 CZK
- I am not willing to pay.
- Other
- Other:

**Feel free to share any comments, ideas, suggestions.**

## Appendix C – Start-up Cost

<b>START-UP COST - 2017</b>	
<b>Server</b>	
Average price for server per yer (sample 10 server providers)	CZK 3,000.00
<b>Domain</b>	
Average price for buying domain	CZK 3,000.00
<b>Website development</b>	
Estimated time of development by technical department	400 mh
Average price of development for Prague area	CZK 200.00
Estimated price of development	CZK 80,000.00
<b>Research</b>	
Estimated time of research required	300 mh
Average price of researcher for Prague area	CZK 150.00
Estimated price of research	CZK 45,000.00
<b>Content development</b>	
Estimated time requierd for content development	400 mh
Average price for content devolper	CZK 120.00
Estimated price of content development	CZK 48,000.00
<b>Start-up promotion</b>	
New user gifts/rewards budget	CZK 10,000.00
Social groups promotion	CZK 5,000.00
Active promotion (location)	3
Active promotion (days)	7
Active promotion (rent) - 500 czk	CZK 10,500.00
Active promotion (salary) - 1 person, 8 hours, 60 czk/hour	CZK 10,080.00
Active promotion (total)	20,580.00 CZK
Estimated amount of flyers	2000
Average price of the flyer	CZK 20.00
Total price of flyers promotion	CZK 40,000.00
Total start-up promotion	CZK 75,580.00
<b>TOTAL</b>	<b>CZK 254,580.00</b>

## Appendix D – Operating cost and revenue

<b>OPERATING COST - FIXED COST</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>
Accountant	CZK 20,000.00	CZK 20,000.00	CZK 20,000.00
Server	CZK 0.00	CZK 3,000.00	CZK 3,000.00
<b>TOTAL</b>	<b>CZK 20,000.00</b>	<b>CZK 23,000.00</b>	<b>CZK 23,000.00</b>
<b>OPERATING COST - VARIABLE COST</b>			
<b>Website technical maintenance</b>			
Estimated time for t. maintenance for week	8	12	16
Estimated time for t. maintenance for month	32	48	64
Average price for website administrator	CZK 150.00	CZK 151.00	CZK 152.00
Estimated price of website maintenance per month	CZK 4,800.00	CZK 7,248.00	CZK 9,728.00
Total estimated website t. maintenance for 2017	CZK 57,600.00	CZK 86,976.00	CZK 116,736.00
<b>Content maintenance</b>			
Estimated time for t. maintenance for week	16	20	24
Estimated time for t. maintenance for month	64	80	96
Average price for website administrator	CZK 100.00	CZK 101.00	CZK 102.00
Estimated price of website maintenance per month	CZK 6,400.00	CZK 8,080.00	CZK 9,792.00
Total estimated website c. maintenance for 2017	CZK 76,800.00	CZK 96,960.00	CZK 117,504.00
<b>Continuos promotion</b>			
Estimated amount of flyers per month	1000	1100	1200
Average price of the flyer	CZK 20.00	CZK 21.00	CZK 22.00
Estimated price of the monthly promotion per month	CZK 20,000.00	CZK 23,100.00	CZK 26,400.00
Total estimated promotion cost for 2017	CZK 240,000.00	CZK 277,200.00	CZK 316,800.00
<b>TOTAL</b>	<b>CZK 374,400.00</b>	<b>CZK 461,136.00</b>	<b>CZK 551,040.00</b>
<b>TOTAL ESTIMATED COST</b>	<b>CZK 648,980.00</b>	<b>CZK 484,136.00</b>	<b>CZK 574,040.00</b>

<b>REVENUE ESTIMATIONS</b>			
<b>Business provider membership</b>			
Price per membership	CZK 99.00	CZK 100.00	CZK 101.00
Estimated Penetrated market size	500	500	500
Estimated revenue from business providers membership for 2017	<b>CZK 49,500.00</b>	<b>CZK 50,000.00</b>	<b>CZK 50,500.00</b>
<b>Transaction compensation</b>			
Price per transaction	2%	2%	2%
Estimated average price of business service	CZK 200.00	CZK 201.00	CZK 202.00
Estimated revenue per transaction	CZK 10.00	CZK 10.05	CZK 10.10
Projected market share	4862	4,922	4,983
(According to survey) % of the people that use /buy services once or twice a year	30.14%	30.14%	30.14%
(According to survey) % of the people that use /buy services once a month	16.80%	16.80%	16.80%
(According to survey) % of the people that use /buy services every week	6.90%	6.90%	6.90%
(According to survey) % of the people that use /buy services every day	8.03%	8.03%	8.03%
Estimated amount of transactions by first group, per year	2,198	2,225	2,253
Estimated amount of transactions by second group, per year	9,802	9,924	10,046
Estimated amount of transactions by third group, per year	17,445	17,662	17,879
Estimated amount of transactions by second group, per year	142,501	144,274	146,046
Total estimated amount of transactions for 2017	171,945	174,084	176,223
A2 Estimated % of transactions executed via platform	70%	70%	70%
Total estimated amount of transactions executed via platform for 2017	120,362	121,859	123,356
<b>Total estimated revenue from transaction compensation</b>	<b>CZK 1,203,617.10</b>	<b>CZK 1,224,682.42</b>	<b>CZK 1,245,897.47</b>
<b>Advertisement</b>			
Number of Advertisement banners - category I - (Home page)	2	2	2
Number of Advertisement banners - category II - (Front page)	4	4	4
Number of Advertisement banners - category III - (Side page)	8	8	8
Monthly price of Advertisement banners - category I - (Home page)	CZK 1,000.00	CZK 1,000.00	CZK 1,000.00
Monthly price of Advertisement banners - category II - (Front page)	CZK 500.00	CZK 500.00	CZK 500.00
Monthly price of Advertisement banners - category III - (Side page)	CZK 200.00	CZK 200.00	CZK 200.00
Total monthly advertisement revenue	CZK 5,600.00	CZK 5,600.00	CZK 5,600.00
Projected price increase during 2017 (5%)	CZK 280.00	CZK 280.00	CZK 280.00
<b>Total estimated revenue from advertisement for 2017</b>	<b>CZK 70,560.00</b>	<b>CZK 70,560.00</b>	<b>CZK 70,560.00</b>

<b>Google advertisement</b>			
Average CPC for Czech republic	CZK 6.48	CZK 6.48	CZK 6.48
Average CPM for Czech republic	CZK 1.20	CZK 1.20	CZK 1.20
Proposed number of google advertisement banners	10	11	12
Projected CUSTOMER market share	4862	4922	4983
Projected BUSINESS market share	500	500	500
Estimated minimal unique visit to webpage per day	5362	5422	5483
Estimated % of new visitors, from promotion activities	2%	3%	4%
Estimated % of new visitors, from other sources	1%	2%	3%
Estimated number of new visitors, from promotion activities	107	163	219
Estimated number of new visitors, from other sources	54	108	164
Total estimated number of unique visitors per day	5,523	5,694	5,867
Total estimated number of unique visitors for 2017	2,015,820	2,078,141	2,141,345
Estimated CPM for 2017	CZK 24,189.84	CZK 27,431.46	CZK 30,835.37
Estimated % of clicks per view	1%	1%	1%
Estimated CPC for 2017	CZK 1,306,251.37	CZK 1,481,298.98	CZK 1,665,110.03
Total estimated revenue from google advertisement	<b>CZK 1,330,441.21</b>	<b>CZK 1,508,730.44</b>	<b>CZK 1,695,945.40</b>
<b>TOTAL ESTIMATED REVENUE</b>	<b>CZK 2,654,118.31</b>	<b>CZK 2,853,972.87</b>	<b>CZK 3,062,902.87</b>