

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Starting e-business in food delivery

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Aryun-Zaya Tsyrenzhapova

Business Administration

Thesis title

Starting e-business in food delivery

Objectives of thesis

The main aim of this thesis is to identify the e-business structure in online delivery system. Characterize and evaluate the potential for establishing electronic business in food delivery and develop a website on example of catering including its economic performance evaluation. Evaluate the potential markets ,competitors, potential customers and price structure.

Methodology

Literature review is done using methods synthesis, induction, deduction, extraction, abstraction and compilation. Practical part makes use of methods of financial analysis.

The proposed extent of the thesis

40 pages

Keywords

e-business, e-commerce, food delivery, hospitality system, feasibility study

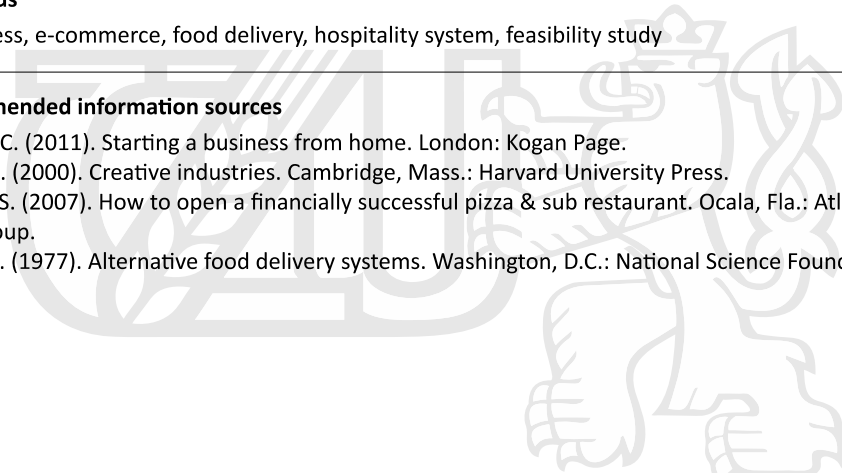
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Expected date of thesis defence

2016/17 SS – FEM

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Declaration

I declare that I have worked on my bachelor thesis titled "Starting e-business in food delivery" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

Prague

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Acknowledgement

Hereby, I would like to thank my supervisor Ing. Petr Procházka, MSc, Ph.D. for his valuable comments, advices and support during my work on this thesis. Next, I would like to thank my family for the support

Spuštění e-business na dodání jídla

Abstrakt

Tato bakalářská práce je zaměřena na vytvoření nové e-business společnosti, která poskytuje službu dodávky jídla. Hlavním cílem této práce je vytvořit podnikatelský záměr e-business společnosti zaměřující se na dodání jídla, jakož i shrnout a zhodnotit nezbytné požadavky a prvky, které jsou potřebné pro úspěšné spuštění podniku.

Tato práce se skládá ze dvou částí: teoretické a praktické.

Teoretická část popisuje všechny požadované a potřebné definice a témata, které se podílejí v práci. V této části práce jsou zahrnuty témata jako e-business; potravinářský průmysl obecně a v Rusku; online proces objednávání; a jednou z nejdůležitějších témat - podnikatelský záměr, který vysvětluje klíčové atributy zakládání nové společnosti.

Praktická část obsahuje všechny komponenty podnikatelského záměru s podrobným popisem činnosti firmy, marketingový plán a finanční plán. V této části jsou použity strategické analytické nástroje jako SWOT, PEST a Marketing Mix analýza, které poskytují zvláště důležité informace pro další realizaci podniku v oblasti e-business v servisu dodávání jídla.

Klíčová slova: e-business, potravinářský průmysl, online proces objednávání, podnikatelský záměr, marketingový plán, finanční plán, SWOT, PEST, Marketing Mix analýza

Starting e-business in food delivery

Abstract

This bachelor thesis focuses on the creation of a new e-business company that provides food delivery services. The main purpose of this work is to create a business plan of e-business company in the area of food delivery services, as well as to summarize and evaluate the indispensable requirements and elements that are needed for the successful run of business.

This thesis consists of two parts: theoretical and practical.

The theoretical part describes all the necessary and required definitions and topics that involved in the work. In this part of the work are covered topics as e-business; food industry in general, and in Russia; online food ordering process and one of the most important topics - the business plan that explains key attributes of the creation of new business.

The practical part includes all components of the business plan with a detailed description of the business, marketing plan and financial plan. In this part are used the strategic analysis tools as SWOT, PEST and Marketing Mix analysis that give particularly important information for the further implementation and the realization of the company in the field of e-business in food delivery services.

Keywords: e-business, food industry, online ordering process, business plan, marketing plan, financial plan, SWOT, PEST, Marketing Mix.

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1. INTRODUCTION

In this bachelor thesis examines the topic of e-business and the process of starting a completely new business. Currently, e-business issue has become very popular. This type of business is becoming one of the imprescriptible parts of the traditional business because, in the process of development of a global network, Internet from e-mails and sources of the media has become a tool of e-business, based on the principles of the network economy. Today's generation is at the stage of the new economy, which is called the Internet economy or the stage of e-business. Therefore, in this thesis are explained the origin, the purpose and the ways of using e-business. As well as how the online ordering process works, which is one of the main components of e-business.

What is the probability of winning at a poorly prepared plan? It is much more likely to win if every action qualitatively elaborated, prepared and counted. That is the reason why in this thesis is provided a detailed business plan for starting the company (in the branch of e-business) that deals with food delivery services. There are a lot of companies providing food delivery services in the world and it is difficult to count them, but the implementation of this company is focused on the city in the eastern part of Russia, where weren't performed such interesting offers and where people are just starting to get involved in the mainstream of Internet activity. For this reason, there is a low level of competition or doesn't exist at all, which gives great potential for development of the company as a discoverer of this kind business activity in the city. Why did the choice fall to the delivery of ready meal? - Because it is easier to organize and offer to potential customers. In today's world, time is valued very highly. Many of us spend most of their day at work, and an outstanding free time trying to spend on leisure, sports, hobbies and family. Unfortunately, a lot of free time spent on household chores, and sometimes we don't have time to prepare food for ourselves or for a family. Help in this situation can provide a company which is engaged in the delivery of a ready meal. Therefore, the demand for delivery of ready meals is rapidly growing among consumers with each day because the pace of our life is growing too.

2. GOALS AND METHODOLOGY

Goals

The main goal of this thesis is the identification of e-business, its impact on the business environment, its origin and use.

The second goal is the characterization and evaluation of the potential for establishing electronic business and learning the particular qualities for starting a new business in food delivery service.

The last goal is to create a detailed and appropriate business plan that will explain the organization of business, its mission, advantages on the market and the whole process of performing into the real world. It is important to develop the marketing plan with such tools as competitor analysis, target audience analysis and strategic tools like SWOT, PEST, Marketing Mix analysis. Business plan includes financial plan of the company that gives the real vision of investments needed and an expected profit of new established business.

Methodology

The methodology of this thesis represents a set of general and specific methods that are extremely important for obtaining a reliable and truthful final result.

In the theoretical part, the research was carried out using a set of methods and instrumentations of scientific cognition, therefore the theoretical part of this thesis includes the use of methods of synthesis, induction, deduction, extraction, abstraction and compilation.

In the practical part were used methods that allowed to disclose the aspects of assessing the economic situation, financial condition, and financial stability; to determine the main characteristics of processes and phenomena occurring in this area; to reveal the financial analysis and to identify structural changes in the financial condition. The use of economic and statistical methods such as marketing research, analysis of competitors, analysis of the target audience, SWOT, PEST, Marketing Mix analysis made it possible to determine the tendencies of the organization's development, to assess their dynamics, to reveal disproportions and contradictions; to predict their further development and methods for improving the financial stability of the organization.

3. THEORETICAL PART

In the theoretical part are mentioned basic definitions used in this bachelor thesis. The theoretical part deals with important issues and main definitions that are associated with the establishing of e-business in food industry. The main component of theoretical part is to explain concepts such as e-business and e-commerce, what is the difference between them and the advantages of using.

The theoretical part describes the food industry in general, and how it develops in Russia. It covers topics about food standards, food hygiene, and the online ordering process.

An important part of the bachelor thesis is a business plan, as it is the main aspect of starting a new business.

3.1. The internet and Internet economy

The Internet can certainly be defined as a means of sharing digital information. From the technical point of view, it is a billion of computers around the world connected to each other by wires to a single network. Networks connect the continents and billions of people. It is a huge storehouse of knowledge, a means of sharing personal experiences and essential information.

Throughout the period of existence of our civilization, we have perfected methods of communication and exchange of information. At the beginning, the civilization invented the writing, then appeared books, telegraphs, telephones and television. Each of these inventions fundamentally changed the way of doing business. For example, with the appearance of telegraphs financial markets had moved to a completely new level: an opportunity to carry out transactions in real time, even if the clients were in different cities. (Bruce Kogut,2004)

The greatest breakthrough in the field of information technology has occurred at the end of the XX century with the appearance of the Internet. With this information environment as the Internet entrepreneurs got access to a tremendous amount of data and they got the ability to instantly share almost any form of media (text, graphics, sound, video).

Nowadays the use of the Internet in various sectors of the economy is an indispensable constituent of economic development of any country. The Internet is widely used in business and it substantially improves the efficiency of marketing activities of business. Modern advances in the development of global information and communication technology (Internet technology) led to the formation of a global electronic environment for economic

activities that had opened up new opportunities for the organizational and institutional design of business and other spheres of social and economic activities of a person. (A. Kumar, 2002)

The Internet has become a new dimension of the economy and therefore it is necessary to focus on it and realize the broader context and everything that preceded it. Towards the end of the 20th century there have been great changes in the world economy. These changes are logically connected with the general development in the society and are reflected in the business. Changes lead to the globalization, to the political changes, international relation changes and to increased competition. It has a direct impact on consumer's behaviour. In connection with these changes, there are changes in their specific interests, in demand as well as in the system of motivation to buy a product. (Tsvylev, 1996)

Taking into consideration, the rapid development of information technology, everything redoubled by the emergence of the Internet, it is a time of real revolution in the field of communication, commerce and the general progress of society as a whole. Knowledge and development of both individuals and entire enterprises are becoming increasingly important and it is becoming the decisive competitive advantage.

The Internet evolution formed electronic communications of individuals and corporate members that appeared as the basis for establishing a new electronic environment where information has become more relevant and accessible. (Mckinsey.com.,2015)

3.2. E-business and E-commerce

The emergence and development of the Internet, perfection of advances in information technology, systems and standards of their interaction led to the formation of a new field of modern business called e-business. E-business is a special form of business,

which is realized significantly by using the implementing of information technologies in such processes as production, sales and distribution of goods and services. (Andam,2003)

E-business it is a way of earning money by means of electronic devices.

A qualitatively new work technologies enable companies to achieve a competitive advantage by improving services to their customers and optimizing business relationships with partners. Internet technologies are one of the main, but not only a key aspect of e-business.

The combination of the words "electronic and business" includes the main idea, i.e. to make formalized business operations electronically and transfer them to the Internet environment. Although it seems simple, the essence of e-business is not limited to software and computers,

as a traditional enterprise does not consist of office and copier. The realization of a simple and clear idea requires a total review of the entire business turnover. Like a traditional business, e-business requires an integrated approach that includes planning and management, supported by technology, processes and structure. In the case of e-business the main support needs to be account for the secure and reliable software and hardware, networks, communication channels and of course the Internet. (Schneider,2012)

What is the main purpose of using e-business? The purpose is to make company's business more beneficial and more competitive.

Who needs the e-business? Any company, no matter of industry sector. A company that started to think about how their business will evolve, what is happening to its industry and where a range of operational efficiency and competitiveness. And if recently achieving a certain level of internal efficiency ensured the success of any business, now the situation has changed radically. Although a lot of people use e-commerce and e-business interconvertible, they are different concepts. In e-commerce, information and communications technology are used in inter-business or inter-organizational transactions (transactions between and among firms/organizations) and in business-to-consumer transactions (transactions between firms/organizations and individuals).

In e-business, on the other hand, information and communication technology is used to enhance one's business. Including any process that a business organization (either a for-profit, governmental or non-profit entity) conducts over a computer-mediated network. (Andam, 2003)

Differences between e-commerce and e-business relating to creation of web sites.

Table 1 'Site differences between e-commerce and e-business'

E-commerce	E-business
<ul style="list-style-type: none"> • An e-commerce site must enable a buyer to make a purchase, make payment and track fulfillment • E-commerce requires more reliability and technical sophistication and has more risk 	<ul style="list-style-type: none"> • An e-business site might just provide information about products and services and post-purchase support • Generally, e-business is regarded as a superset of e-commerce • An e-business site need not be very secure unless it also does e-commerce

Source: (Zorayda Ruth Andam,2003) 'e-Commerce and e-Business'

3.2.1. E-commerce businesses

An indispensable part of e-business is electronic commerce (e-commerce) - the implementation of sales/purchases electronically. E-commerce covers not only the purchase and sale transactions as well as supporting of demand creation processes and services, the automation of administrative functions associated with online sales, processes of ordering and the improvement of the exchange of information between partners.

In order to understand the concepts of electronic commerce, it is essential to make sure the basis and the aim of classifying e-commerce businesses into types. (Thebalance.com.,2016)

There are a few parameters to classify e-commerce businesses that has the most significance:

- 1. Type of goods sold**
- 2. Nature of participants**

3.2.2. E-commerce classification

Classifying e-commerce business **based on type of goods sold**

E-commerce businesses sell:

- Physical goods, e.g., books, clothes, gadgets, furniture
- Digital goods, e.g., software, e-books, music, text, images, video
- Services, e.g., tickets, insurance

The reason why the classification is substantial is that it gives the analyst into the business model and financial model of the business.

Classifying E-commerce business **based on nature of participants**. The two most common participants in e-commerce are businesses and consumers.

Based on this we can come up with *four primary E-commerce models*

Table 2 ‘Four primary e-commerce models’

<p><i>Business to Business E-commerce</i></p>	<p>B2B</p>	<p>In this type of e-commerce, the participants (buyers and sellers) are businesses. This type of e-commerce is characterized by the following factors: transactions have strategic nature; the decision to purchase is made by several persons and the decisions are made that will bring the greatest benefit to the business; a small number transactions with large sums; enterprises buy good wholesale.</p> <p>As example could be:</p> <ul style="list-style-type: none"> • B2B.RU - Russian trading platform with a large number of enterprises of various industries; • TradeKey.com is the leading global marketplace that connects small and medium-sized businesses around the world for international trade.
<p><i>Business to Consumer E-commerce</i></p>	<p>B2C</p>	<p>Sellers in this kind of trade are enterprises and buyers are consumers. This type of e-commerce is characterized by the following factors: transactions occur quickly and are of an emotional nature; there is a large number of transactions for relatively small amounts.</p> <p>In this case, the business trades directly with the</p>

		consumers. Here it is about retail sales of goods. For consumers, such method of committing a commercial transaction gives the possibility to simplify and speed up the procedure of buying. Example: online stores as Amazon.com. and E-bay.com.
<i>Consumer to Business E-commerce</i>	C2B	An example of this could be a job board where a consumer places his/her requirements and multiple companies bid for winning the project. Another example would be a consumer posting his/her requirements of a holiday package, and various tour operators making offers.
<i>Consumer to Consumer E-commerce</i>	C2C	In this type of e-commerce, the consumers act as sellers and buyers. There are also hybrid websites, which include several types of electronic commerce. For example: <ul style="list-style-type: none"> • Alibaba.com - Chinese Internet giant that includes almost all types of e-commerce; • Ebay.com - a global online auction combining both B2C and C2C trading;

Source: (Combe,2006) ‘Introduction to E-business Management and Strategy’

According to statistical research, B2B type of e-commerce takes first place (70% of the total number).

Last but not least, can be regarded as a special type of consumer. That would give rise to a new type of e-commerce: B2E (Business to Employee e-commerce). (Petrova,2011)

If to consider Government as a separate entity, as also Citizens, we can come up with a lot of types of e-commerce: B2G (Business to Government), G2B (Government to Business), G2E (Government to Employee), G2G (Government to Government), G2C (Government to Citizen), C2G (Citizen to Government).

Next I would like to highlight another type of E-commerce business it is **Businesses Based on the Platforms**

For example, using the social media as Facebook for doing any kind of business has become very popular and this kind of e-commerce segment is growing rapidly. This type of e-commerce business has own jargon called F-commerce. Another type of e-commerce business which is M-commerce stands for mobile e-commerce. For example, wireless mobile devices such as PDA (personal digital assistants) or cell phones can be used to conduct commercial transactions. (Thebalance.com.,2016)

3.2.3. E-business processes

Three primary processes are enhanced in e-business:

1. **Production processes**, including procurement, ordering and replenishment of stocks; payments; electronic links with suppliers; and production control processes, among others;
2. **Customer-focused processes**, which include promotional and marketing efforts, selling over the Internet, processing of customers' purchase orders and payments, and customer support, among others;
3. **Internal management processes**, there are employee services, training, internal information-sharing, video-conferencing, and recruiting. Electronic applications enhance information flow between production and sales forces to improve sales force productivity. Workgroup communications and electronic publishing of internal business information are likewise made more efficient. (Andam,2003)

3.2.4. System of E-business

What is e-business system?

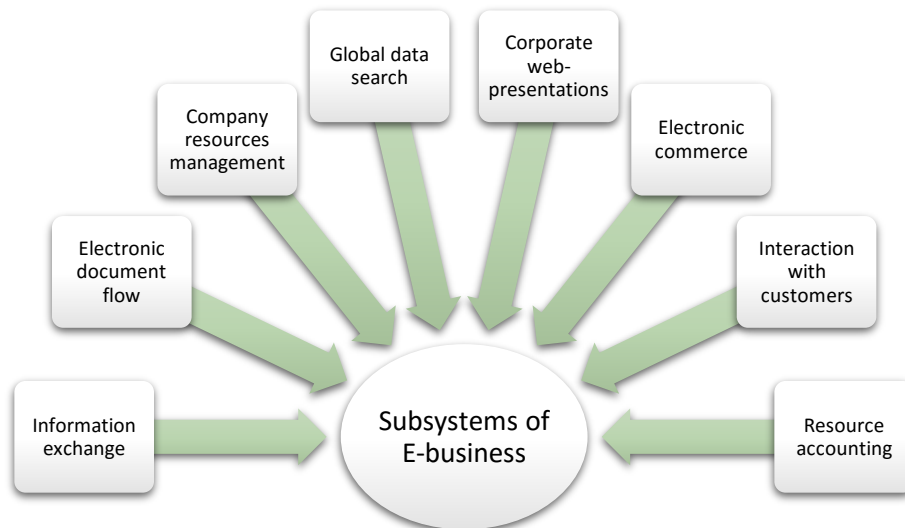
The full-featured e-business system is an integrated complex, that includes a wide variety of various components.

The system of e-business consists of:

- Subsystem of information exchange (e.g., e-mail, instant messaging applications and others);
- Subsystem of electronic document flow;
- Subsystem of company resources management (physical, financial, human and other);
- Subsystem of global data search, collection and collaborative use of knowledge;
- Corporate web-representation, integrated with other subsystems of the company;

- Subsystem of electronic commerce (e-commerce) for the organization of sales and purchases;
 - Subsystem of interaction with customers and partners;
 - Subsystem of resource accounting (storage, logistics and other).
- (Combe,2006)

Figure 1 'System of e-business'



Source: own drawing.

3.2.4.1. Advantages of E-business systems

Here are examples of advantages or benefits of using e-business systems. The implementation of e-business systems allows the company to:

- Increase profits
- Reduce costs
- Optimize internal and external information flows
- Significantly speed up the business process (supply, production, sales, customer service)
- Reduce the amount of storage inventories
- Gain new marketing and distribution contacts
- Improve the quality of customer service and operational efficiency with distributors
- Offer to distributors and customers value added services
- Get a long-term competitive advantage

With these advantages of e-business systems implementation it is important for companies to look at their traditional forms of business and find alternatives for incorporating the concept of e-business. E-business systems bring huge profits as well as a long list of satisfied customers. (Combe,2006)

3.3. E-business and e-commerce in Russia

Nowadays e-commerce market in Russia is under intense development.

E-commerce in Russia as the basis of electronic-information business at the current stage contains a number of issues and problems, so the analysis and identification of its structural elements, the basic trends and patterns of development in the Russian market are a necessity for the further development of Russian business as a whole.

At the present stage, the development of e-commerce enables organizations to significantly reduce the financial and time resources, enhance competitiveness, expand into new markets, get more information about consumer needs, respond quickly to changes in demand. Many Russian companies use e-commerce capabilities to provide additional pre-sales and after-sales service. (Sukhorukov,2009)

The volume of domestic market of electronic commerce (e-commerce) in Russia in 2015 reached 650 billion rubles, or \$ 10.5 billion. In ruble terms the market grew by 16% compared to 2014, while in dollar terms decreased by 28%, according to report by East-West Digital News agency.

In the domestic market the goods purchased by the buyer in the Russian online store and do not cross the border after the registration of the application (for example, when buying Ozon.ru).

In total in 2015 consumers in Russia made 160 million purchases in the domestic market of e-commerce which is in 10% more than the year before. The average order value was 4050 rubles (approximately \$64,2), which is also higher compared to 2014 (3750 rubles - \$59,5).

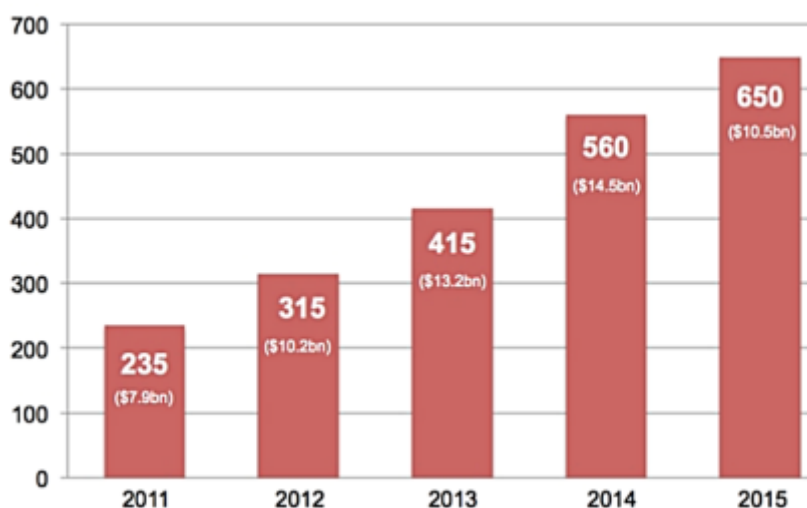
The highest growth rates showed: leisure goods, goods for pets, goods for children, clothes, shoes and food products. On the other hand, the growth rate decreased in comparison with 2014: electronics, household appliances, cosmetics and perfume. (cnews.ru.,2016)

Table 3 ‘The volume of domestic e-commerce market in Russia’

Year	The volume of domestic e-commerce market
2011	235 (\$7,9bn)
2012	315 (\$10,2bn)
2013	415 (\$13,2bn)
2014	560 (\$14,5bn)
2015	650 (\$10,5bn)

Source: cnews.ru, (2016) ‘E-commerce market in Russia’

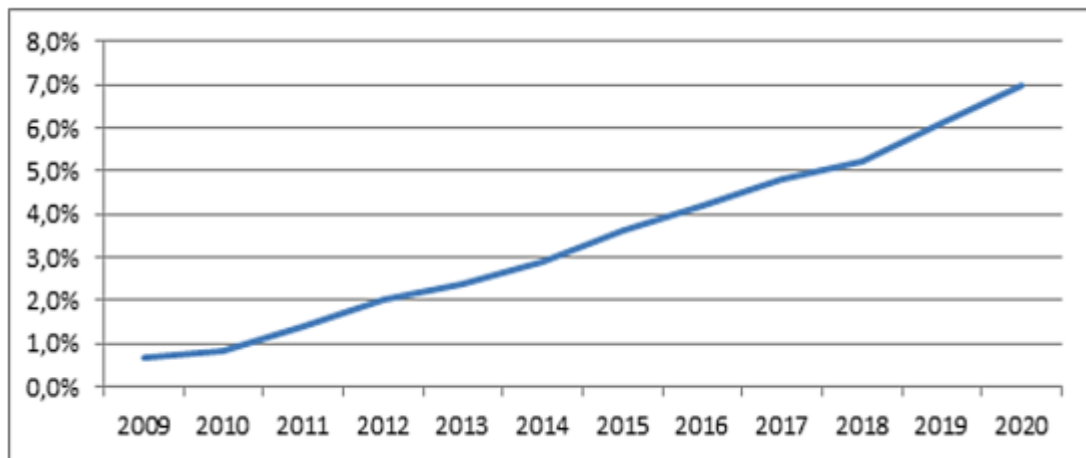
Figure 2 ‘The volume of domestic e-commerce market in Russia’



Source: cnews.ru, (2016) ‘E-commerce market in Russia’

E-commerce segment in the Russian economy has become visible only in recent years. Until 2011, the share of sales via the Internet is less than 1% of the total volume of Russian trade in 2012 - about 2%. Similar rates were recorded in the United States and the United Kingdom in 2003 and 2005, at the current moment the share of e-commerce takes more than 10% in these countries, that is allowing to conclude that there is a significant reserve for further growth of the market of Russian e-commerce. According to experts, the segment of e-commerce in 2020 will be about 7% of total trade in Russia. In developed markets (China, France, Germany, Brazil) the rate is currently about 5% of total trade. (ecommercenews.eu,2015)

Figure 3 'E-commerce market share in total trade in Russia'



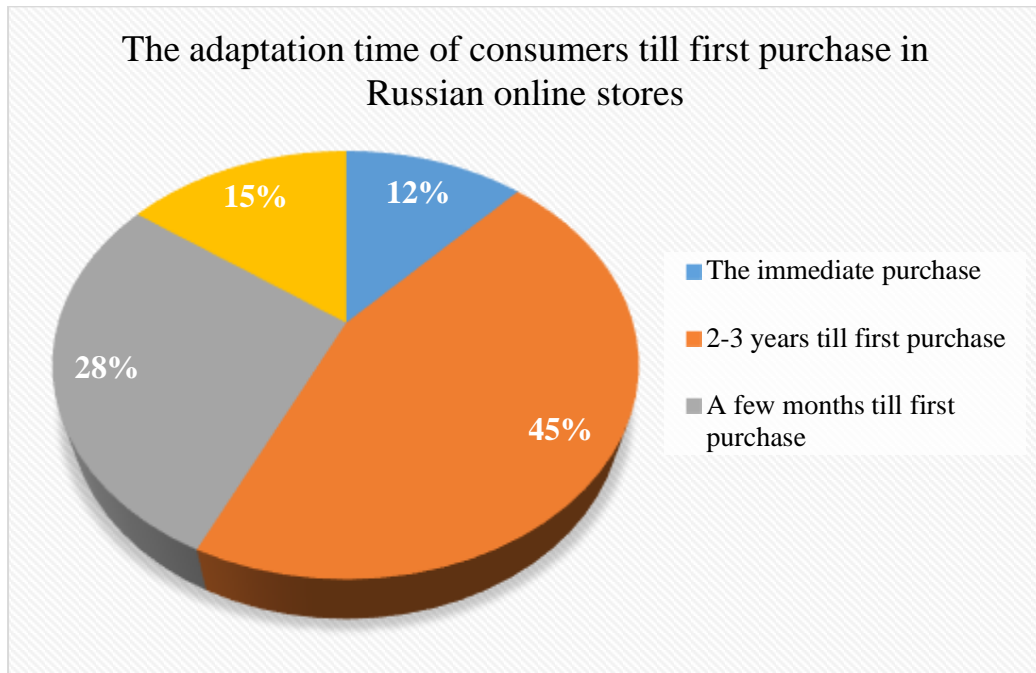
Source: web.snauka.ru, (2016) 'Analysis of the e-commerce in Russia'

It should be noted that there is an imbalance in the development of e-commerce market by regions. Over 60% of online stores are concentrated in Moscow and St. Petersburg, where about 15% of the population. According to experts from Morgan Stanley, in 2020 the volume of sales over the Internet in the metropolitan area will increase by 30%, while in other regions the growth will be about 55%.

At the current moment, there is a situation where a much larger number of buyers from the regions makes a much smaller turnover than buyers from megalopolises. This is primarily due to the earlier penetration of high-speed Internet access to major cities, and also as a result of higher income and more developed logistics infrastructure.

Russians are adapting to the internet very slowly - according to Research Data Insight Agency only 12% start to make online purchases immediately after the connection, to the majority of people (about 45%) it is required from two to five years for adaptation. For 28% of people, it takes a few months to get adapted and start to make purchases in internet stores and the remaining 15% do not use the online stores after registration. In total in Russia, personal experience in making purchases over the Internet has about 22 million people. (web.snauka.ru.,2016)

Figure 4 'The adaptation time of consumers till first purchase in Russian online stores'



Source: own drawing.

3.3.1. Features of Russian e-commerce

Russian e-commerce market has a number of features. Firstly, expensive delivery costs of goods and as a consequence online stores often have to subsidize it. Secondly, mainly specialists of creating web-sites and specialists of information technologies are promoting Russian e-commerce but not trade experts and business organizations. As a result - many experimental developments and online stores that aren't very convenient to use for customers and sellers.

Another feature of the Russian e-commerce market is a big role of cash. Currently, the average bill of user while buying goods in online stores is 3.8 thousand rubles, while 60% prefer to pay for purchases in cash, which hinders the development of Internet commerce.

It should be noted that Russian consumers are still continuing to have a distrust to electronic

payment systems from point of view of their legitimacy and reliability. Another current problem that appears in e-commerce area and also activities on the Internet is the lack of a clear and comprehensive legal basis for doing business in this environment.

Thus, the overall level of development of e-commerce in Russia is lower comparing the Western countries development. In general, nowadays in the field of IT solutions for e-commerce, formed the favorable situation, when growing demand stimulates the supply. From the materials of newsfeed, it becomes clear that e-business and its various manifestations are gaining popularity, both in the world and in Russia. (netology.ru.,2014) (regnum.ru.,2016)

3.4. Food industry

The food industry is one of the most promising and rapidly developing industries. Today, manufacturers have to produce an extensive range of products and create new products, given the ever-increasing demands of consumers. To survive in the global market to develop production and reduce expenses by improving business efficiency.

The food industry is one of the largest sectors of the economy. Its main task is to meet the needs of people in high-quality food products and diverse range of food products. This task is carried out on the basis of increased production efficiency, acceleration of scientific - technical progress, productivity growth, the decrease in commodity prices, increase in capital turnover rate and improvement of the labor and production. With mass production of food products decisive role belongs to the technological process.

Modern food industry that produces food products should be characterized by relatively high levels of equipment, technology and organization of production as well as the presence of large specialized enterprises and industrial associations. (Bowden,2011)

3.4.1. Food industry in Russia

This industry is considered to be the most significant and important in the country's industry. This is not surprising because of it carried out all the necessary food products for people. And as we all know that people can't survive without food.

Food-processing industry in Russia is a part of the country's agro-industrial complex (AIC). It produces about 95 percent of all food consumed in Russia. The population spends on it about ¾ of their income. Today the Russian food industry - is still one of the strategic sectors of the economy. Its share in the total industrial production of food is about 15 percent.

The Russian food industry includes about 30 branches and more than 60 kinds of production. All that unites more than 22 thousand enterprises engaged in different activities. They employ about 2 million people.

Today, the food industry in Russia is leading. With the adoption of the experience of foreign colleagues, our entrepreneurs are not afraid to go to the experiments in the production of a high-quality product. The state itself strictly monitors the respect of all the norms and standards that are responsible for the quality of food products, as well as their safety. Food industry in Russia is represented by thousands of companies, which have different forms of ownership and production volumes. (utmagazine.ru.,2014)

According to the State Trade Inspection, in recent years the quality of domestic products increased significantly, and the majority of Russian products and the quality surpassed all imported. All of this helps to reduce the demand for imported goods.

For the development of producer's activity, the state granted them the right to exercise self-development and approval of a variety of specifications for their products. This can significantly increase the range and the variety of realized food products. (Investment and financial corporation 'Alemar',2016)

3.5. Food safety and food hygiene

Food safety and quality issues are given a lot of attention around the world - both at the level of government organizations and at the level of producers and food vendors.

There are many standards, and often the manufacturer asks - what standard is better to choose not to take many annual checks from customers and buyers. To help producers and trade organizations in 2000 was created GFSI (Global Food Safety Initiative - Global Initiative for Food Safety) during the Annual Congress of CIES (Comité International d'Entreprises à Succursales - International Committee of Food Retail Chains - The International Committee of the retail chain trade products).

The Global Initiative for Food Safety - Global Food Safety Initiative (GFSI) - the result of cooperation between the leading world experts in the field of food safety. The organization includes experts from the wholesalers and retailers, food producers, companies providing services in the food chain, international organizations and governments to harmonize the quality standards and food safety. GFSI is not a standard, it establishes the requirements for standards, which are required for their

recognition, and ensures the observance of them throughout the supply chain that will allow to produce safe products.

A proper food hygiene is essential to be sure that the food you serve is safe to consume. And it makes good business sense because good hygiene helps prevent food poisoning and protects your reputation with customers. (food.gov.uk.,2017)

Good food hygiene helps you to:

- obey the law
- reduce the risk of food poisoning among your customers
- protect your business's reputation

Food hygiene is the conditions and measures necessary for the production, processing, storage and distribution of food designed to ensure the safety of health, quality and use of products intended for human consumption.

General Principles of Food Hygiene are installed in the standard CODEX CAC / RCP 1-1969, the standard was revised in 1999. The document is designed of CODEX, is the basic structure for other, more specific rules applicable to certain sectors.

Governments of individual countries, having considered these general principles can decide how to encourage their compliance. (fao.org.,2017)

Since this bachelor thesis is based on the starting of the delivery service business, it is important to highlight the following standards: the organization of work, food transportation, personal hygiene of employees.

The organization of work

The rooms or carrier equipment should be arranged so that they can be cleaned, disinfected and minimized of air pollution. Surfaces and materials that are in contact with food must be non-toxic, used for its intended purpose. Organized effective pest control.

Food transportation

Food can't reach its destination in a condition suitable for consumption if during transport are not taken effective control measures.

Containers should be designed so that they:

- do not contaminate foods or packaging;

- can be cleaned and disinfected;
- allowed to share a variety of products;
- provide protection against pollutants, including dust and fumes;
- are able to maintain the temperature, humidity, atmosphere and other relevant factors in the norm

Personal hygiene of employees.

Provision of protective clothing, hand washing.

Staff, who is suspected of the disease, are not allowed to enter any area where produces food processing, storage and transportation of food. Management should be made aware, in the case of employee diseases. (gov.uk.,2017)

3.6. Online ordering system

Many businesses increasingly include ordering systems in their work to simplify and automate processes. Online orders are shown to be useful in various industries and different business structures. The standardization and centralization are the key advantages that further enhance the performance of all resources.

Before the online ordering system was the use of the software where all information and details were entered manually by parts: number of products, the customer's address and other relevant details. There were cases where any errors, typo, lack of personnel or parcel sent to the wrong person. To remedy this, the entire cycle may have to be started again. And in this process, could have wasted a large amount of staff time and resources.

With the advent of online ordering system, all of the above is a cakewalk. The simple interface and an explanation of fields, combined with online learning tools, makes online ordering user "advanced".

Online ordering system allows the customer to receive the detailed information, including information about the product and conditions of purchase, the number of products, time. (tradegecko.com.,2014)

3.7. Business plan

Business plan - a document that gives a detailed justification of the project and the opportunity to fully evaluate the effectiveness of decisions, planned activities, it answers the question of whether to invest in this project.

The business plan should:

- indicate that the product or service will find their consumers, to establish the capacity of marketing and market development prospects;
- assess the costs required for the manufacture and marketing of products of the market works or services;
- determine the profitability of future production and show its effectiveness for the enterprise (investor), for local, regional and state budget.

The main functions of the business plan:

- it is a tool by which the employer can assess the actual results of operations for a certain period;
- it can be used to develop the concept of doing business in the long term;
- acts as a tool to attract new investments;
- is a tool for the implementation of business strategy.

One of the most important stages of the planning process is compiling a business plan required for corporate planning and supporting the receipt of funds from an external source like receiving the money for a specific project in the form of bank loans, budget allocations, the equity of other companies in the implementation of the project.

The business plan reflects all aspects of production and commercial activity of the enterprise, its financial results. (Blackwell,2011)

Since the business plan is a tool for implementing the strategy of the enterprise, there must be a unified structure of the document.

The typical business plan includes the following major sections:

1. Overview section. One of the most important sections of a business plan, because it captures the essence of the project brief.

Contains of:

- project name;
- a brief description of the company;
- the volume of attracted investments;
- key financial indicators characterizing the effectiveness of the project;
- the expected timing and date.

2. Introduction.

Business description:

- the main activities and the nature of the company; Company profile (production, trade or service sector);
- the targets;
- legal forms;
- what the company intends to offer its clients.

3. Products and services. The description of the goods or services, description of the possibilities of their use. Includes features and benefits, competitive advantages

4. Market analysis and marketing strategy.

The purpose of market analysis - explain how the prospective business intends to influence the market and respond to the evolving situation on it to ensure product sales.

Market analysis includes:

- definition of demand and market capacity;
- analysis of competition and other factors affecting the development of the business;
- forecasts of sales volumes;
- description of the marketing strategy of the company (advertising and sales promotion, pricing, promotion, and so on).

The marketing strategy includes:

- pricing strategy, price forecasts for enterprise products;
- strategy of the market coverage;
- strategy of the development of new products;
- strategy of advertising;
- selection of the company's development strategy for the future.

5. Operations plan.

- a common approach to the organization of production;
- the necessary raw materials;
- necessary equipment;
- logistics.

6. Personnel plan. Description of management team, employees, the plan of human resources.

7. Financial plan.

The financial plan should include:

- the forecast sales volumes;
- the financial budget of the enterprise;
- securities management, risk management, insurance;
- key project performance indicators (payback period, net present value, internal rate of return, profitability).

8. Executive summary. Provides an overview of business concept, key objectives, ownership structure, competitive advantages, marketing strategy, and a summary of financial projections. Usually it is written last, after you have written the whole plan; each point should be a summary of the more detailed, related section.

9. Conclusion. Recommendations and suggestions within a plan. The final section of a plan. (Beketova,2009)

4. PRACTICAL PART

In the practical part of this thesis is revealed the business plan of starting e-business in food delivery services. The practical part defines all constituent components of the business plan, such as the objectives and ways of applying and realization of project, a personnel plan, the organizational structure and operational plan of the company, an advertising campaign, and market research, which was conducted with strategic tools as 'SWOT' analysis, 'PEST' analysis, 'Marketing Mix' analysis. The practical part includes a financial plan for the company covering the first months of operation and analysis of competitors and target audience.

4.1. Business plan

In this business plan of opening completely new e-business company in food delivery service are reviewed many questions about the content and structure of a business environment. The business plan shows how the company will feel confident on the market, which conditions are essential at the current moment on the market. This business plan contains important and main risk factors that could possibly occur and the ways how to evaluate them and to solve.

4.1.1. Description of the business, product and service

The high pace of life, as well as irregular schedule, compels the average urban resident to reduce the time spent on eating. This is the main reason for the rapid growth in demand for food delivery services. Moreover, the hour of working time often costs much more than the delivery service for lunch or dinner.

Company "Let's order" will be carried out exclusively mediation services between catering establishments or restaurants and customers. It means that the start of the project does not imply the establishment of production.

The delivery service consists of call center staff and couriers. This requires a minimum set of regular monthly costs: staff salaries, communication costs, payment of petrol and repair of vehicles. In addition, to start an e-business it is necessary to create a website with online store service, which requires a service technician. Thus, the delivery service - it is a separate business unit.

The realization of this kind of service in the structure of a conventional restaurant or cafe is too costly for the owner who wants to increase sales, as it implies significant time and financial investment. In addition, during the working process inevitably incurs additional expenses because delivery service often does not pay for itself, and the reason is because the orders "take-away" can be very small, but staff salary has to charge daily.

Precisely because of this reason many restaurants and cafes refuse to provide delivery services to its customers. This leads to the fact that they automatically lose potential customers who don't have enough time or opportunity to come to the restaurant. However, with each passing day the number of this kind of clients increases.

The company "Let's order" will be able to offer the optimum solution to the current situation. To achieve this goal, the company will have all the necessary resources: website, software for processing orders, programmers, call center and couriers. Well-established work for customer attraction will provide a regular stream of customers, making tens and hundreds of orders every day. This allows to save advantageous prices for delivery.

The company's collaboration with restaurants and cafes is mutually beneficial. Since the catering business market is highly competitive, restaurants are interested in attracting additional customers.

In cooperation with the delivery service they will receive a number of benefits:

- quick start up of a new service direction;
- the absence of costs for the maintenance of their own delivery services;
- bringing a new segment of the consumer market;
- free advertising on the website.

The benefit for the company "Let's order" is in the fees, which are calculated as percentage of the value of each order.

4.1.2. Objectives, mission and keys to success

Objectives at the initial stage of business development:

- To establish a prosperous start-up of business project that provides a delivery service;

- To provide high-quality and fast service on request of food from the restaurants and cafes around the city;
- To enter into contracts with restaurants and cafes for the provision of food delivery services;
- To increase profits by attracting new customers.

Mission

The company "Let's order" is an online service for ordering and delivering of ready meals from restaurants and cafes that do not have their own delivery service.

Keys to success

The main advantages of a company "Let's order":

- Uniqueness. These similar services exist only in big cities with high levels of demand;
- Low competition. There are available a lot of kitchens and thousands of dishes for all tastes in this service;
- The lack of market and financial risks. Even in a crisis situation, people do not give up ready meals;
- Ease of doing business. All business processes are coherent.

4.2. Operational and organizational plan

Running a business on the organization of delivery service of ready meals consists of several sequential steps which are essential to be noted.

Registration

The first step to do when starting a business is registration of sole proprietorship. Selected tax system - Simplified Taxation System (STS) 6% (income).

Web site development

Company's website includes the ability to create a new account for each client, figuration of online orders, participation in the bonus program, as well as the calculation of shipping costs depending on the customer location. Uploading of a content to the website occurs after entering into contracts with restaurants and cafes.

Search of potential partners

At this stage, starts the searching of potential partners between many restaurants existing in a city. The volume of demand, which the company will be able to meet depends on how many catering establishments will become partners of the company. The first step is to collect all the information about cafes and restaurants in the city, that creates online delivery service. Then arrange a personal meeting with the manager of catering establishment to describe all benefits and opportunities of your cooperation and prepare a contract. The next step can begin when partners are at least 10 restaurants of the city.

Rent of office

Premises with an area of 10 - 15 sqm in any part of the city. In the room will need to put a desk, chair, computer and personal instruments.

Recruitment

At the initial stage in the staff would be required 4 couriers and 2 dispatchers. In one shift will be working 2 couriers and 1 dispatcher. Couriers are employed with their own vehicles.

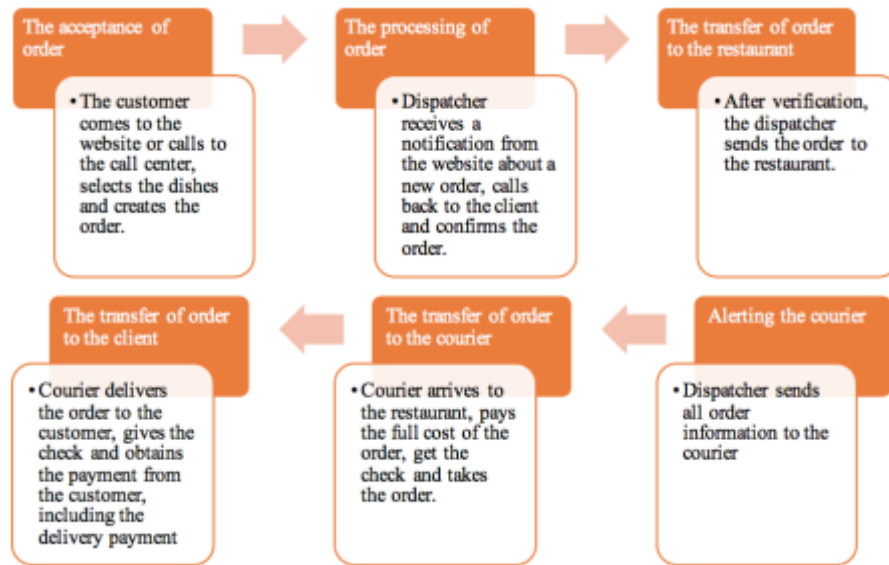
An initial advertising campaign

At this stage, starts the development of models of business cards and company brochures. Then, begins the process of entering into contracts with printing offices, as well as with the owners of billboards, with other organizations about the placement of advertising material. After this, the company decides and determines the required number of booklets in order to print in a printing office. Payment is made upon placement of advertising.

Launching of business

This step is extremely important to verify the sequence of actions on customer service. Manager must ensure if the team works coherently and at what certain stage there are delays of accomplishment of orders. Here also starts the checkup over the strict adherence of official regulations.

Figure 5 'The process of provision of service'



Source: own drawing.

The figure above describes the whole process of provision of services. The process begins with the customer which is going to order a food from the website or calling to the dispatcher of call center. If a customer makes order through the website the dispatcher calls back to the customer in order to confirm his/her order. Then the dispatcher is contacting with the restaurants to inform them about the order. The next step is a courier. After receiving information about an order from the dispatcher, the courier visits the restaurant pays the full cost of order, get the check and takes it. And the final step is delivering the order to the customer and obtaining the payment.

4.3. Personnel plan

At the moment of launching a business, requires a minimum of personnel:

Manager;

Dispatcher - 2 persons;

Courier - 4 persons.

The requirements of manager include:

- The conclusion of contracts;
- Working with the website - fill the menu, monitoring and ensuring the smooth working process of website, the feedback control processing through customer reviews, website promotion;

- Working with finances, issuance of wages;
- Formation of a strategy of company development, do the research for business opportunities, searching for new partners.

Wages - 40 000 rubles per month (\$688)

The dispatcher responsibilities include:

- Processing orders from the website and communication with customers;
- Coordination of couriers;
- Transferring the orders to the manager of the restaurant/cafe;
- Solving conflict situations with clients.

One dispatcher works in one shift. Schedule is two working days / two days off.

Wages - 15 000 rubles per month (\$260). KPI for dispatcher - revenue 35 000 rubles (\$608) per shift. Upon reaching the KPI, 2000 rubles (\$35) bonus over the month.

The requirements of the courier include:

- Take an order from the restaurant, make a payment at the restaurants;
- Timely delivery of customer order, account;
- Give a daily revenue to the manager.

Schedule of courier is two working days / two days off. Two couriers are working in one shift. The salary consists of two parts: fixed - 1 000 rubles (\$17) per day and bonus part from each order - 70 rubles (\$1.20). KPI for courier - 12 applications per shift. Upon reaching the KPI, bonus 2000 rubles (\$35) over the month.

For the timely reporting of accountability, it will be necessary to find an accountant on outsourcing or use the Internet service for bookkeeping. This service will cost about 8000 rubles (\$139) in a year.

4.4. Sales market

Sales plan

The sales plan is focused on the number of orders per day. The average bill is 1000 rubles (\$17). Shipping costs vary from 150 to 300 rubles (from \$2.6 to \$5.2) depending on the customer's distance. One-time order from two different restaurants is accompanied by the addition of 150 rubles (\$2.6) to the delivery amount. The average delivery costs 225 rubles (\$3.9) for the client.

Further is explained sales plan for the first 5 months of company's work with a minimum of employees, which includes two couriers instead of four couriers.

Table 4 ‘The sales plan for the first 5 months of a company’

Index	1 st month	2 nd month	3 rd month	4 th month	5 th month
The number of orders	480	600	720	900	900
The number of cars per shift	2	2	2	2	2

Source: own processing.

In the formation of the sales plan, assumed that the maximum number of orders per day for a courier is 15 orders.

4.5. Marketing plan

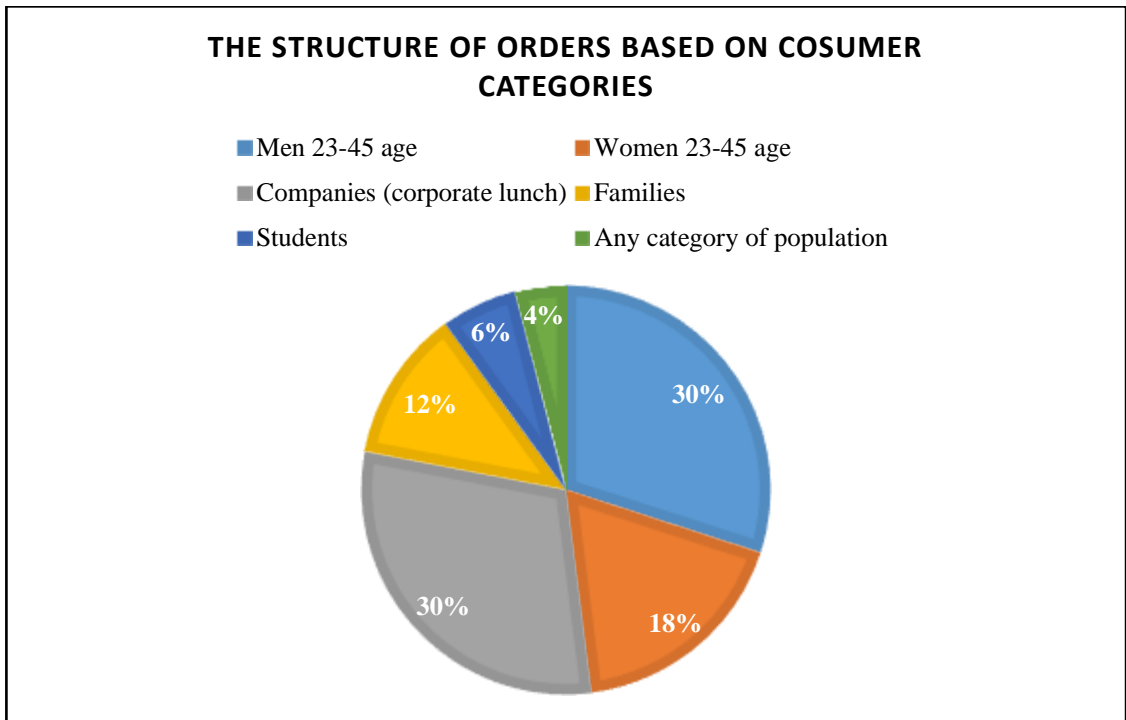
When entering the market "Let's order" will try to use the strategy of the innovator. The company has first-mover advantage in this city, and with the development is trying to hold a leading competitive position. The main objective of the strategy is to provide quality services and pay attention to quality control. For the company is strategically important to have resources for rapid expansion while sales market is growing.

The target audience

Since the company provides an extensive range of dishes from a variety of restaurants and cafes of the city, the project's audience is a very broad.

The proportion of the total number of orders for each category of customer, displayed in a diagram.

Figure 6 ‘The structure of orders based on consumer categories’



Source: own drawing.

The target audience can be presented in several categories:

- Men of working age from 23 to 45 years. Orders for a lunch and dinner, as they do not have time for self-cooking. Order Frequency - from 3 to 7 times a week.
- Women of working age from 23 to 35 years. Mostly not married. Orders for lunch and dinner, as most of their time prefer to devote to work and meetings with friends. Order Frequency - from 2 to 5 times a week.
- Companies ordering a corporate lunch. Order frequency - 5 times a week.
- Families with children / without children who want to try new tasty dishes. Order Frequency - 1 to 3 times a week.
- Students that are having a party. Order frequency - 1 time per week.
- Any category of the population that is celebrating the holiday and do not want to waste their time on cooking.

According to the results of marketing research total market of catering establishments in any city of eastern part of Russia with a population of 1 million people is 15.4 million rubles in 2015. The potential of delivery service revenue in city ranges from 10 million rubles up to 17 million rubles in a year.

It should be noted that the potential revenue depends on the dynamics of demand for services of restaurants and cafes, as well as changes in the number of the city population and income per capita.

The advantage of doing this type of business is the lack of seasonality of sales. (tgrb.vvsu.ru.,2015)

Competitors analysis

The competitors for the company «Let's order» are similar delivery services operating in the field of catering service. In many cities of Russia, this similar business is not well developed and therefore there are no competitors.

But even in the current competition, the company has unique offerings, allowing to be at the leading position on the market:

- three elaborated systems of cooperation with restaurants and cafes;
- convenient website with the calculation of cost of delivery and personal accounts;
- bonus programs of working with clients;
- the possibility of cashless payment;
- specially designed CRM (Customer Relationship Management);
- excellent level of service.

In addition, the market capacity of this type of services is so great that it presupposes the existence of demand, even with the existing competitors.

This delivery service is collaborating with many restaurants with thousands of dishes all tastes. This is a unique service, as food suppliers are restaurants and cafes, the amount of them is in many times more than the individual delivery services.

Market research

Currently, the food delivery service is the fastest growing segment of the restaurant business. According to the statistics of the current service Delivery Club, as well as to the analytical agency RosBusinessConsulting (RBC.research) research:

- Russians make out almost 150thousand of orders every day for home delivery;
- 76.6% of Russian citizens at least once used the food delivery service;

- 59% bought food to home via the Internet;
- \$ 1.5 billion is the Russian market volume for the delivery of the ready meal.

Based on these data we could conclude that the market demand for the delivery of ready meals is growing rapidly. This gives rise to the demand, which remains unsatisfied both in quantity and quality of provided services. This situation creates objective external prerequisites for the creation of this business as a delivery service.

Internal prerequisites for the implementation of the project are the low level of investments in the project, the lack of business risks, ease of organization and doing business.

Since the delivery service works with a number of catering establishments in the city, the client at a time gets the opportunity to order food from several restaurants. (marketing.rbc.ru.,2016)

The advertising campaign of opening

The advertising campaign of opening should be started 2 weeks before the start of work. The most effective ways of advertising of delivery services are:

- Information in the premises of restaurants-partners (business cards, flyers). Especially effective is to put flyers along with a check for each client;
- Bus tickets. Advertising on the back of the ticket;
- Popular city magazines (catalogs of goods and services, gastronomic magazines);
- Advertising booklets in the organizations whose services are used by potential customers of our services (hotels, hostels, car washes etc.).

For the first advertising campaign is laid 50 000 rubles (\$865).

Current marketing

Current marketing includes advertising on the Internet and social networks. Company's booklets are included with each order, as well as spreading by the promoter. Monthly on the current advertising is allocated 10 000 rubles (\$173) from the budget.

Special attention should be paid for promoting of the website. The main stream of customers at the beginning passes through the online order system, and only after that is associated with the company's manager. Therefore, the website must continuously

operate properly and occupy the first positions at the result of customer's requests. The costs of promotion are included in the sum of current expenditures on marketing.

Cooperation with catering establishments

The total income of the company "Let's order" consists of the cost of delivery to the final customer and interest from the order received from the catering establishments. That is why the marketing plan includes the development of programs of cooperation with restaurants and cafes.

Work with restaurants and cafes conducted in three directions:

Table 5 'Programs of cooperation with partners of delivery company'

	Name of package	List of services	Interest from sales
1.	"Basic" package	Attracting more audience, advertising placement on the website	22%
2.	"Advanced" package	+ Promotion of positions on the website, high ranking among competitors	25%
3.	"Complex" package	+ Benefits for the customers: delivery cost of the orders from 1000 rubles is free	35%

Source: own processing.

4.5.1. Strategic analysis tools

The tools of strategic analysis help the company to understand the environment in which the company's organization will be operating and existing, as well as describe the main components and factors in order to success in business. It is also helping to determine the ways of effectiveness of the company. Using strategic tools is easier to provide more information about both internal and external environments of the company. SWOT analysis, PEST analysis and Marketing Mix analysis is used to analyze the environment of e-business company that deals with delivery service. (Nijsen,2001)

4.5.1.1. SWOT analysis

The main objective of the SWOT analysis is a study of strong and vulnerable sides of a business. Should be done the analysis of the potential threats from external factors, the search, and the identification of putative pathways of development of business.

The following table shows the SWOT analysis of the start-up of e-business company that is connected with food delivery service. (Nijsen,2001)

Table 6 ‘SWOT analysis of starting e-business company in food delivery service’

<p style="text-align: center;"><i>Strengths</i></p>	<ol style="list-style-type: none"> 1. The unique characteristics of the service (the ability to order from various restaurants); 2. Huge selection of dishes (from 100 - 300 restaurants and cafes); 3. High quality of services (own staff: couriers, call center); 4. Easy and convenient website; 5. Bonus programs of working with clients; 6. Updated information about restaurants partners; 7. Easy to access; 8. 24-hour service with dispatchers that could help to form the order.
<p style="text-align: center;"><i>Weaknesses</i></p>	<ol style="list-style-type: none"> 1. Shipping cost varies depending on the distance to the customer places; 2. The possible delay of delivery because of large quantity of orders.
<p style="text-align: center;"><i>Opportunities</i></p>	<ol style="list-style-type: none"> 1. Expansion of the company network in the country; 2. Organization of additional services (flowers, goods, etc.); 3. Attracting corporate clients (lunches in the office); 4. To build a good business partnership with other large companies; 5. To find foreign investors.

<i>Threats</i>	<ol style="list-style-type: none"> 1. Change in consumer's tastes; 2. appearing of a competitor that has cheaper services; 3. A lot of competitors in the market are opened with similar services; 4. Competitors launched a new advertising campaign; 5. A downturn in economy and less spending budget of people
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Source: own processing.

4.5.1.3. Pest analysis

PEST Analysis is a convenient method for analysis of the macro environment (external environment) of the enterprise. Methods of PEST analysis is often used to evaluate the key market trends in the industry, and the results of PEST analysis can be used to determine the list of the threats and opportunities in the preparation of a SWOT analysis of the company. Usually, PEST analysis is a tool for long-term strategic planning and prepared for 3-5 years ahead, with yearly updates. Pest analysis helps to determine the Political, Economic, Socio-Cultural and Technological factors of the enterprise environment. (Nijsen,2001)

Political factors

At the moment, Russia is on the 40 place in the ranking of "Doing business 2017" it shows a significant increase in the rankings. Nowadays, the political situation in Russia is abstemious and stable. Currently, the state support of small forms of business is regulated by Federal Law 209, as well as a number of other regulatory acts - regional and local. Each of implemented programs is characterized by its period of validity, its own budget and features.

In addition, the system of state support of entrepreneurs includes a number of institutions (both commercial and non-profit) that act as contractors:

- banks,
- investment funds,
- venture capital funds,
- business school

- non-governmental organizations,
- government organizations.

They are created specifically to act as a liaison between the state and entrepreneurs. Each year the system of interaction between all the links of this chain is simplified, and the interaction itself is becoming more efficient. In short, there is a reason to believe that financial support for small businesses in 2017 will be available to the vast majority of Russian entrepreneurs in different spheres of doing business.

'Reducing the time of opening a bank account. It isn't needed to make authorized capital before the enterprise registration. Entrepreneurs no longer required to notify the tax authorities and extra-budgetary funds on the opening or closing of a bank account.' (Source: russian.doingbusiness.org database)

'Reducing the time of registration of property rights from 22 to 10 working days. Registration of property rights in Russia is carried out 3 times faster (up to 15 days) than the global average (51 days).' (Source: russian.doingbusiness.org database)

'Simplifying and reducing in three times the cost of the process of connecting to the power grid.' (Source: russian.doingbusiness.org database)

Economic factors

Russia's economy after the crisis in 2015 began to stabilize. This shows annual GDP growth, so for example, in January 2017, GDP increased by 0.8% after contracting by 0.2% in 2016. On a positive change of GDP was influenced by mining, manufacturing industries, retail, transportation, and net taxes on products and import. Overall economic results in 2016 against the background of the geopolitical processes of recent years and the global commodity price situation can be considered as satisfactory for starting a business.

Socio-Cultural factors

An increase in demographics in the city, the acceleration of the pace of life and increase of working time, provides a favorable environment for developing a business. As well as the tendency of growth of interest in this kind of delivery services is gaining more popularity in Russia with each year, as it is an indispensable type of service for the majority of the population who do not have the ability or time for own cooking.

Technological factors

Technology is an integral part of the project. Since the main activity of the company depends on the operation and implementation of the website. Also, solving the problem of increasing the quality of dispatch control is very important part of the company as well as minimizing power losses in the networks. The introduction of new functions into the online ordering system will increase the productivity of organization.

4.5.1.4. Marketing Mix analysis

Marketing mix is used to implement a marketing strategy of the company. All the elements that make up a marketing mix are manageable, so manipulating them, the company can maintain a stable position in the market and quickly react to the market changes.

Marketing Mix includes such components as product, price, place and promotion. The set of basic elements that form the Marketing Mix also known as the model of the "4Ps": product (everything that is available for consumers in the market that will satisfy their needs and everything that could be purchased, used, applied - services, goods, ideas, and so on); price (the amount of money that the consumer will spend in order to possess the product); place (measures designed to make the product available to consumers included to the target audience); promotion (informing the target audience about the product, its advantages, impelling consumers to make purchases). (Nijsen,2001)

The figure below represents the main components of 4Ps Marketing Mix.

Figure 7 '4Ps Marketing Mix'



Source: own drawing.

Table 7 '4Ps Marketing mix'

<p>Product</p>	<ol style="list-style-type: none"> 1. Offering the delivery services of ready meals to the customers; 2. Cooperation with different catering establishments; 3. Serving the diverse types of ready meals from burgers and traditional Russian and Buryad cuisine to desserts and drinks; 4. 24-hour support of dispatchers.
<p>Price</p>	<ol style="list-style-type: none"> 1. Bonuses for regular customers (in the form of reducing the delivery cost); 2. Bonuses for restaurants-partners; 3. Three designed packages for cooperation with partners with beneficial offers.
<p>Promotion</p>	<ol style="list-style-type: none"> 1. Permanent advertising on the website; 2. Business card and brochures for partners; 3. Promotional advertising in potential partner's restaurants; 4. Company booklets added to each order; 5. Putting the advertising content to social networks; 6. Official page on social networks that will attract new customers.
<p>Place</p>	<ol style="list-style-type: none"> 1. Online store in Russia, Ulan-Ude; 2. Office room for employees with necessary equipment.

Source: own processing.

4.6. Financial plan

Invest in the project – 224900 rubles (\$3883)

Payback period – 4 months.

Profit after tax from 4th month of work is 130 312 rubles (\$2260).

Investment costs

The initial investment costs for the project include the cost of registration of sole proprietorship and further official registrations required to get started, as well as the purchase of equipment costs (thermabags) and current charges for the first month of work.

Table 8 'Investment costs of starting e-business company in food delivery service'

INVESTMENTS	Rubles/ US dollars
Registration of Sole Proprietorship	800 rub. / \$ 14
Opening of bank account	1500 rub. / \$26
Purchase of thermabags	5000 rub. / \$87
Office rental	10000 rub. / \$173
Salary fund	152600 rub. / \$2633
Communication costs	2000 rub. / \$35
Communal payments	3000 rub. / \$52
Expenses for marketing and advertising	50000 rub. / \$863
TOTAL	224900 rub. / \$3883

Source: own processing.

The total amount of investments for the beginning of this project is 224 900 thousand rubles or 3 883 thousand US dollars. Where the greatest part is allocated to the salary fund and to the marketing and advertising expenses. Then goes the office rental costs and purchasing of therma bags. The remaining investments are not classified as high costs, but equally important for this project. The essential part of these investments is the registration of sole proprietorship as it is the basis of establishing of a new company.

Calculating the payback period

In order to calculate the payback period of the project, it is necessary to examine the structure of income and expenses of the company during the first 6 months of operation. The table below will describe it.

Table 9 'The calculating of a payback period of e-business company in food delivery service (in rubles)'

CURRENT EXPENSES	1 st month	2 nd month	3 rd month	4 th month	5 th month	6 th month
Office rental	10 000	10 000	10 000	10 000	10 000	10 000
Salary fund	167 600	176 000	184 400	197 000	197 000	197 000
Taxes and social contributions	23 153	23 153	23 357	24 158	24 158	24 158
Communication costs	2 000	2 000	2 000	2 000	2 000	2 000
Communal payments	3 000	3 000	3 000	3 000	3 000	3 000
Expenses for marketing and advertising	10 000	10 000	10 000	10 000	10 000	10 000
TOTAL	215 753	224 153	232 757	246 158	246 158	246 158
INCOME						
Cost of delivery	108 000	135 000	162 000	202 500	202 500	202 500
Interest from order amount	105 000	132 000	158 400	198 000	198 000	198 000
TOTAL	213 000	267 000	320 400	400 500	400 500	400 500
Profit before tax	12 247	57 847	102 643	169 342	169 342	169 342
Tax on profit (6%)	12 780	16 020	19 224	24 030	24 030	24 030
Profit after tax	-15 533	26 827	68 419	130 312	130 312	130 312
TOTAL	-15 533	26 827	68 419	130 312	130 312	130 312

Source: own processing

These tables above and below represent the calculating of a payback period of a company for next 6 months after start-up. As it is shown in the table we could see that the result of the 1st month after run of company isn't positive. The result of the work

after the 1st month is a net loss which is -15 533 rubles or \$-266. If a company receives net losses, its expenses exceed its revenues. During the formation of the company this is normal, but in the long term, net losses will be replaced by net profits. Starting from the second month the company will bring a net profit, and from the fourth month the profit will be 130 312 thousand rubles which is \$ 2260.

Table 10 'The calculating of a payback period of e-business company in food delivery service (in US dollars)'

CURRENT EXPENSES	1 st month	2 nd month	3 rd month	4 th month	5 th month	6 th month
Office rental	173	173	173	173	173	173
Salary fund	2 871	3 014	3 158	3 374	3 374	3 374
Taxes and social contributions	396	396	400	413	413	413
Communication costs	35	35	35	35	35	35
Communal payments	52	52	52	52	52	52
Expenses for marketing and advertising	173	173	173	173	173	173
TOTAL	3 695	3 839	3 987	4 216	4 216	4 216
INCOME						
Cost of delivery	1 850	2 312	2 775	3 468	3 468	3 468
Interest from order amount	1 798	2 261	2 713	3 391	3 391	3 391
TOTAL	3 648	4 573	5 488	6 860	6 860	6 860
Profit before tax	209	990	1 758	2 900	2 900	2 900
Tax on profit (6%)	218	274	329	411	411	411
Profit after tax	-266	459	1 172	2 232	2 232	2 232
TOTAL	-266	459	1 172	2 232	2 232	2 232

Source: own processing.

All expenses on car maintenance and fuel are paid by the owners of cars (couriers). When calculating the income taken into account sales plan, developed with the opening of the company.

This allows the business to make a profit from the second month of work. But after 3 months completely pay off the initial investment.

Payback period - 4 months.

Profit after tax from 4 months of work is 130 312 rubles.

4.7. Risk factors

The risks are inescapable part of business, such as advertising, the cost of rent, profit, etc. How exactly would a business has counted future changes in the market, there is no absolute guarantee that tomorrow will be the same. Therefore, it is important to determine in advance the risks related to business in the future, to be sure of a successful implementation of the business in the market. Below are the main types of risks relating to the company of food delivery services. (International business publications, 2011)

Table 11 'The main risks of starting e-business company in food delivery service'

Risks	Description	Evaluation
<i>Financial risks</i>	Are related to the situation when the demand will fall out because of the growth of market prices in catering sphere.	The financial risks of the project can be considered as a "moderate" because the elasticity of demand for this type of service is low, rapid fall in demand is not expected.
<i>Operational risks</i>	The risk of fraud from the customers.	This risk can be reduced by introducing the registration confirmation of the customer identity on the website.

<i>Market risks</i>	These risks may appear due to the fact that the services will not be in demand on the market.	This risk is missing because the catering market is growing and the creation of its own delivery service in each individual catering establishment is economically unprofitable.
<i>Commercial risks</i>	Due to the fact that the revenues from the realization of services couldn't cover the costs of investment.	Commercial risk can be assumed to be zero, since the financial settlement guarantees full coverage of investment within 3 months of work.
<i>Internal risks of organization</i>	Could appear due to problems with the timely provision of delivery services due to the illness of employees, delays in the restaurant, etc.	The internal risks of organization can be considered as "moderate", as these conditions can be prevented by developing a system of preventive measures.

Source: own processing.

In general, the risks have a low probability of occurrence and are not an obstacle for starting a business.

5. CONCLUSION

The main purpose of this thesis was to identify all the fundamental and important steps needed for establishing a new company in the field of e-business. This company deals with the delivery services of ready meals and provides only intermediary services between restaurants-partners and consumers. To implement this company, a detailed business plan was developed that showed how the new company will operate in the market and what chances it has to succeed after the launch.

Based on the materials outlined in this bachelor thesis, the following **conclusions** are formulated:

1. The business plan is a component part of a strategic planning;
2. Business planning is one of the most important aspects of the activity of just established or already dynamically developing business;
3. The value of a business plan is determined by the fact that it:
 - Gives an opportunity to determine the viability of the project in a competitive environment;
 - Provides guidance on how the business should develop;
 - Serves as an important tool for obtaining financial support from outside investors.
4. For planning and realization of investment activities, the preliminary analysis has the most importance. It is carried out at the stage of developing a business plan and it is facilitating the adoption of reasonable and justified management decisions. For this purpose, the company's financial plan was created, with the main investments at the initial stage of the company's establishment, and the calculated the company's payback period.
5. While the conducting of marketing research using strategic tools as competitor analysis, target audience analysis, SWOT, PEST and Marketing Mix analysis, the conclusion was composed that starting an electronic business with delivery service of ready meal is a very profitable business, given low competitiveness in the city and growing demand for this type of services.
6. Based on the fact that the profitability index is high enough, this business has the opportunity to rely on profit, it has the ability to achieve a quick payback period of the project. And for the company, this is not an unimportant factor.

7. There are risks in the first year since the company is just established and for the majority of population in the city is still unknown, the company's image has not been formed, it is necessary to keep control over the policy of supply and demand, since it is always cheaper to prevent damage than to repay it. It is needed constant work with consumers, as well as careful planning of finances.

In this work were clarified the necessity and essence of business planning; were explained the structure and content of the business plan and what has the most sense, the expediency of starting a delivery company was economically justified. In order to predict the company's situation on the market, the risks associated with the implementation of the business were investigated as well as were suggested measures for preventing risks.

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