

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

Business Plan for own business proposal

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There are two main objectives in the diploma thesis. First is to demonstrate the demand for proposed service of a business. Second is to demonstrate the feasibility of the business plan.

Methodology

There are theoretical and practical parts of the thesis. Theoretical part contains literature review on importance of a business plan and its contents, as well as literature review on topics of shared economy and out-of-home advertising.

Practical part is the business plan itself that demonstrates the demand for the proposed business idea on the market. The feasibility of the business plan will be achieved by different economic analyses of a business model, competition, external and internal analyses by using SWOT, PESTLE, Porter's five forces, marketing mix, financial plan etc. Surveys are used to define customer segments and behavior.

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Declaration

I declare that I have worked on my master's thesis titled "Business plan for own business proposal" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 30.11.2021

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Business Plan for own business proposal

Abstract

There are two main goals of the diploma thesis. The first is to demonstrate the demand for the proposed service of a business in out-of-home advertising industry. The second is to demonstrate the feasibility of the business plan using the performance-based model for advertising on cars outdoors.

There are theoretical and practical parts of the business plan. The theoretical part contains a literature review on the importance of a business plan and its contents, as well as a literature review on topics of out-of-home advertising, performance-based and programmatic technology.

The practical part is the business plan itself containing market research and segmentation, tools and analysis to prove the support the feasibility of the proposed business. The feasibility of the business plan will be achieved by different economic tools and analyses such as SWOT, PESTLE, Porter's five forces, Marketing Mix and various financial analyses. Surveys are used to define customer segments and behavior.

Keywords: out-of-home, performance-based, programmatic, advertising, business plan, SWOT, Pestle, Porter's Five Forces, business plan.

Business Plan for own business proposal

Abstrakt

Tato diplomová práce je zaměřena na dva cíle. Jako první demonstrujeme poptávku po nabízené službě podnikání v odvětví out-of-home reklamy. Následně druhým cílem demonstrujeme proveditelnost podnikatelského plánu pomocí výkonnostního modelu pro reklamu na autech v exteriéru.

Podnikatelský plán se skládá z teoretické a praktické části. Teoretická část obsahuje literární rešerši o významu podnikatelského plánu a jeho obsahu. Dále použijeme literární rešerši v návaznosti na témata out-of-home reklamy, performance-based a programatických technologií.

Praktickou částí je samotný podnikatelský plán, který obsahuje průzkum a segment trhu, nástroje a analýzy k prokázání podpory proveditelnosti navrhovaného podnikání. Uskutečněné analýzy podnikatelského záměru budou pomocí analýzy různých ekonomických nástrojů a jako jsou SWOT, PESTLE, Porterův model pěti sil, marketingový mix a různé finanční. Tyto analýzy se používají k definování zákaznických segmentů a chování.

Klíčová slova: out-of-home, performance-based, programmatic, advertising, business plan, SWOT, Pestle, Porter's Five Forces, business plan.

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List of abbreviations

US – United States

SWOT – Strengths, Weaknesses, Opportunities, Threats

PESTLE -Political, Economical, Social, Technological, Legal, Environmental

CPM – Cost per mile

DSP – Demand Side Platform

SSP – Supply Side Platform

DMB – Data Management Platform

MVP – Minimum Viable Product

RTB – Real Time Bidding

GDP – Gross Domestic Product

OOH – Out-of-home

DOOH – Digital out-of-home

MLB – Major League Baseball

IAB - Interactive Advertising Bureau

JSON - JavaScript Object Notation

OS – Operating System

1. Introduction

The goal of this diploma thesis is to create a business plan for a startup in Czech Republic that represents an online service for out-of-home advertising that would be focused on wrapped vehicles. The current lack of such service in the country provides an opportunity for new business to enter the market. In order to create the business plan it was necessary to examine legal requirements for business establishment in Czech Republic as well as to explore potential required capital investment. In the practical part of the thesis it was necessary to analyze the marketing environment (internal and external) of the business by doing market research and using different economic methods to demonstrate profitability.

2. Objectives and Methodology

1.1. The objectives

There are two main objectives in the diploma thesis. First is to demonstrate the demand for proposed service of the business. Second is to demonstrate the feasibility of the business plan.

The first objective will be accomplished by reviewing the literature on the subjects related to the business plan. The subjects will introduce the topics of performance-based marketing, programmatic advertising, out-of-home advertising etc. Topics related to the technology of the suggested business are detailed in a way that the reader could make sense of the business plan idea. It was important to review privacy regulations that are related to the business. Case studies are provided to support the demand of the service.

The second objective will be accomplished by conducting a financial analysis based on the results from the market research and segmentation. Survey is used for more detailed, local and current market research. Multiple tools and analyses are used such as PESTLE, SWOT, Porter's Five Forces, Marketing Mix and other financial tools to prove the feasibility of the business plan.

1.2. Methodology

There are theoretical and practical parts of the thesis. Theoretical part contains literature review on the importance of a business plan, its contents, as well as literature review on topics out-of-home advertising, performance-based marketing, programmatic advertising and proximity technologies, as well as case studies.

Practical part is the business plan itself which demonstrates the demand for the proposed business idea on the market. The feasibility of the business plan will be achieved by different economic analyses of a business model, competition, external and internal analyses by using SWOT, PESTLE, Porter's five forces, marketing mix, financial plan etc. Surveys are used to define customer segments and behavior.

Used methods and analyses:

1. SWOT

SWOT is a simple and often used tool for strategic analysis of an organization's strengths, weaknesses (focused on internal factors), opportunities, and threats (external factors) (Witcher, 2021). However, for an effective analysis listing these factors is not enough. The biggest value of SWOT comes from the conclusions made that translate into the competitive strategy of the company based on what strengths and opportunities to focus, and what weaknesses and threats to avoid (Gamble, Thompson and Peteraf, 2015).

2. PESTLE ANALYSIS

PESTLE analysis allows a manager to identify the key macroeconomic influences on the future development of the business. The model describes the macro-environment of an organization with political, economic, social, technological, legal and environmental variables. Having identified them, the manager can form different future scenarios that might happen and come up with the decisions to deal with them (Probert, 2015).

2. PORTER'S FIVE FORCES

An essential tool for competitive strategy is Michael Porter's competitive forces framework. According to him, the central force is the intensity of the rivalry among current competitors.

That is influenced by four other forces – threat of new businesses, the bargaining power of suppliers, the bargaining power of customers, and the threat of substitute products and services. All these forces shape industry’s profitability and structure. An organization has to consider its industry structure and its strategic positioning within the industry to defend itself more effectively. By doing so, an organization has better understanding of what it takes to influence the industry according to its interests (Witcher, 2021).

3. Literature Review

3.1. Business plan

3.1.1. Business plan and its importance

Business plan is a very important part of a business foundation. It’s a document with strategic plan for the business. It describes the goals and means to achieve them. It can help with minimizing risks of failure, attracting appropriate financing and strategies to stable growth. Business plan assists the business owners with focus on the strategy, risks, competition and financial goals. It helps the prospective investor to see clearly the financial picture of the proposed business and thus increase the chance of the investment (Barrow, Barrow and Brown, 2018).

3.1.2. Structure and content of the business plan

Executive Summary

The executive summary gathers the essential statements and conclusions of the business plan in a concise form. It presents a quick introduction to the main topics, gives a short overview of the enterprise and provides the investor with the core strategies and factors for success of the business. Investors go through lots of business plans daily, therefore they may not read all of them completely. They might, at first, read the executive summary to see if that is of their interest to make a full review of the business plan (Schwetje and Vaseghi, 2011).

Business description

Business description contains purpose and mission of the enterprise, provides details on its name, location, legal form and business model. Besides that this section contains the

background information on the management team, their experience and qualifications (Barrow, Barrow and Brown, 2018).

Products and Services

Here is described what products and services the enterprise is proposing to the market, what is the value added and competitive edge of the business. This section is required for the readers that are not familiar with the business. It should be simple and easy to understand (Barrow, Barrow and Brown, 2018).

Market research and analysis

With the description of the products and services, it should give an idea what market and target groups they are addressing. This section should expand further on segmentation as well as analyze how big is the market and its environment. Often mistake is to define the relevant market too broadly, therefore it has to be specific (Barrow, Barrow and Brown, 2018). To present the market environment this part will contain PESTLE analysis and market segmentation from the survey results.

Once the relevant market is defined, products and services are described, they need to be positioned on the market. In describing the positioning it's important to ascertain the current and future products on the market to attract the readers even more. Moreover, to convince the investors this section should contain profound understanding and knowledge of the customers and competition which will form the right sales and marketing strategy further on (Barrow, Barrow and Brown, 2018). This part will contain SWOT analysis and Porter's Five Forces.

Business strategy

Business strategy presents how the business will succeed against its competition. It contains marketing and sales strategies. The marketing strategy describes the marketing goals for the next years. The marketing plan should outline the target market share and the average market growth. This section should contain sales targets for each product and service as well as reasonable allocation of marketing costs (Schwetje and Vaseghi, 2011). Marketing mix 4P will be used in this part of the business plan.

Financial Plan

This part of the business plan is one of the most important since it should prove with numbers that the business idea is feasible. This will be presented by balance sheets, cash flow statements, income statements and other planning tables. The sales forecast will be shown in years one to three. This is done to prove economic stability of the business and present its potential (Schwetje and Vaseghi, 2011).

Appendix

The appendix consists of supporting materials which were referred to in the business plan.

3.2. Business tools

3.2.1. SWOT

SWOT analysis is an essential tool for examination of the company's resources and competitiveness related to its best market opportunities and external threats in the future (Gamble, Thompson and Peteraf, 2015). A strategic SWOT includes:

- Strengths are features of the organization that help with achieving the strategic objectives such as price and quality
- Weaknesses are features of the organization that don't help or need attention to make them helpful to achieve the strategic objectives such as location
- Opportunities are external factors that help with achieving the strategic objectives such as PESTLE factors
- Threats are external factors that are preventing the achievement of strategic objectives such as changes in industry (Witcher, 2021).

3.2.2. PESTLE

A PESTLE analysis characterizes the external environment of the business and by what degree it is affected by political, economic, social, technological, legal and environmental factors:

- Political factors are characterized by political situation in a country such as government pressure, monetary policy, degree of state involvement in business etc. that have a significant influence on the business that is looking to set itself up there.
- Economic factors such as development of country's GDP, tax rates, residents purchasing power, unemployment etc. are all very important for managerial decision making and business strategy. Observing these factors is an important part to the economic success of the business.
- Social factors are the characteristics of population such as demographics, age distribution, religion, traditions, fashion, communication etc. forms a consumer behavior understanding of which is essential for the success of the market strategy (Feys and Probert, 2015).
- Technological factors describe rates of technology adoption and obsolescence. State of technology and the speed of its development form consumer attitude towards innovation.
- Legal factors describe regulation that is in place such as labor laws, trade laws, gun laws etc. knowing which protects the company from possible legal attacks and helps to act within legal constraints.
- Environmental factors are characterized by attitudes of the people towards environment and sustainable development. In some places topics of climate change, pollution levels, waste sorting are very important to the public and its authorities. Environmental factors can influence the organization and also creates new markets such as organic products (Jonasson and Ingason, 2019).

3.2.3. Marketing Mix

The marketing mix is a business concept that consists of tools for decision-making to achieve sales goals withing a target market. 4 Ps model being the most-known marketing mix describes these variables:

- Product
- Price
- Place

- Promotion

In other words, this model is set to solve the objectives of the right product, in the right place, at the right price, at the right time (Kubicki, 2014).

3.2.4. Porter's 5 forces

Porter's Five Forces Model is a competitive strategy analysis that includes industry analysis, competitor analysis, and strategic positioning of the company. It shifted strategic thinking from competition mainly focused approach to focusing on value-adding within the industry itself. Porter was saying that competitive strategy is formulated by relating a company to its environment (Kreps, 2004). According to him, Five Forces Model includes the following:

- Powerful customers
- Powerful suppliers
- Substitute products
- New entrants
- Rivalry among existing competitors

Powerful customers. This part is analyzing if customers can find better alternatives to what the companies in the industry are selling. If there are no substitutes customers can bargain for lower prices. This bargaining power of buyers is the demand for the highest quality for the lowest price possible (Kreps, 2004).

Powerful suppliers. This analysis is about bargaining strength of suppliers to the companies in the industry. In case there are a lot of potential suppliers and there is competition among them it is beneficial for the companies in the industry and their profits. If there's only one big supplier then it may be very costly for the companies in the industry (Kreps, 2004).

Substitute products. Companies are limited in setting up the price as long as there are substitutes for what the company is selling. This means that if the industry has a lot of substitutes then it is going to be less profitable on average than one with less substitutes. Also if the complementary goods to what the industry is selling is more available and cheaper, then demand for the products of the industry is higher, which results in more profits for the companies (Kreps, 2004).

New entrants. If industry is relatively profitable it attracts new entrants which will compete for the profits. The higher barriers to entry the higher profitability usually. Also when industry is unstable it provides an opportunity for new competitive positions. Changes in the structure create new needs and thus an opportunity for new entrants to serve them with existing ones as well (Kreps, 2004).

Rivalry. This part analyzes the level of competition among the companies in the industry. If competition is very high and there are price wars then profit will likely be lower than in case of restrained competition where it will be higher (Kreps, 2004).

3.2.5. Financial plan

Financial plan is essential for any business. Supposing that the business plan has presented organization's objectives and management. It has described its legal framework and products or services. Then the customer is defined and target markets are determined. Based on the results, the sales and marketing strategy was developed. In addition to this, it is clear how the products and services are provided and calculated. However, all of the above has to be backed up with numbers for an investor to take the business plan seriously. Therefore financial plan contains balance sheet, income statement, cash flow statement and other planning tables (Schwetje and Vaseghi, 2011).

In a sense, financial plan can be classified into three categories:

- revenue
- investments and
- costs.

The revenue data is taken from sales and marketing plan. It represents the evaluated amount of products and services that are sold (Schwetje and Vaseghi, 2011).

The investments are the capital necessary for execution of the business plan. This could be property, software, financial investments, etc. (Schwetje and Vaseghi, 2011).

The costs represent all the other expenses that are required to keep the organization running: salaries, office supplies, telecommunication and other (Schwetje and Vaseghi, 2011).

Based on this data it is possible to create balance sheet, income statement and cash-flow statement (Schwetje and Vaseghi, 2011).

The balance sheet is a financial analysis of the business activities at a certain date (often at the end of the year) that also provides the investor with the financial situation the organization is in. The assets represent the application of funds and the liability represents the source of funds (Schwetje and Vaseghi, 2011).

The income statement, often called profit and loss statement, shows the results of the business. It provides data on sales revenue of the products and services and its related costs during the year. Therefore, the investor can see the organization's profitability (Schwetje and Vaseghi, 2011).

The cash flow statement provides an investor with an idea whether the business can be financially self-sustained and pay its taxes, loans, interests and dividends. The goal of the cash-flow statement is to examine when and how much a business would need to achieve its objectives (Barrow, Barrow and Brown, 2018).

3.3. Technology and service demand

3.3.1. Out-of-home advertising on cars

Out-of-home advertising is media outside such as billboards, signs and banners on the streets or transportation as well as other alternative advertising. It is intended for consumer on the go. The global OOH advertising spending reached \$40.29 billion dollars in 2019 with big corporations like Coca-Cola, McDonalds, Nike, Apple etc. being one of the biggest spenders among the advertisers. With the pandemic one trend that has only increased in this market is Digital Out-of-home advertising. It opened new formats of media and engagement that consumers can't skip or block, moreover, they are drawn to the content due to its rich colors, technology and scale. In fact, the ad fatigue from online media or online privacy issues make OOH advertising more safe and trustworthy in the eyes of the consumers (*Advertising worldwide*, 2021).

Since advertisers are constantly looking for ways to engage with their customers globally current and increasingly dominant technology such as programmatic advertising enables any business to market themselves anywhere in the world. There's no need anymore to contact the publishing network directly and negotiate the deal. That could be done online and within minutes get access to hundreds or thousands of different publishers at the same time. Features like that allow great deal of flexibility and convenience that saves a lot of time and money. Media buyers can pick any inventory, location and time for their advertisement as long as they are willing to pay the price (Schultze, 2018).

Performance-based OOH advertising on cars is the central part of this business plan and there have been a few companies that have been doing it successfully for about 5 years now and mainly in USA. Companies like Wrapify and Carvertise have been leading the way (wrapify.com). This business plan will describe a company focusing on programmatic out-of-home advertising which means it will combine both the digital and the physical components. Since the technology is relatively new, the person reading the business plan might first need to get familiar with concepts of performance-based marketing, programmatic advertising, and tracking technology involved. All of these terms and technologies are described below before getting into the actual concept of the business plan and how the physical and digital world of advertising can be merged.

3.3.2. Performance based marketing

For the past two decades, the advertising field has been dramatically transforming the very process of advertising. It all started even earlier with the inception of the web when online publishers (content producers such as newspapers, blogs and later content distributors such as social media) moved away from paid subscription to advertising-based business models. Since the early 1990s the web content development was essentially linked with the development of the digital advertising field, its specific and tech evolution. Online publishers ended up competing in a massive but fragmented space of the web to ensure the marketers of the effective advertising spending on their own websites. These developments have brought the need for improvement of data tracking devices, measurement tools and data analytics companies (Schultze, 2018).

In the middle of 1990s there was no system of measurement of internet audiences. The digital advertising industry had to come up with standards, measures and terms taken from traditional advertising and adjust it to the web. Some measurements remained relevant, for instance, the ones used for price settings. CPM or cost per mil (thousand) has been a standard price model for traditional mass media. In this model, the price of an ad is estimated by the cost of delivery to one thousand individuals. What remained relevant is also a concept of the ad impression used in traditional mass media. With the ad impression concept adoption by online media the meaning of it had to be adjusted to “advertisement that was sent to an individual who had clicked on a site’s page” (Schultze, 2018). Due to certain ambiguity of what constitutes an ad impression, whether the individual viewed the ad partially, fully or not at all, made the marketers skeptical of digital medium effectiveness of measuring the audiences. This in turn, forced the publishers to figure out a way to measure the activity of the users online. Thus a new way to track users emerged by measuring “clicks”. Not only that clicks provided an advertiser with proof of presence of the user by also allowed to track user’s detailed path in the online activity (Schultze, 2018). By presenting evidence of effectiveness to marketers in their advertising spending a new type of digital marketing has emerged which is called performance-based marketing.

Around twenty years ago online marketing was about placing a banner on a website and measuring the impressions it received. Since then technology has developed and for the past ten years marketers have been heavily relying on performance-based advertising rather than impression-based. The essence of performance-based model is to measure the action of the user, whether it’s a click, view, registration, download or a sale etc (Springer Gabler, 2013).

Such measurements allowed performance-based marketing to dominated the digital advertising market and introduce methods of selling advertising like pay-per-click, pay-per-call, pay-per-sale and others (Dellarocas, 2012). The main goal of performance-based model is to optimize the advertising towards the action of the user.

3.3.3. Programmatic advertising

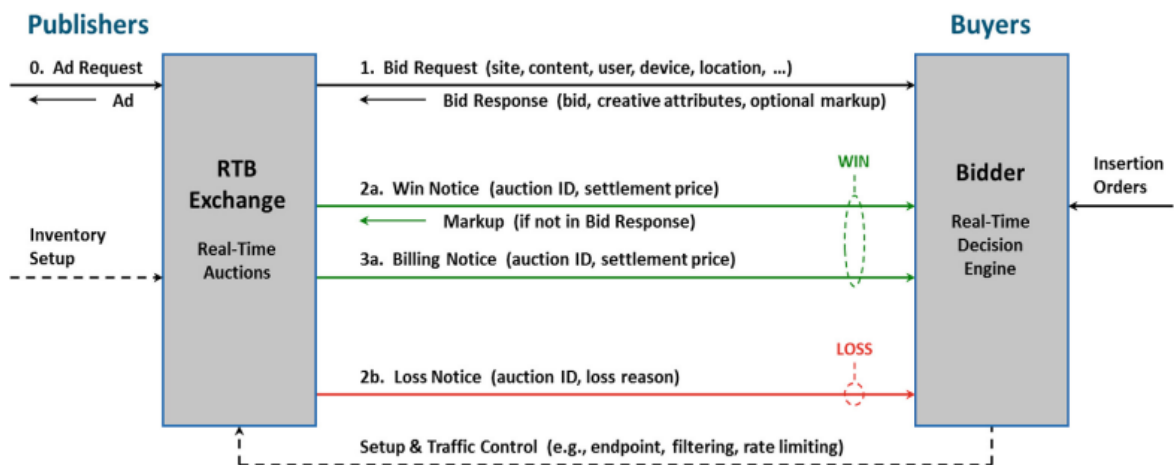
The marketers and publishers needs for more effective ways of buying and selling ads online led to rise of programmatic advertising and the creation of massive centralized virtual marketplaces named ad exchanges that provide in real-time individual user profiles to bid on. “Programmatic advertising is a large scale, real-time bidding process, whereby ads are automatically assigned to available spaces across types of media and geographic regions upon an individual user’s browser request”, - Alaimo and Kallinikos. In other words, the whole ecosystem comprises of hundreds of platforms that operate “on-demand”, every time user opens a publisher website in a browser thus making a real-time request for an ad. This whole exchange usually takes under 100 ms which user doesn’t notice (Schultze, 2018). In essence, programmatic advertising is automated buying and selling of digital ad space. This automated way of buying and selling ads on a massive scale of the internet and distributed ecosystems takes place between the platforms that act as intermediaries for online publishers and marketers. DSP or Demand Side Platforms that act on behalf of marketers, SSP or Supply Side Platforms that act on behalf of publishers, and DMP or Data Management Platforms exchange data on a massive scale in real time with an intention to buy user’s attention. The whole process of exchange, automation and data management in real time on such a massive scale requires a set of standards and technologies to be established.

RTB or the Real-Time Bidding protocol is what emerged as a solution to the auctioning process for the platforms in 2010. Under the IAB (Interactive Advertising Bureau) supervision OpenRTB protocol was introduced in 2012. JSON (JavaScript Object Notation) was chosen as a suggested but not limited to format for bid request and bid response data. For instance, Google who owns one of the biggest ad exchanges offers these protocols (Schultze, 2018).

The automated process of the ad exchanges is possible due to the work of the protocol. The bid request and bid response objects communicate between each other. One of the main objects of the RTB protocol is the ad impression one. This object was established to communicate the likelihood of an individual user to view an ad. It is defined as “the moment (a window of opportunity) between the fetching of an ad from its source as the result of the user’s browser activity and the delivery of the ad”. Ad impression object is contained in the

bid request object and has various attributes such as type of the ad (banner or video), size, price and others. To give a simple example of how the exchange works is when a user goes online to a newspaper article. Meanwhile, once the website is accessed, user's browser generates an ad impression. The ad space on the accessed web page has been listed by the newspaper in the Supply Side Platform (SSP) of, for instance, Google's ad exchange. The ad exchange platform makes a bid request for that impression of an ad slot on the accessed page. On the other side, various bidders or Demand Side Platform (DSP) connected to the Google ad exchange platform will get a bid request object with possibly minimum CPM and other attributes and parameters. Those DSP bidders get back with a bid response object with ad details and bid offer in CPM. If that's not interesting to the bidder or for any other reason they don't send it, the bid response contains null. That way the ad exchange collects all the bid responses for that bid request and determines the winner, the highest bidders that fits all the parameters. The winner ad is then delivered on the newspaper's page with the article that user accessed and all of that happens usually within 100 ms so the user doesn't even notice. Besides that, the data of the user's activity is collected by other systems for advertisement campaign assessment and retargeting of the users (Schultze, 2018).

Image 1. RTB process of the ad exchanges.

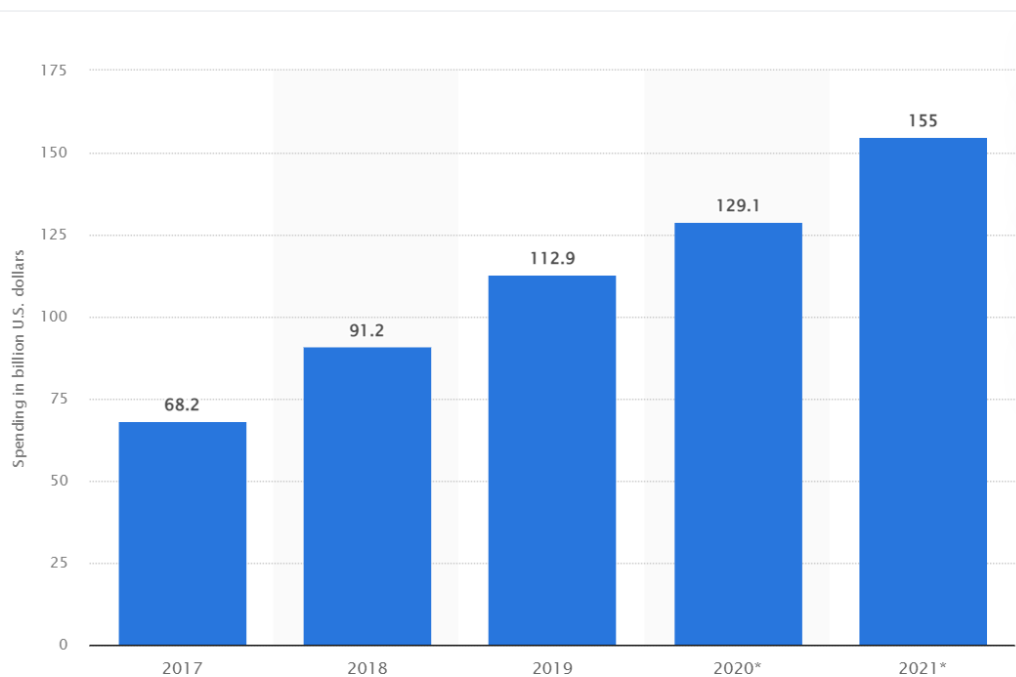


Source: Schultze, 2018.

Compared to manual advertising which depends on human interaction between marketers and publishers, programmatic media buying uses software and algorithms to purchase digital

display space (Statista, 2021). Since this use of AI technology has made the media buying process easier, it has become one of indispensable digital marketing tools. In 2020, programmatic ad spend worldwide reached an estimated 129 billion U.S. dollars and is projected to reach 150 billion U.S. dollars in 2021. These 2020 figures represent almost 70 percent of total display expenditures worldwide and in some markets like the United States and the United Kingdom it has even exceeded 80 percent. The share of programmatic in digital media buying has been estimated at 41 percent in 2019.

Image 2. Global programmatic advertising spending from 2017 to 2021 (in billion U.S. dollars).

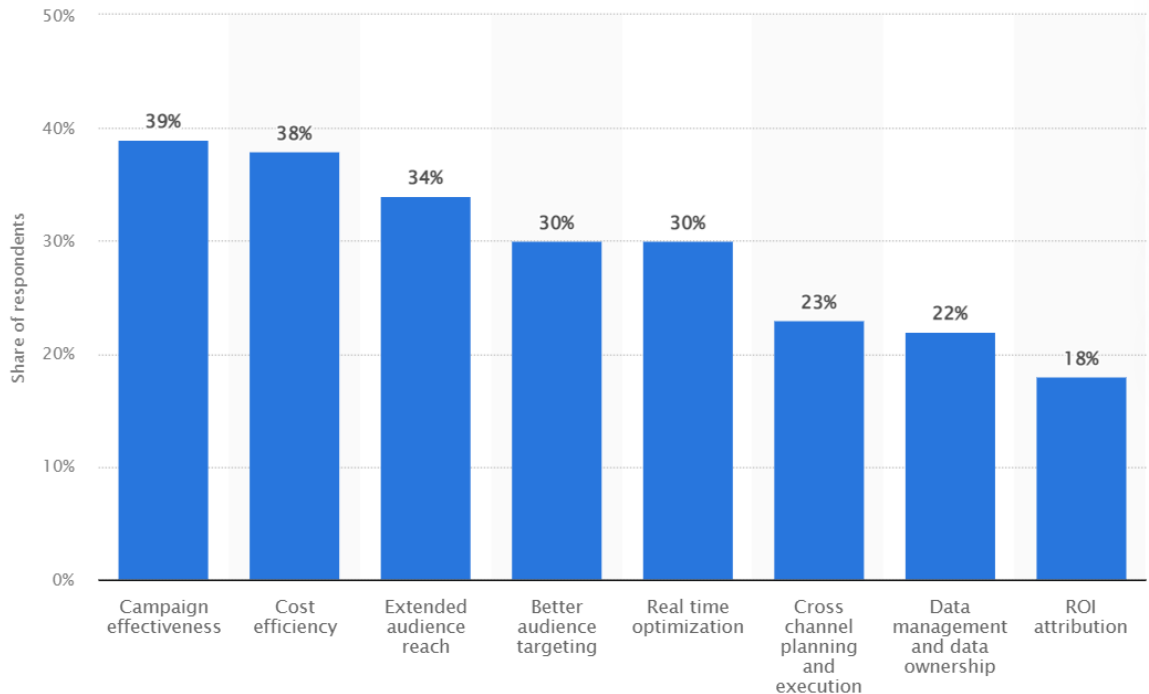


Source: Global programmatic ad spend 2021, 2021.

Brands have traditionally relied on outsourcing their digital media marketing efforts for promoting their products and services. However, with technology developing in recent years and programmatic self-serve platforms and tools getting better, brands started to shift their digital media buying in-house. These businesses name campaign effectiveness, cost efficiency, flexibility and control of their first-party data and marketing content among others as reasons for programmatic advertising in-house. Based on recent survey, brands in Europe were the

most willing to move to in-house programmatic, with 70% of respondents partially or completely shifted in-house (Statista, 2021).

Image 3. Objectives of in-house programmatic advertising campaigns in Europe in 2020.



Source: Europe: in-house programmatic ad campaigns objectives 2020, 2021.

3.3.4. Tracking technology

Online tracking technology as we know it today started in 1990s. The technology before 1994 only allowed to treat each request from the customer's browser as a new one. For instance, it was impossible to link multiple shopping items to the same user (Schultze, 2018). In this regard, advertisers needed to find a way how to trace customer's activity across pages and sites, and that's when "cookies" were developed. Cookies represent a text file that is stored in a user's browser and allows the publisher to trace users visits on the web. There are first-party and third-party cookies, depending on which party the cookie belongs to. Publishers set their own cookies on their websites that users visit, they store them and under terms of use have a contract with the user that defines the use of the cookies. Publishers partner with entities that

set up their own cookies on the publishers' websites which are called third-party cookies. There's no direct contract between the user and third-party entity but website publishers have agreed to place third-party cookies in the user's browser. The main purpose of the third-party cookies is advertising targeting. The entities that set those cookies usually partner with massive amount of online publishers. In doing so, it allows them to create a user profile by tracing the behavior across sites based on cookies that are stored in user's browser. Further on, these third-party companies segment the users in categories appealing to advertisers for targeting. For instance, if someone is browsing the sites online and is looking for a car loan, that user might be classified as a "a car loan intender". Or, if a user is checking the sites related to parenting advice and buying baby items, then that behavior can be classified as a "new parent" category. Then, when these users are browsing again online, advertisers are now able to match their cookies that store their activity and serve them with relevant ads on the websites that the users are visiting. The data that's being stored in cookies have become fundamental in the advertising world. Not only that advertisers could target the segments of users with specific behavior, they could also target the users that already visited their websites which is called re-targeting. If the user was interested in buying some merchandise and added it to the shopping cart but didn't make a purchase, for instance, that user could be re-targeted with another ad that would engage to come back and check-out. These re-targeting campaigns have proven their effectiveness, hence, the data of the user's activity is extremely valuable (Statler, 2016).

However, cookies are not the only answer to the advertising targeting needs. The technology is evolving so fast that the regulators and the public are behind and just started to catching up on its influence. Privacy has become one of the hot topics of the previous decade with consumers raising concerns and pushing some browsers to block third-party cookies. Now usually when a user would access a news website he would be prompted to agree or disagree to third-party cookies. Moreover, with mobile browsing being so dominant which happens in mobile browsers that don't accept or store cookies, it's becoming increasingly difficult for third-party advertisers to target the users. Advertising industry is always adapting and evolving and new ways of tracing users behavior has emerged. Mobile advertising IDs and device IDs have been brought up to link the unique user to the online activity on mobile devices, where most of the

time is spent on apps than in browsers. The user data in case of the app is transferred via the advertising ID. This is a fundamental feature of the operating systems such as Android and iOS. The advertising ID which is a unique identifier of the user can be accessed by the app developer. Then, the activity in the app can be connected to the advertising ID, which in turn enables advertisers to target the segment they want (Statler, 2016).

To paint a picture of all the data collected on a user online it would like a “passport” with data of the visitor that contains the information on user’s activity online and behavior details. This “passport” will have the first-party and third-party cookies, the mobile device ID, advertising IDs, Facebook and Google IDs etc. The way it would look like in the process, for instance, someone visits a website and while it’s loading a request is sent to the ad server. The online publisher sends the data on the attributes and parameters of the ad with the information on the “user’s passport”. Then advertisers will determine if that information of the user is matching their targeting segment or not. In case the website visitor is of interest to the advertisers then they might buy the placement for their ad from the online publisher the user has visited. All of this “behind-the-scene” processes happen in a blink of the eye and that’s how the users view a relevant ad targeted based on their previous activity collected through proxies such as cookies and advertising IDs that participate in advertising transactions (Statler, 2016).

Besides all that, more and more companies have been created that deal with mapping identification across devices with the purpose to enable advertisers to track and target the unique user across multiple screens. Due to constantly growing media consumption on mobile devices advertisers dedicate bigger budgets targeting mobile apps and browsers. To increase effectiveness of advertising campaign it is essential for the advertisers to identify the users across devices. Google and Facebook being giants of the advertising industry are at the forefront of developing technologies and standards that lead to identification of a unique user ID across devices. The development of better targeting solutions and data importance doesn’t seem to be going away anytime soon if ever (Statler, 2016).

3.3.5. Proximity technology and beacon tracking

In previous few chapters a brief introduction was given to online technology and tracking systems that the business plan will be based on. This chapter will describe the core technology and devices that will be used to bridge the physical and digital world together to make the business plan feasible. Considering the nature of out-of-home advertising, much of it depends on the location. Technology that is required to build an out-of-home advertising business with programmatic capabilities requires a real-time location based component as well. That's where "proximity" technology comes into play. It's a technology that allows computers to determine the location of objects (Statler, 2016). There are multiple tools that can be used for these purposes:

- Beacons
- Computer vision
- Li-Fi: LEDs and visual light communication
- Magnetic resonance
- Ultra wide band
- Wi-fi

Beacons

Beacons are devices working based on the Bluetooth technology that are central to the technology part which the business plan is based on. They are small size devices (can be as small as a coin) that are placed around the world in physical locations such as buildings, transport and outdoor places, typically not seen in the open. Beacons help understand the location of mobile devices. They can signal the app that has been downloaded on the phone to engage with its user and can wake the app from the background mode. The costs of the beacons are low, however, they vary based on purpose and scale (Statler, 2016). This technology fits the business plan the most and it will be clear further on. Before detailing the

beacon technology more in-depth to makes sense of how the business will be operating, it is important to list alternative technologies to understand the selection of beacons as the core technology.

Computer vision

Computer vision are algorithms that use live video to identify moving objects, people and even their emotions. The camera devices are placed inside or outside locations to analyze cars, people or any other object that was set by the developer. Nowadays computer vision is capable to identify the age, gender and even mood of the customers when being engaged with the media such as billboards or digital screens (Statler, 2016). Advantage of this technology is that it doesn't have to have an app or a mobile device to detect an individual. However, compared to beacon technology it's more expensive considering the required power and bandwidth for the video transmissions and the cost of a stereoscopic cameras that can get to a 1000 U.S. dollars. This makes feasibility of the business plan impossible at this stage using cameras. Moreover, computer vision technology alone can't activate an app that has been working in the background on the user's phone which is crucial for the business plan. However, just like many other listed alternative technologies it could be used once the business passed the scaling stage and the technology was widely-adopted and market has matured bringing lower costs.

Li-Fi: Visual Light Communication

This alternative technology is using light communication with accurate location identification as close as 10 cm. It can also be used to detect the orientation of the mobile device so that apps will determine the direction the device is pointing to. However, it is mostly practical for indoor locations and it also requires the user to have an app active in the background which is a disadvantage compared to a beacon technology. Companies are switching to LED (light emitting diode that contains a microchip) lighting, but the shift is taking time due to the costs that could range in thousands of dollars for a relatively large location. It might take a decade before the infrastructure is in place (Statler, 2016).

Magnetic Resonance

Magnetic resonance is using natural magnetic waves to communicate the location of an object, therefore, it allows no hardware costs and no need for power or data. However, it doesn't fit the needs for the outdoors tracking. It is good for indoor orientation and requires an active app (Statler, 2016).

Ultra Wide Band (UWB)

UWB is a radio technology that use high bandwidth for short-range communication. UWB beacons are mostly used for industrial purposes since they can't detect phones and the technology is not supported in Android or iOS devices (Statler, 2016). It's not relevant to the business plan needs.

Further are described technologies that are not mutually-exclusive in regards to the beacon system but rather work hand-in-hand and are complimentary to each other in the business plan.

Wi-Fi

Wi-Fi is a wireless technology well-know to the public due to its mass adoption. Not only that it serves the users with Internet connection but it also can be used for RTLS (Real Time Location System) (Statler, 2016). The Wi-Fi technology doesn't need an app for it to work. However, it depends on access points where the user gets connected, therefore, it's limited to the area of coverage. There's also an implication of whether the user gets connected or not which affects the tracking. If a restaurant offers a Wi-Fi connection it doesn't mean that people will connect to it automatically. Some visitors are not looking for Wi-Fi to get connected. That dramatically drops the amount of users that could be tracked. Of course, people have to turn their Bluetooth on as well for beacons to pick up their signals but in this case it doesn't usually depend on the restaurant to offer Bluetooth service. There is, however, a possibility of tracking users passively. The difference between active and passive tracking is when visitors have their Wi-Fi turned on and are not necessarily connected to some network. This passive way of tracking has its own challenges. Wi-Fi enabled devices are set up to send

“probe requests” to find Wi-Fi networks around. This is done every other minute in case of Android and for Apple devices it’s every five to six minutes (Statler, 2016). That is a lot of time for movement of the visitors which doesn’t compete with beacons when it gets to the business plan implementation. Besides that, Wi-Fi technology can’t activate apps from the background when beacons can.

More on Bluetooth beacons

Beacon technology has seen its explosive growth when Apple got into the market in 2013 offering their own iBeacon. It had its own standards and just like everything new it had its gaps. This was followed by major investments and innovation from other companies that wanted to contribute to a new ecosystem. The mobile OS providers are crucial to the beacon ecosystem. They have the power to open it to the developers or lock anyone out. At the end of the day, mobile providers own the platforms that all the users are based on and where most of the digital world operates. These OS companies set their own rules, they are responsible for privacy issues, battery life and space for innovation. Apple made a move with what it has considered enough standards and iOS setup to launch the product so that together with SIG (Bluetooth Special Interest Group) they could officially create a beacon ecosystem. Then Google stepped in a couple of years later with its Eddystone technology that has contributed to the industry more functionalities and security and all the Android users which were estimated to be 80% of the worldwide market (Statler, 2016).

The Bluetooth standard has achieved mass adoption with over ten billion enabled devices and huge numbers of supported products it’s got a top brand recognition. The ecosystem is not going anywhere in near future but only keeps improving fast. Companies don’t have to get a license to use the technology just like with Wi-Fi technology (Statler, 2016).

Bluetooth beacons communicate with Android and iOS devices to enable apps with proximity solution that can be used for advertising. Considering all the functions and costs beacons offer it’s a definite winner when it gets to a proximity technology the business plan will use.

Advertisers can track their customers movements in the physical space and connect them with their actions and behavior online on the websites, mobile apps and other internet services. As

people move around, they can trigger any device with an Internet connection. The location, movements and proximity of the users to objects affect the digital world. Since the customers don't want to be bombarded with hundreds of notifications at a time as they get close to beacons UUID (Universally Unique Identifier) comes in place to solve the issue. App developers can set which beacon UUIDs to search for and thus save the battery life of the user's device from being exploited by hundreds of beacons (Statler, 2016).

Beacon is a simple device that can range from a size of a coin to a 15 cm in diameter for a beacon with a powerful battery, enough to last for a couple of years without maintenance. Beacon's proximity technology can be detected by the phones, pick up their IDs and trigger an action. That action can be anything ranging from a displaying something on your phone to a request to play a song on another device . For instance, a smartwatch on a person's wrist can detect a beacon in a car passing by. That car will have an advertisement sticker of a new James Bond movie premiere in the local cinema and a chance to win a trip to Vienna if the ticket is purchased before the deadline. Now if that person also has an app from that cinema. It will send out a push notification to the smartwatch with a vibration on the wrist a few hours later. That way the user will be reminded of that promotion and chances are it's going to be a sale (Statler, 2016).

Apps that show the schedule of the public transport arriving at the station can have much more accurate waiting times presented with precision to seconds. Prague City can develop an app for tourists where it has all the sightseeing and accurate information that shows up on the screen once the user is in the close proximity with a beacon placed in the desired location. There's as much room for creativity with beacon technology as imagination can allow (Statler, 2016).

For advertisers looking to expand their audience reach and go beyond first-party data, beacons can offer a third-party solution that can be available with the support of the apps (such as games for example) that are monetized in-app by the advertising revenue. Advertisers might want to be able to track if a prospective buyer approached the product or its display promotion, whether it was engaging enough to come closer to check it out or the opposite and move away. This type of data couple with demographics might indicate gender preferences in

the ad campaigns and thus increase the effectiveness. Besides that, there's a lot that can be determined about attributes of the location and linked to a device ID. If an ID has been detected at high-end locations where people spend their time (such as five star hotels and casinos, fine dining restaurants, luxury stores etc.), that user is now more valuable. This way it's possible to discover unexpected places such as a coffee shop that attract high-value device IDs (Statler, 2016).

Geofencing

Geofencing is outlining the location in the physical world with virtual parameters such as latitudes, longitudes and radius. This technology doesn't require any hardware compared to beacons. At first, geofencing was used through cellular operators to identify the user's location. This technology has been used by law enforcement to identify the location of crimes, it's been used in advertising campaigns and many other use cases. Nowadays geofencing is used through mobile apps. It doesn't require a cellular operator to participate in the process directly. Apps have to be in agreement with permission, privacy and preference of the user when using geofencing (Statler, 2016). A user has to download the app first. This means there's an interest in the company that offers that app. Then the user has to opt-in or subscribe for location features to be active which is the permission part. Finally, that user shouldn't be monitored constantly in the app background mode. User's preference is very sensitive part. If a business doesn't balance the communication and data usage that the user has allowed, the latter can opt-out anytime or even delete the application from the mobile device.

This section describes how geofencing is setup and used with the purpose of effective advertising campaigns. This is what needs to be done to make geofencing work:

- 1) At first, set up a physical location by a longitude, latitude and the radius around that is being targeted.
- 2) Then the app should be requesting the OS of the mobile device to track that location.
- 3) Finally, OS alerts the app once the user is in the location

- 4) App is taking action in a form of engagement such as push notification, scheduling that engagement for later time, using the event for analytics etc. (Statler, 2016).

The right place and time matter a lot in marketing. Geofencing is a great solution for this matter. For instance, McDonald's might have a promotion for BigMac menu for 99 CZK and it has sent a push notification with a coupon to the user on Monday. Now it's Friday night and the user is located within a hundred meters of the restaurant, it's perfect timing to follow up with another push notification with the purpose of visit. This method could also be used in a hundred meters from a competitor's location, for instance, Burger King or KFC. Though it might be considered aggressive and better not be overused but nevertheless it's effective and drives sales. What also can be done in this case is to delay the push notification to some other time later in the day after the visit to the competitor's location. Even better approach would be to collect the customer's data on competitor's location visits and compare it with the visits to the owned locations. Then analyze the data and come up with a loyalty score, based on which serve relevant campaigns with according communication.

Another method that can be used with geofencing is called "random intermittent reinforcement". This is an effective way of attracting customers with a gift when they are close to the venue. It has an element of surprise and is perceived by customers as goodwill, therefore, it motivates the visit to the venue. App doesn't usually have these kind of events and that's why it is unexpected. However, these targeted customers were carefully selected based on data analytics. The rules are usually set for these type of events, for instance, targeting only the customers who haven't been in the location for more than a month and are within a kilometer of the venue. When you couple geofencing with personalization based on CRM data that can become an extremely powerful tool (Statler, 2016). Imagine it's a customer's birthday and it is recognized with a personalized branded merchandise in one of the locations. That's definitely going to have a big impact on the brand loyalty.

Geofencing technology work with beacons hand-in-hand. If Justin Timberlake is coming to Prague, a geofence in Czech Republic might be useful to promote to the fans who live in the area to purchase the tickets for the concert. Launch OOH advertising campaigns and let beacons identify the mobile IDs for later geofencing retargeting. It's important to consider that

this promotion communication might not be relevant in other countries, such as Germany, where they don't speak Czech.

Geofencing and beacons can compliment each other in a lot of ways, some of which were described earlier. Another way to do it is to use geofencing to prompt a user to turn their Bluetooth on. When running an advertising campaign using beacons it's better to check on the users mobile devices if the the Bluetooth status is on. If it is off then it makes sense to send a push notification reminding the users to have it turned on for rewards in selected locations. Having the Bluetooth turned on is very crucial for beacons work since they can't perform without it. The amount of user that have their Bluetooth turned on at any time is around 30 percent for the USA (Statler, 2016). Since Stephen Statler has wrote the book on beacon technology there was much more developed in the Bluetooth space such as wireless devices (wireless headphones, home appliances etc.) that have increased the usage of Bluetooth. Protocol Bluetooth 5.0 has come out and doubled the speed and power of the technology.

3.4. Privacy regulations

"Location data" falls under category of "personal data" according to GDPR (General Data Protection Regulation). This means that businesses in European Union have to respect users privacy rights. The fact that beacons are used to track location data is concerning to consumer organizations. Studies have shown that location data is turning out to be more valuable to consumers (Statler, 2016). Even though most of the consumers will grant permission to use their personal information to get back value in return (such as discounts and other benefits), it is still upsetting to find out that it might have been used for other purposes than initially asked for.

Beacons haven't been heavily regulated yet, but just like with any mass developing technology it will happen sooner or later. The main challenge that has been crucial to data collection until today is the user's permission. People have rights to opt-in or opt-out at anytime from their personal information being collected, especially when it is being shared with third-parties (Statler, 2016).

Even though technology is evolving faster than it can be regulated, some regulators are catching up with it faster than others with U.S. and EU leading the way. European Union Directive on Privacy or ePrivacy Directive has outlined in Article 9 that companies can process location data under condition of anonymity or user's consent for limited duration according to the purpose (Statler, 2016).

Usually, the purpose of beacons doesn't involve collecting data but to signal an app on the mobile device. Those signals won't be received if the user doesn't install an app that can connect with the beacons. Therefore, the app itself is collecting data which the user allowed to be used. This means that the user can also opt-out from location data processing which the app company has to respect according to laws of the state. The way beacons work is to sense the devices with their Bluetooth turned on and interact with them in the area of geofencing that was set up (Statler, 2016).

Much frustration from consumer side comes from unexpected use of their personal data. Companies need to be clear about how the personal information is being used in their Terms and Conditions. The problem is that many consumers don't read these documents usually and just choose to "Agree". Not many people want to spend an hour reading and understanding text written in legal language and complicated terms. Sharing the data with third-party is a concern to many consumers as well. Companies have to notify the users on how their data is being shared, with whom and for what reasons (Statler, 2016).

3.5. Gig economy and shared economy

The 2008 economic crisis has affected many career decisions. A lot of people lost their jobs and had to rethink their career paths. Hiring independent contractors, outsourcing, or short-term employees became a trend. The gig economy concept emerged shortly. The technological development led to the new opportunities and thus industry disrupting platforms were born. The gig economy refers to online platform-based economy which links the service providers to those who demand it for certain tasks and different periods of time. The customers of the platform-based companies ask for the services online via their mobile or desktop devices. Then these companies are getting paid for providing intermediary services (Chaudhry, 2019).

The gig economy and shared economy systems might cause confusion since they are both often describe the economic systems of the online platforms providing the services. Gig economy can be described based on the term “gig” which could mean a project or a task that is completed in certain amount of time. Shared or sharing economy is an economic system where individuals share their assets and services, usually on the internet (*SHARING ECONOMY | Meaning & Definition for UK English | Lexico.com, 2021*). Companies such as Uber and AirB&B are based on the concept of shared economy. Uber offers an online platform for drivers to use their cars as a taxi service. AirB&B provides a platform for homeowners to rent out their properties online.

In a sense, both gig economy and shared economy concepts could be used to describe the suggested business idea. This business plan will use the concept of gig economy to provide out-of-home advertising services via independent contractors who wish to participate in advertising campaigns. The shared economy system can be used to describe the business when it comes to drivers sharing their cars for advertising space that is being rented by the online platform-based company.

3.6. Merging physical and digital world - Programmatic OOH Case studies

Outdoor advertising has been one of the first industries to use Bluetooth beacons at a large scale. It has been practiced in many U.S. cities, applied to many out-of-home advertising locations. Beacon networks have emerged to solve the issue of adoption and serve the beacons to different apps. Thanks to this development when a company builds an app it doesn't have to come up with a beacon systems itself. App developers just need to install the SDK (Software Development Kit) of the beacon system they will use or iOS and Android APIs (Application Programming Interface which is used to communicate between the apps) offered for iBeacons and Eddystone accordingly (Statler, 2016).

Ever since beginning of cookies in 1990s the advertising industry has been focused on discovering better methods of measuring their audiences with ROI in mind (Schultze, 2018). Those who could do it better than anyone else were the most successful.

According to Nielsen Out-of-home advertising 2019 report, wrapped vehicles were the second most noticeable moving OOH format in US and second most noticeable in overall OOH category. This business plan is based on wrapped vehicles out-of-home advertising. There are a few companies such as Wrapify and Carvertise who have already established their presence and enabled the format of wrapped vehicles with digital components for online tracking and retargeting capabilities. As advertisers are constantly looking for ways to reach new audiences and communicate with their customers to build loyalty around their brand, this new format of out-of-home advertising supported by programmatic technology is a great opportunity.

Wrapify made the list of Inc. 500 fastest-growing private companies in 2019 and had success partnering with Fortune 500 companies such as Coca-cola, AT&T, Salesforce and others. Based on Wrapify website, they are available in more than 50+ US cities operating based on gig economy with more than four hundred thousand contracted drivers who use Wrapify Driver App to record campaign mileage data (using GPS) and have fully or partially wrapped their vehicles. More than 30 percent of the drivers are ride-share and app-enabled delivery drivers as well. They can earn anywhere from 200\$ to 450\$ per month on an advertising campaign. Wrapify use a network of vinyl installers around the country as a solution. If you're a car wrapping service that can install Avery or 3M (market leaders) vinyl films then you can sign up to get certified by Wrapify. The advertising campaigns that the company offers can be used for retargeting online on mobile, display and other channels. All the metrics are available real-time online on their proprietary platform offering a dashboard. It's a performance based business offering industry low CPMs averaging approximately one U.S. dollar according to James Heller, the CEO of the company. Wrapify has figured out how to attribute impressions to conversions so that advertisers could measure the performance and ROI more accurately. Below are some of their case studies (*Wrapify Case Study Archives*, 2021).

3.6.1. Alaska Airlines

Alaska Airlines advertising campaign was about promoting their flights to certain cities. The campaign ran from September to November in 2018. The company had 20% growth in online conversion rate, more than 41 million total out-of-home impressions, as well as increase in reach and frequency in both OOH and digital marketing (*Wrapify Case Study Archives*, 2021).

3.6.2. Zoom Video Communications

Zoom's 4-week advertising campaign had a goal to increase brand awareness and specific conversions. The results were 13% increase in sign-up conversions, 102% contact sales conversions, 23% pricing page traffic increase, more than 5.1 million total impressions and over 8,000 total clicks (Wrapify *Case Study Archives*, 2021).

3.6.3. MLB's Padres'

The San Diego baseball team Padres' in 2019 started a preseason campaign which was prolonged for the whole season. As San Diego is a big touristic destination, The Padres goal was to increase the home game visits and also engage their local fans. The results were 1,005% increase of total game day visits.

“We have people coming to games and having a great time, but no way to go back to track how they got there. Being able to know who comes in contact with our advertising and whether they actually enter the ballpark is huge for us.”, - Wayne Partello, Chief Marketing Officer of San Diego Padres, MLB (Wrapify *Case Study Archives*, 2021).

3.7. Literature review conclusions

After reviewing available literature on developments of advertising and data management technologies, it is evident that finding ways for accurate measurement and analytics of users activity is paramount to the campaign effectiveness. The data is becoming more valuable with each day and organizations that can provide the most precise profile of the user will win.

After going through different case studies and advertising campaign ideas, it is clear that the proposed service of the business plan can bring significant ROI to businesses that are willing to invest. Beacon technology is yet to unlock much more opportunities worldwide and advertising industry is starting to see the benefits. Being first-to-market is challenging considering all the risks and resources it requires. However, having successful examples in other markets like the US gives more confidence. Bringing digital world together with physical opens up many new opportunities. And in case of Czech Republic, performance-

based out-of-home advertising is something unheard of, as well as in neighbor countries even though this can be quickly changed. It's important to seize the moment while European market is fresh and mostly untapped for the new technology and format of OOH.

4. Practical Part

4.1. Executive summary

Cashcow company offers programmatic solution for the outdoor advertising industry in Czech Republic. The company will use gig economy concept and will build a network of drivers who wish to get paid anywhere from 2000 CZK to 8000 CZK per month to advertise on their cars. Advertisers can use Cashcow ad platform to promote their products and services outdoors using cars of individuals who will participate in their campaigns. The company will be the first performance-based online platform in out-of-home advertising industry in Czech Republic. It will build and use its own proprietary software for which it will require initial costs of 5,020,820 CZK. This business plan would be funded entirely by Converting Ads s.r.o. which has enough financial resources to afford it. To prove the business plan feasibility it will be achieved by creating the MVP (Minimum Viable Product) of the business. This phase of the business plan would cost 213,205 CZK. The first year of operations the company will get in profit with 6,190,791 CZK. By the end of first year of operations the company will break even on its total expenses of 141,617,705 CZK. From that point the company could sustain itself. Cashcow will make 12,896,574 CZK in profit the following year.

4.2. Description of the business

Name: Cashcow.

Cashcow will provide the first out-of-home-advertising service on cars in Czech Republic using gig economy concept. It will also be the first programmatic solution for outdoor advertising on the market. Cashcow will offer individual drivers to get paid between 2000 to 8000 CZK per month for advertising on their cars. The drivers interested in extra income could sign up for advertising campaigns of their choice in Cashcow app that will be available

on Android and iOS. Once signed up, the driver’s car will be wrapped in one of Cashcow partner installer locations. The car will be fully or partially wrapped according to the chosen advertising campaign. For Cashcow clients, the marketers, the company will offer the first online performance based platform for out-of-home advertising in Czech Republic. It will offer an ad platform where advertisers could create and monitor their campaigns in real-time. The company’s headquarters will be located in Prague.

Location: the headquarters will be located in Prague, Czech Republic.

Legal form: Cashcow will be formed as a privately owned LLC.

Business model

Cashcow will use performance-based advertising business model with varying CPM (Cost per Mile) to generate the revenue and pay the drivers. Besides that, the company will cover its production and vinyl film installation on the cars with fixed charges to the advertiser.

Company’s objectives

Table 1. Company’s objectives.

<p>MVP or Minimum Viable Product</p>	<p>Cashcow will require significant upfront investment to build its proprietary software to be able to start-up and operate properly. To attract the funding of the start-up, Cashcow will have to demonstrate the feasibility of it’s business plan by creating a minimum viable product.</p>
<p>Start-up</p>	<p>Once the investment was made for Cashcow start-up stage, the company will focus on developing it’s technology to lunch as soon as possible on the market. Once the company has launched its operations the goal is to cover all of the costs within the first year.</p>

<p>At scale</p>	<p>Once the company has covered its costs it will start scaling its operations. These are the the objectives that are set for the scaling stage:</p> <ul style="list-style-type: none"> - Become the number one in out-of-home advertising spending in Czech Republic and a market leader in European Union - Have 100,000 drivers recruited for Cashcow in Czech Republic - Cashcow will raise 1,000,000 CZK to donate 100% value of stickers purchased by drivers to a sustainable cause of their choice.
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Source: own processing.

Mission: Cashcow mission is to provide a platform for anyone to promote the right cause and make extra income.

Vision: Cashcow vision is to empower the world through individuals with more resources.

Management structure for Cashcow start-up

Table 2. Management structure.

<p>Board of Directors</p>	<p>Board of Directors will consist of:</p> <ul style="list-style-type: none"> - Chief Executive Office (CEO) - Chief Technology Officer (CTO) - Chief Financial Officer (CFO) - Chief Human Resources Officer (CHRO)
---------------------------	--

IT Department	IT Department will be responsible for the development, launch and maintenance of Cashcow IT infrastructure as well as the beacon devices. The department will be led by the CTO who will have 5 team of engineers.
Sales & Marketing Department	Sales and Marketing Department will be led by the CEO with 5 people team which will divide the operations into 3 subdepartments: Sales, Marketing and Partnerships. Sales department will consist of 2 people team responsible for the advertisers. Marketing department will consist of 2 people team responsible for the promotion of the company. Partnership department will consist of 1 person responsible for partnerships with installers and other organizations.
Human Resources Department	Human Resources Department will be responsible for all the recruiting and work agreements in the company. The department will be led by CHRO and 2 people team depending on the funding.
Finances Department	Finances Department will be responsible for all the accounting, payments and other financial operations in the company. The

	department will led by CFO and will have 2 people team depending on the funding.
Customer service and Tech Support Department	Handled by CEO and CTO respectively, the department will consists of 5 people team with outsourcing on-demand.

Source: own processing.

4.3. Product and services

Cashcow provides both online and offline service. The online service offers an app available on mobile android and iOS, as well as a web desktop component. The app will be predominantly for drivers looking to participate in advertising campaigns. Therefore it will be equipped with geolocation technology and maps, tracking functionalities for measurement of KPIs (Key Performance Indicators), and payments feature. The web component's purpose is mainly marketing and dashboard for the advertisers' campaigns. Besides the online service, the offline part will consist of beacon devices provided to every driver for third-party data collection and accurate measurement. And lastly and most importantly, all the drivers would be able to get the ad stickers and car wraps in the certain partner locations (installers).

Cashcow will focus on Fortune 500 and big advertisers as their potential customers.

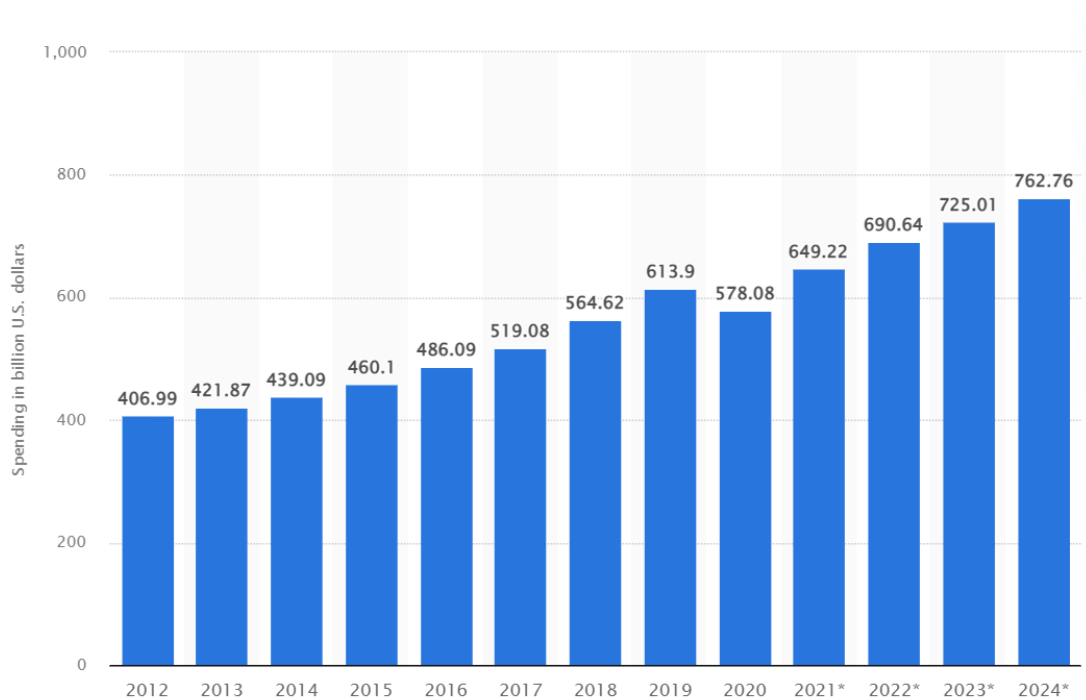
Independent contractors that will wrap their cars with advertising will have to be over 18 years old with the drivers license and clean driving record.

4.4. Market research and analysis

To provide a better understanding of advertising industry in the world and in Czech Republic statistics are provided to understand the market. According to Statista, worldwide advertising revenue in 2021 is projected to reach \$613.9 billion U.S. dollars, which is a bounce back from dip in revenue due to the pandemic in the previous year that resulted in \$578.08 billion. The growth of advertising spending worldwide is projected to reach 11.2% in 2021 which is

approximately twice as much as the average 5-6% year-over-year growth in the past 10 years. The following years are projected to have the same average year-over-year growth rate (*Advertising worldwide, 2021*).

Image 4. Global advertising media owners revenue 2012 to 2024.



Source: *Advertising worldwide, 2021*.

Distribution of advertising spending worldwide in 2023 by medium states that Internet advertising, while being the biggest one, is going to reach a market share of 61.93%, when outdoor advertising, being the third biggest one, will reach 5.39% in advertising spending. Outdoor advertising expenditure worldwide is projected to reach 33.85 billion U.S dollars and gradually get back to pre-pandemic levels by 2023 reaching approximately 40 billion U.S. dollars (*Advertising worldwide, 2021*).

Programmatic digital out-of-home advertising spending in the United States from 2019 to 2021 projects over 530 million U.S. dollars in ad spend for 2022, an increase of over 350 million U.S. dollars from 2020 (*Programmatic advertising worldwide, 2021*).

The report on out-of-home advertising reach in the United States as of April 2019 has “Wrapped Vehicle” type as the second biggest one with 64% reach in the past month (Nielsen, 2019).

Advertising spending in Czechia is projected to reach 1.174 billion U.S. dollars in 2021. The biggest advertising medium in Czech Republic is TV with projected 558 million U.S. dollars in advertising spending in 2021, followed by Internet and Magazines (415 and 70 million U.S. dollars accordingly). OOH advertising takes the fourth place in advertising spending by medium in Czech Republic with projected 67 million U.S. dollars in 2021. (*Advertising spend by medium Czechia 2012-2024*, 2019).

In Czech Republic there were 6,904,005 registered drivers according to 2020 statistics (MDCR, 2021). According to Eurostat in November 2021 there were 698.67 thousand people that are self-employed in Czech Republic (*Czech Republic - Employment, domestic concept: Self-employed domestic concept - 2021 Data 2022 Forecast 1995 Historical*, 2021). Based on the figures provided and the following research Cashcow decided to start its operations in Czech Republic.

4.4.1. PESTLE analysis for Cashcow company

Political factors

Each company is influenced by government, industry and political factors. Many times those factors have a critical impact on the future progress and development of a firm.

Company Cashcow plans to be based in Prague, Czech Republic. Czechia is parliamentary democracy (*Political System | Embassy of the Czech Republic in Copenhagen*) where there are three types of power:

- Legislative,
- Executive,
- Judicial.

Legislative power in Czech Republic is held by a bicameral parliament. The representatives of executive power in the country are the president and the government, which

are chosen by the citizens of the state. Currently the President of Czech Republic is Milos Zeman and the ruling party is ANO, but at the end of the year 2021 a new government will be taking place, coalition SPOLU.

Impact of EU

Czech Republic has been a member of the European Union since May, 2004 and is participating in EU programs. One of the programmes, which may impact the business of Cashcow company is programme “Fit for 55”, which includes reducing emissions by 50 % by year 2030 for each Member State, ban on the sale of cars, which emit carbon etc (*European Commission launches proposals to reach 55% emissions reduction by 2030*, 2021). This program may have an impact on the business since it affects the purchasing ability of individuals in regards to vehicles, the prices and related costs that will increase.

Monetary policy

Czech National Bank (CNB) is a central bank of Czech Republic since 1992. CNB formulates and manages monetary policy in the country. The decisions on monetary policy are made by majority voting by the CNB board. Main branch is placed in Prague, CNB has also subsidiaries in Ústí nad Labem, Plzeň, České Budějovice, Hradec Králové, Brno and Ostrava. Czech National Bank is a member of the European System of Central Banks and European System of Financial Supervision (*About the CNB - Czech National Bank*, 2021).

Economic indicators

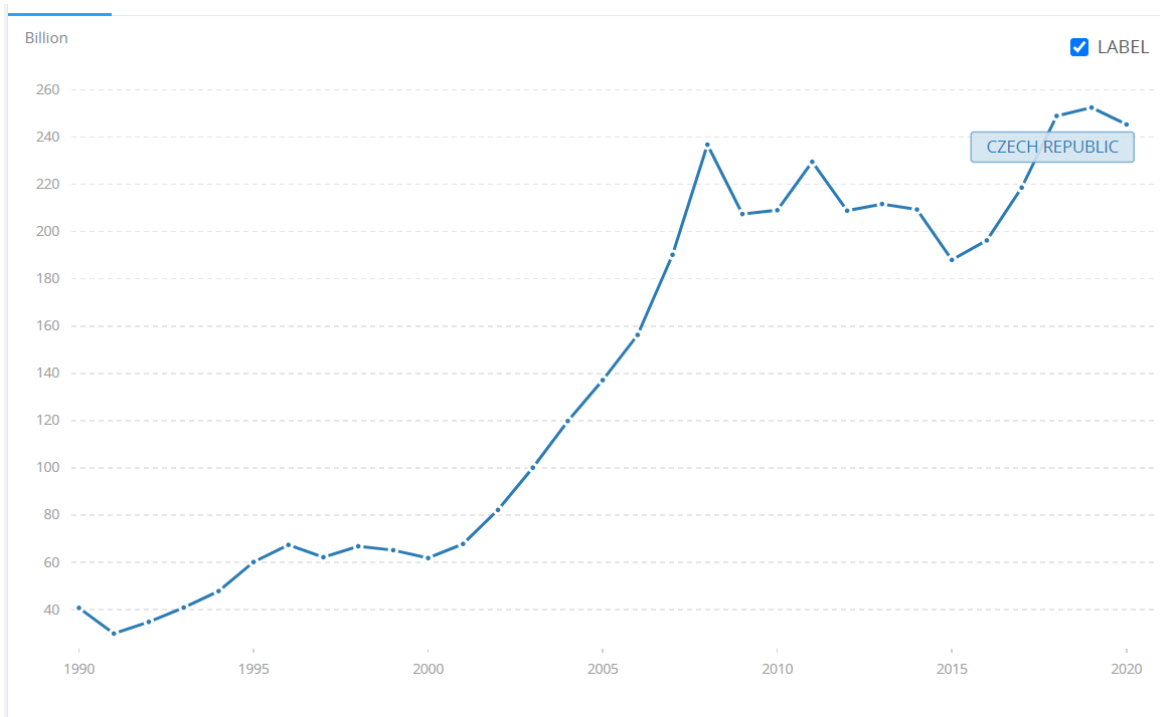
GDP in Czech Republic

The Czech Republic is ranked as the most advanced out of CEE countries according to The Global Competitiveness Report published by World Economic Forum. Czech economy ranked 32nd out 141 economies in terms of competitiveness (*Global Competitiveness Report 2019*, 2019).

The country has a small, open, market economy, which does not suffer from small economic internal and external fluctuation. The GDP of the Czech Republic was stable and

constantly improving till the year 2020, before COVID-19 pandemic started, as it is shown on the graph.

Image 5. GDP (current US\$) - Czech Republic.

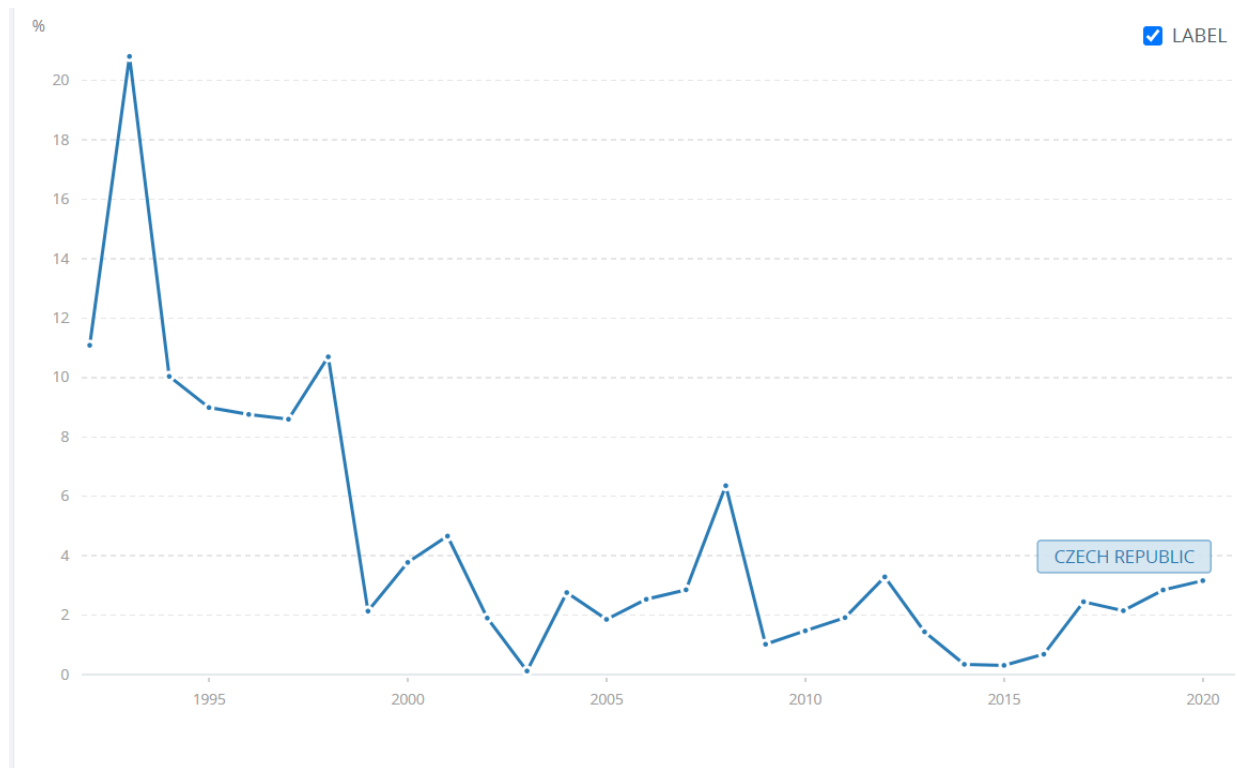


Source: *GDP (current US\$) - Czech Republic | Data, 2021.*

Inflation rate

Comparing to the year 1993, in which the inflation rate reached 20.813 %, Czech Republic improved its inflation rate by 17% by the year 2020, when inflation reached 3.161 % (*Inflation, consumer prices (annual %) - Czech Republic | Data, 2021*). Because of the current situation due to COVID-19, lockdown, emergency state, Czech Republic had a noticeable rise in the inflation rate in 2021. By the year 2022, Czech national bank assumes a rapid rise of the inflation to the level of 7%, but then CNB plans to decrease the inflation rate under the inflation goal, which is 2% (*Current forecast of ČNB - Czech national bank, 2021*).

Image 6. Inflation, consumer prices (annual %) - Czech Republic.



Source: *Inflation, consumer prices (annual %) - Czech Republic | Data, 2021.*

Tax rates

Czech tax system is divided into personal and corporate taxation.

Corporate income tax is obligatory for profits for all businesses including foreign subsidiaries based in Czech Republic. Standard corporate income tax rate is 19 %, there is also special tax rate, 15 %, which is applied for profits from dividend earnings of Czech tax resident entities from non-resident entities (*Czech Republic - Corporate - Taxes on corporate income, 2021*)

Social factors

Cashcow headquarters are planned to be set up in Prague, Czech Republic. According to Czech statistical office, the population of Czech republic reached 10,702,942 on 30th of June 2021. Target group of Cashcow's company is the economically active population, which is

defined as all people, who are either employed, self-employed, working pensioners, working students and apprentices, women on maternity leave, persons in basic, alternative or civilian military service, in custody or serving a sentence or an unemployed person.

As it is shown on Table 1 the number of economically active population has been growing constantly throughout the past ten years. According to Czech statistical office it has grown in 2021 as well and reached 76.5 % (*Economically active population, 2014*).

Table 3. Number of economically active population in hundreds.

Year	Number of economically active population in hundreds
2010	5261.1
2011	5220.0
2012	5260.7
2013	5308.3
2014	5291.6
2015	5303.0
2016	5333.4
2017	5343.0
2018	5352.8
2019	5403.9
2020	5370.4

Source: Statistics Redesign | Passport, 2021.

Technological factors

As for technological factors Cashcow company requires two different types of technologies.

To be able to provide intended services the company has to have access to printing machines that are capable of printing on plastic film. This technology has been available on the Czech market for a long time, which enables Cashcow company to outsource printing services.

In order for this business plan to work, the ultimate consumer has to have a smartphone with Bluetooth turned on. According to the Czech statistical office, the number of smartphone users is constantly growing.

Table 4. Smartphone users in Czech Republic %.

	2018	2019	2020
Total smartphone users older than 16 year	63.1	69.6	72.6
16–24 years	94.8	98.6	97.9
25–34 years	92.1	94.8	96.9
35–44 years	85.9	91.2	93.5
45–54 years	73.8	81.5	87.3
55–64 years	43.5	60.4	65.4
65–74 years	20.6	27.6	32.7
75+ years	4.2	7.5	8.6

Source: Czech Statistical office, 2020.

The increase of smartphone users is happening not only among the younger generation but also there is a rising tendency of people older than 55 years old.

Legal factors

Legislative

Czech republic has a set of acts which are protected by the law. Act n. 40/1995 that regulates advertisement including unfair commercial practice, specialized ads, such as tobacco products and alcohol ads, commercials of medical and veterinary products, firearms, ammunition and funeral services ads. It regulates commercial ads on communication media, such as radio and television as well as posters, flyers, newspaper ads etc. (Advertising Regulation, 1995). The company Cashcow has to check legal rights to advertise different types of commercial ads before starting cooperation with different organizations.

GDPR

GDPR or General Data Protection Regulation was introduced to the European Union community in April 2016. Since the Czech Republic is an EU member state it has to follow GDPR. It became valid in May 2018 and immediately became a complication for a range of companies.

GDPR protects natural personal data, such as name, date of birth, place of residence, nationality etc. Each company has to ask permission to use or share collected personal data (*EUR-Lex - 32016R0679 - EN - EUR-Lex*, 2016).

Location information is considered to be personal data under GDPR. Since Cashcow company plans to use proximity technology to identify the location of the users, it will have to adhere to GDPR. This means that all the data shared from third parties such as advertisers would be anonymized i.e. users would be given a unique ID. As for the drivers using Cashcow App, they will have to opt-in for their data to be collected in order to become a Cashcow driver (*Directive on Privacy and Electronic Communications*) (*OJ L 201, 31.7.2002, P.37*)).

Environmental indicators

According to Statista, Czech Republic was the third country in EU with 57% recycling rate of plastic packaging in 2018 (*Recycling of plastic packaging waste in the EU 2010-2018, 2021*).

The main material for Cashcow to wrap the cars is plastic film, which will be used to print ads on them. Most plastic films and wraps are made of PVC or PVDC. PVC or Polyvinyl chloride is a widely used plastic material. PVDC or Polyvinylidene chloride is a synthetic thermoplastic, mainly used for producing packaging drugs, food etc. Those plastic films and wraps are hard to recycle and almost impossible to reuse. The environmental side of Cashcow may become a concern to the public which the company plans to address with a program dedicated to a sustainable cause.

As a solution, the company can use PVC-free materials, which do not bring danger to the environment for advertisement production. Some of the printing companies already offer this alternative, for example LI-FO s.r.o. (*Lifo, 2021*).

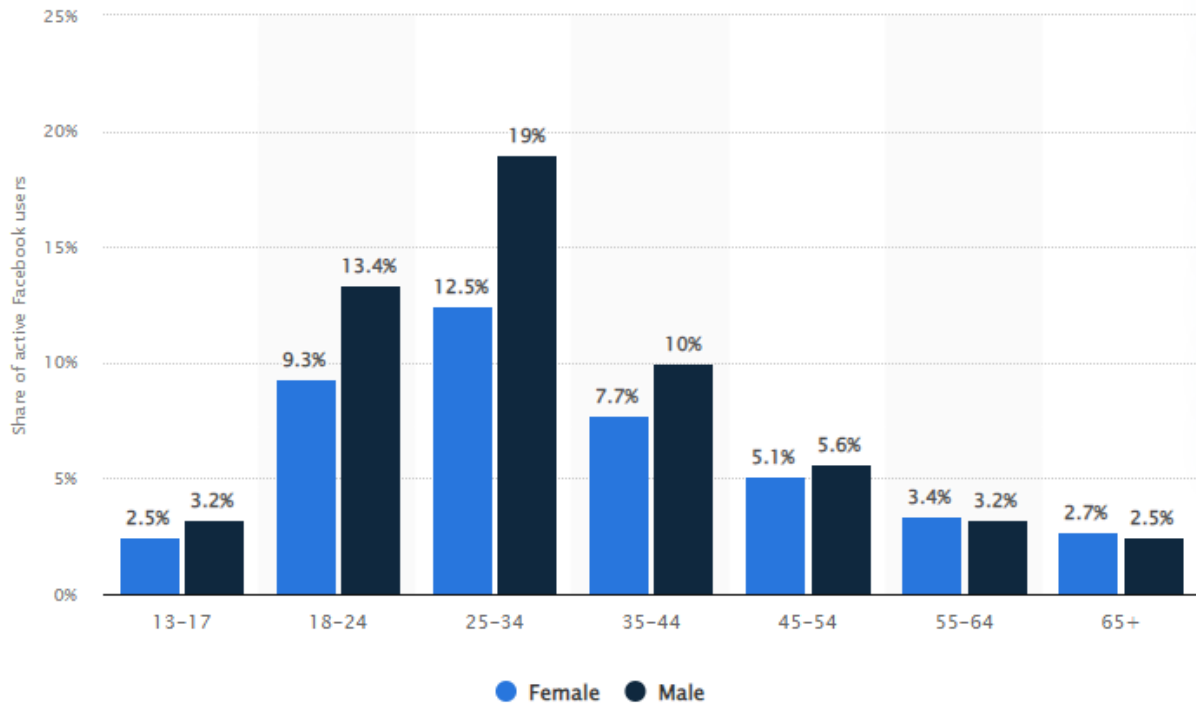
4.4.2. Market segmentation and survey results analysis

According to Deloitte 2018 report, one study found that 42% of all the self-employed individuals in the U.S. would likely be Millennials by 2020 (*Decoding millennials in the gig economy, 2018*). Next year in its global Millennial survey, Deloitte states that four in five Millennials and Gen Zs find gig economy appealing (Deloitte, 2019). According to Oxford dictionary, Millennial is “a person born between the early 1980s and the late 1990s; a member of Generation Y” (*MILLENNIAL | Meaning & Definition for UK English | Lexico.com*). Gen Z short for Generation Z is “the generation born in the late 1990s or the early 21st century, perceived as being familiar with the use of digital technology, the internet, and social media from a very young age.” (*GENERATION Z | Meaning & Definition for UK English | Lexico.com*). Based on the gig economy research Cashcow decided to focus on young people, especially Millennials, to form their drivers network.

To understand the gig economy market in Czech Republic and how young people react to the opportunity of advertising on their cars a survey was conducted. 80 individuals were surveyed

using Google Forms through medium of Facebook, Whatsapp and Messenger. Facebook was chosen since the platform that has active base of users between 18 to 34 years old.

Image 7. Facebook users by age and gender.



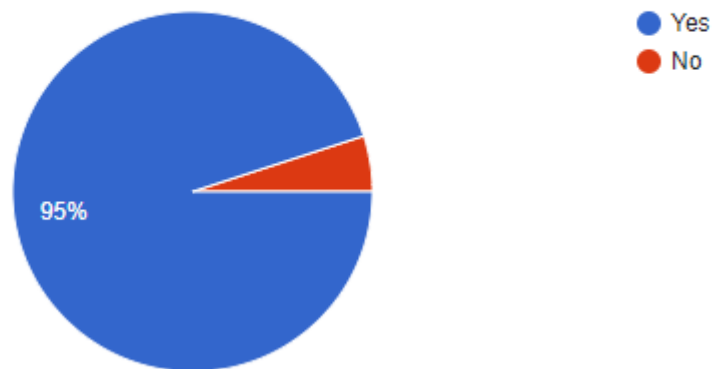
Source: Facebook: users by age and gender, 2021.

First three questions were intended to disqualify people that are not relevant to the business plan.

Image 8. 1st question of the survey.

Are you a citizen or long-term resident of the Czech Republic?

80 responses



Source: own survey data, 2021.

After analyzing the responses from the first question there were 4 individuals that weren't Czech citizens or residents which were taken out of the survey.

Image 9. 2nd question of the survey.

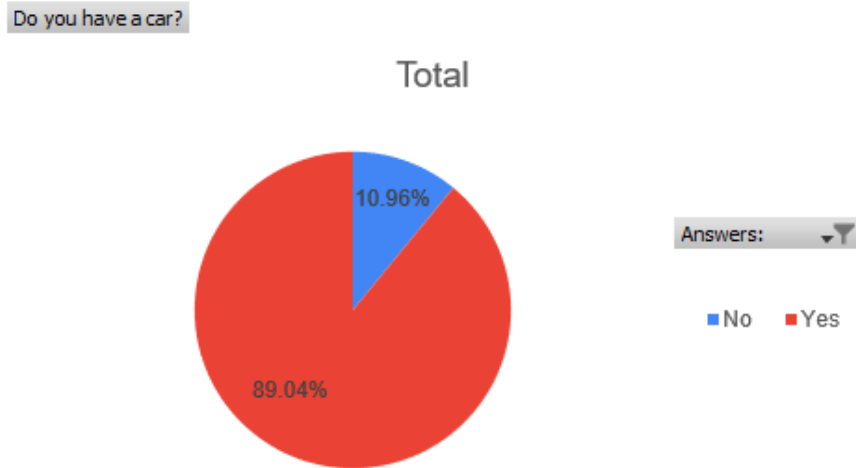
Do you have a valid driver's license?



Source: own survey data, 2021.

After analyzing the responses from the second question there were 3 individuals that didn't have a driver's license which were taken out of the survey.

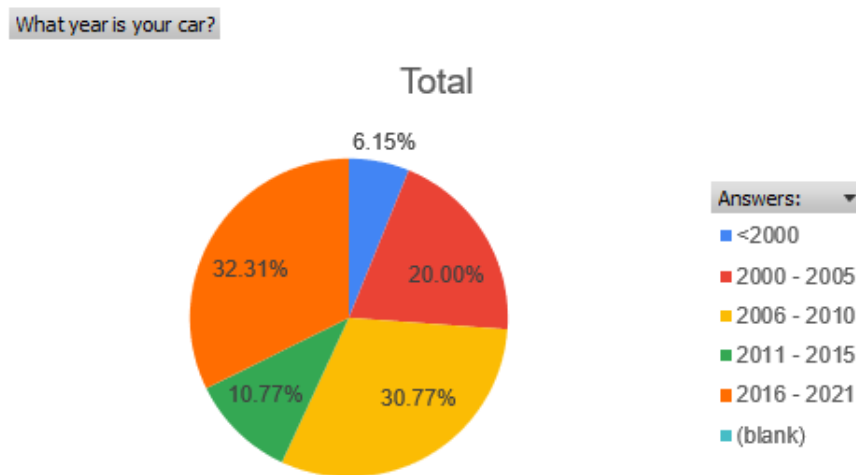
Image 10. 3rd question of the survey.



Source: own survey data, 2021.

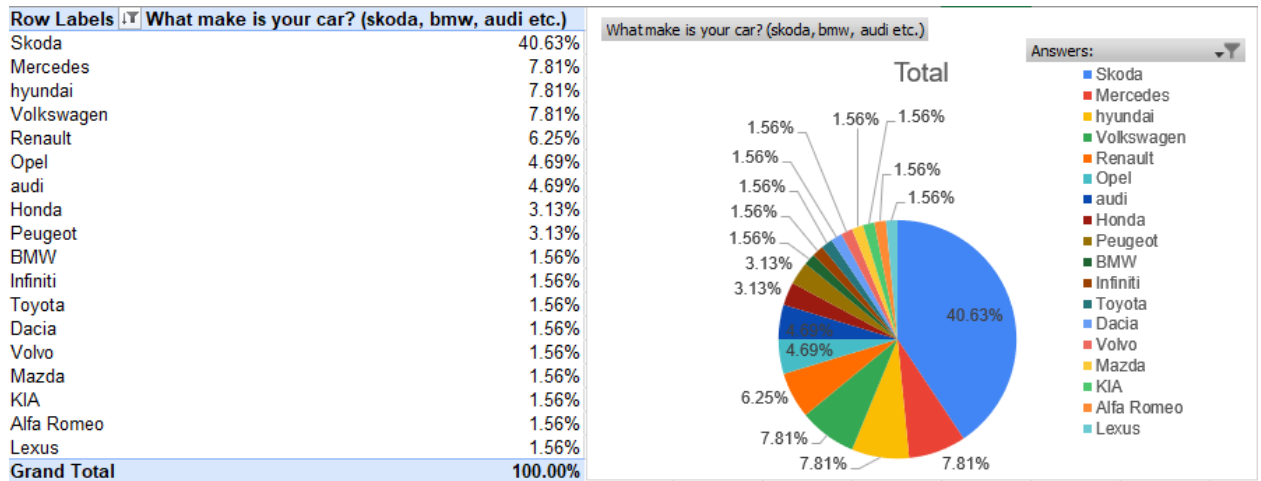
After analyzing the responses from the first question there were 8 individuals who didn't have a car which were taken out of the survey. The next set of questions determined what year and type of the car do the respondents drive.

Image 11. 4th question of the survey.



Source: own survey data, 2021.

Image 12. 5th question of the survey.

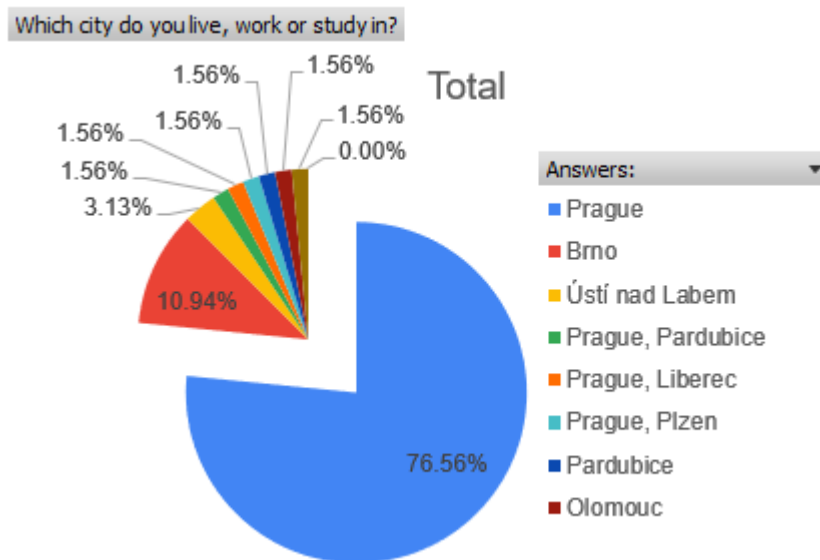


Source: own survey data, 2021.

One person didn't answer on the make of the car question which was taken out of the survey.

Ongoing questions were asked to understand the driving behavior of the participants, especially those in Prague.

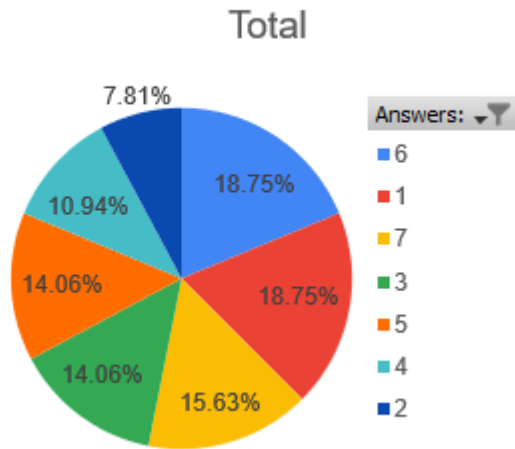
Image 13. 6th question of the survey.



Source: own survey data, 2021.

Image 14. 7th question of the survey.

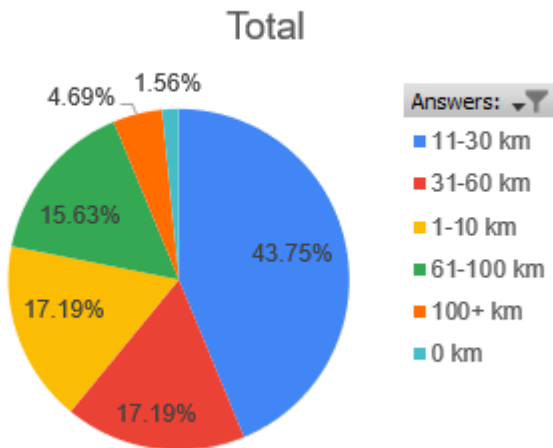
How many days per week do you drive?



Source: own survey data, 2021.

Image 15. 8th question of the survey.

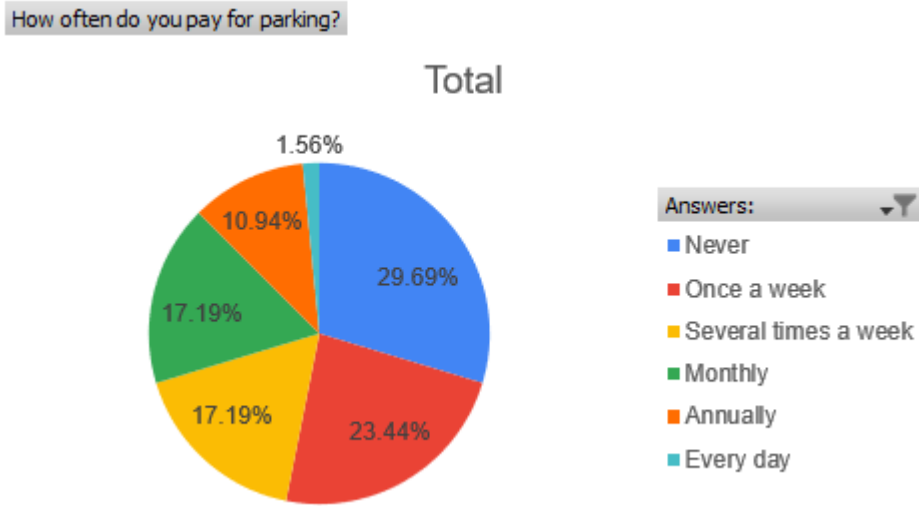
How many kilometers do you drive per day?



Source: own survey data, 2021.

Then the next question was intended to understand what percentage of the respondents are paying for parking and how often they do that. From these responses Cashcow can understand if parking is relatively significant expense for the drivers or not. This in turn would affect the marketing strategy.

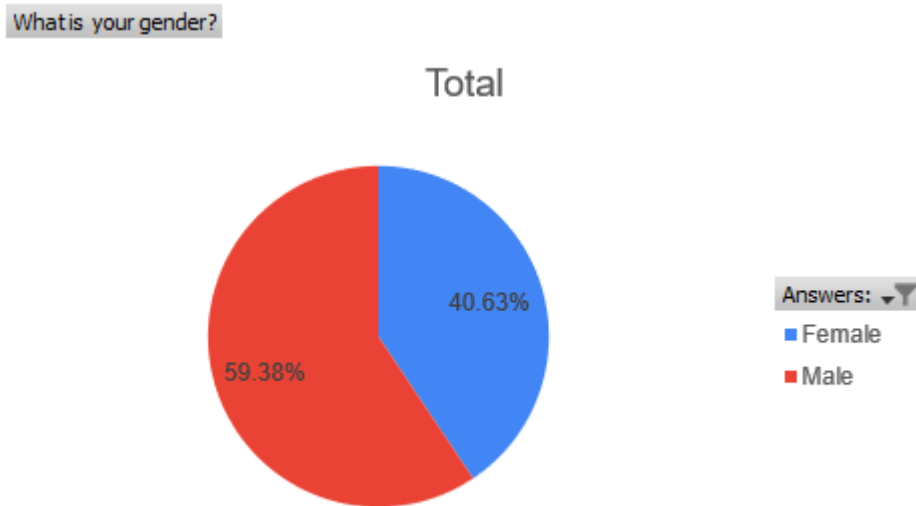
Image 16. 9th question of the survey.



Source: own survey data, 2021.

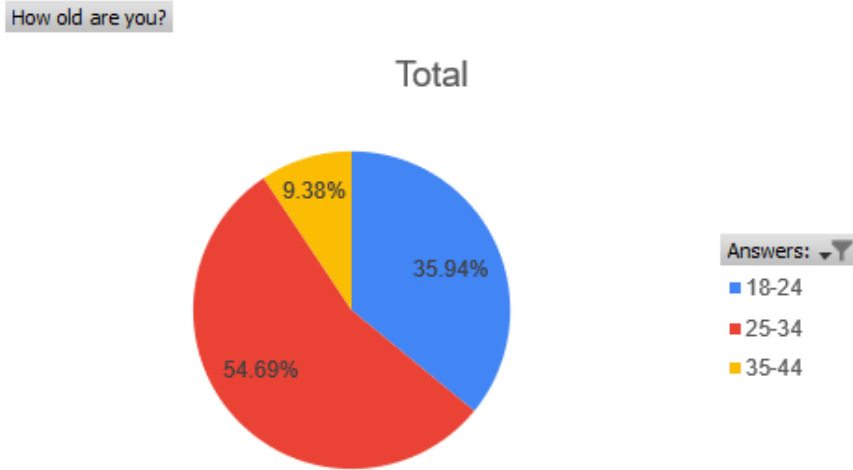
Following questions determine the demographics of the respondents.

Image 17. 10th question of the survey.



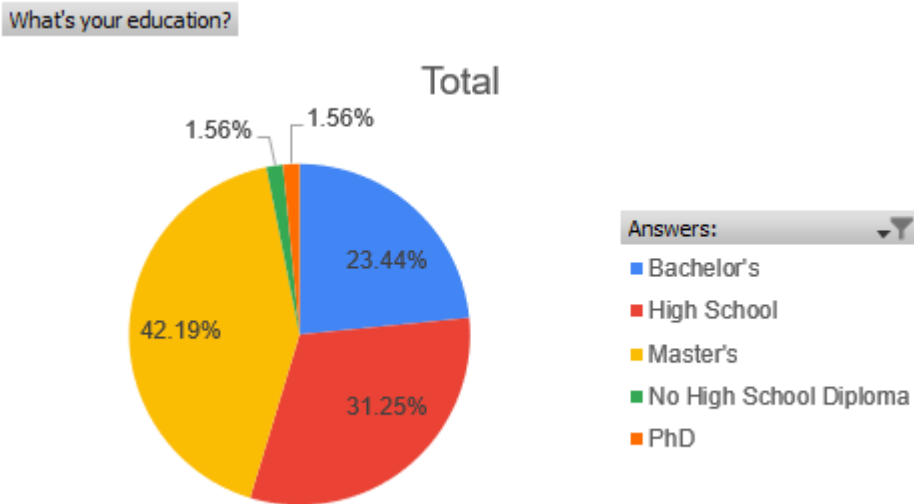
Source: own survey data, 2021.

Image 18. 11th question of the survey.



Source: own survey data, 2021.

Image 19. 12th question of the survey.

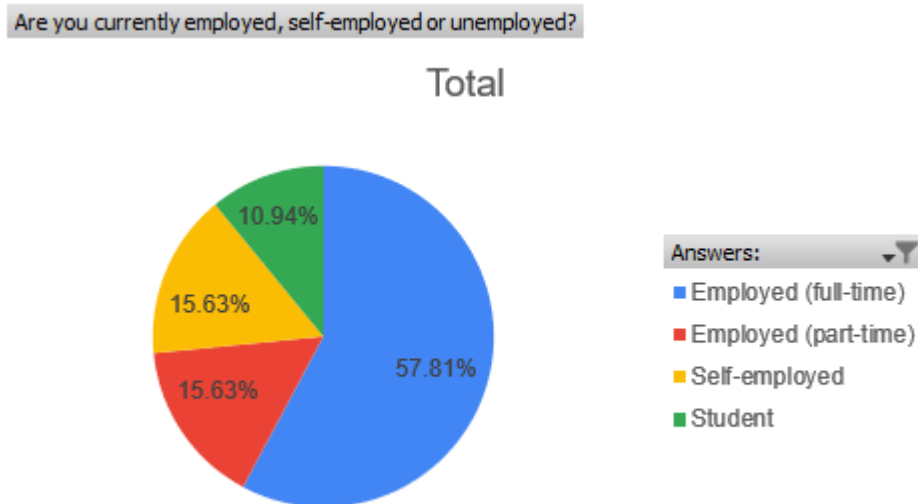


Source: own survey data, 2021.

In the next section about the employment and income status multiple choice question was given to outline the group of students who work or would be willing to make extra income by wrapping their car. The idea was to separate working and not working students. The breakdown on the pie presents the employment situation of all the 64 respondents where 18 of them were students, 7 of which didn't work (10.94% out of all the respondents). Out of 57

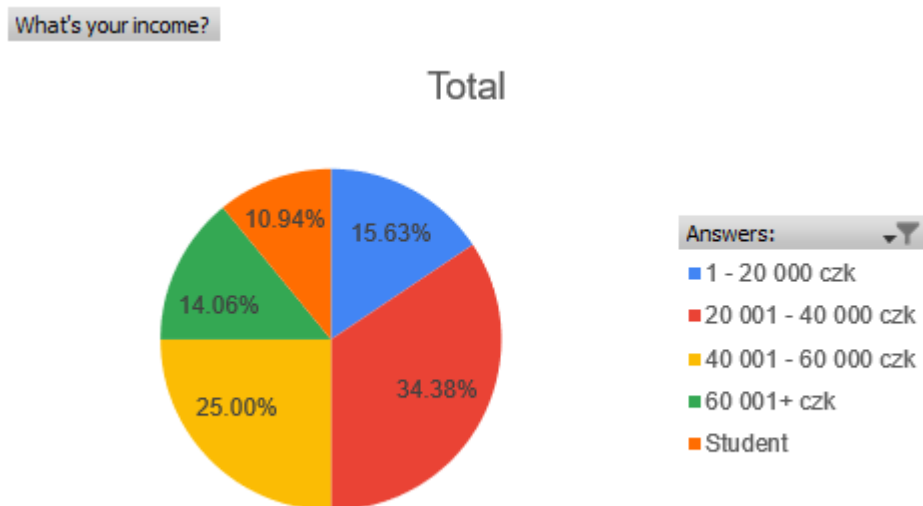
working respondents 11 were students; 7 out of 10 employed part-time (70%) and 4 out of 37 employed full-time (circa 10%).

Image 20. 13th question of the survey.



Source: own survey data, 2021.

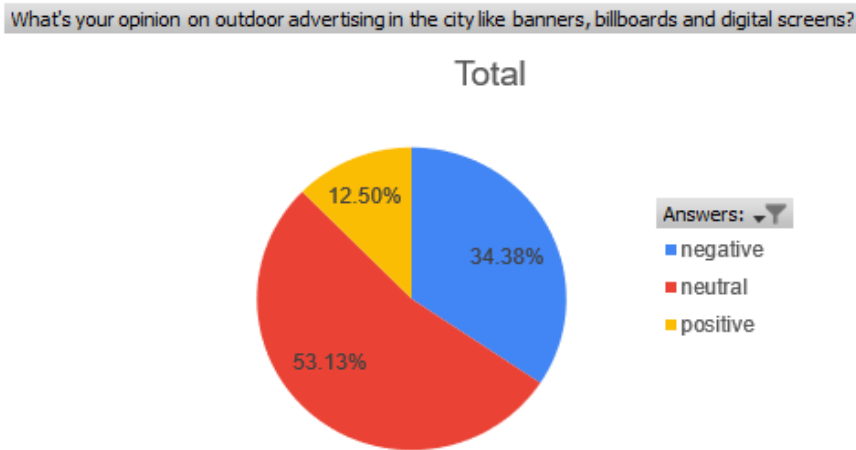
Image 21. 14th question of the survey.



Source: own survey data, 2021.

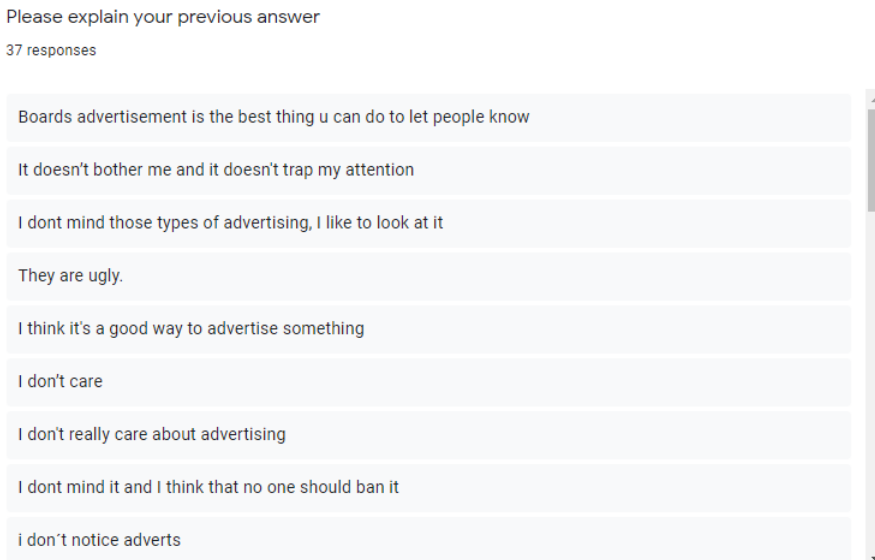
The next questions are intended to find out the perspective of the respondents regarding outdoor advertising in general. These questions were placed on purpose in such order to understand how many respondents would still wrap their cars in ads for extra income even though they have a negative opinion regarding OOH. The explanation field of the perspective was left optional to make the survey easier to complete to get more respondents.

Image 22. 15th question of the survey.



Source: own survey data, 2021.

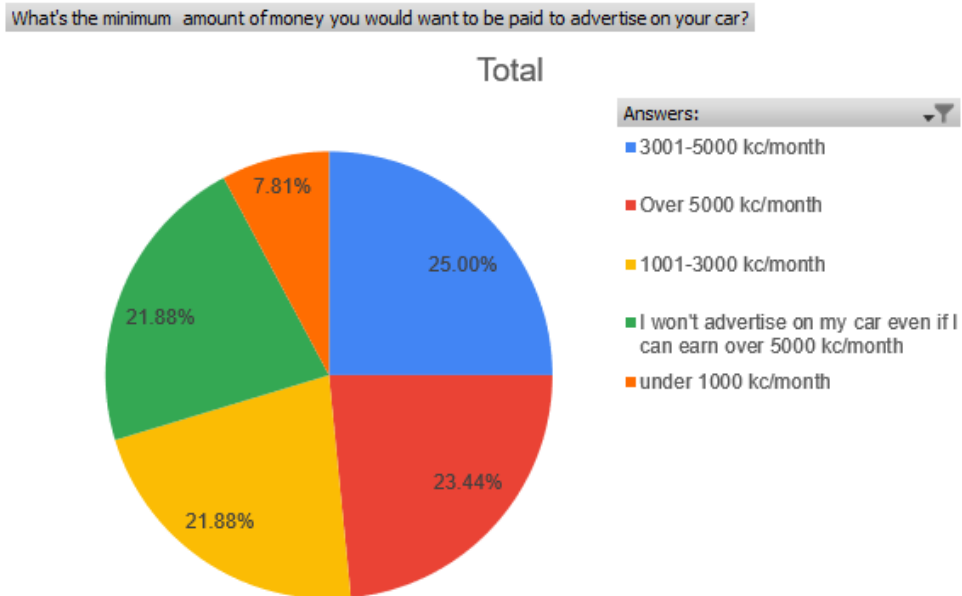
Image 23. 16th question of the survey.



Source: own survey data, 2021.

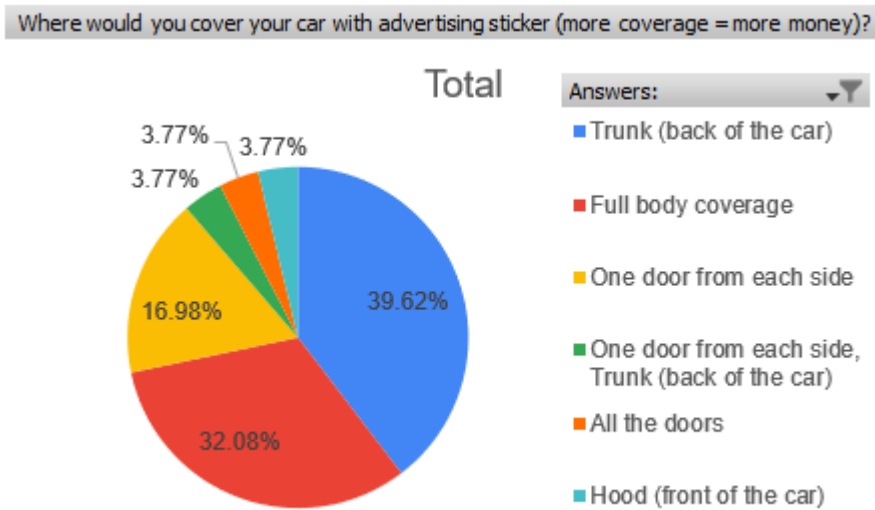
The following questions were asked to determine the demand for the service Cashcow provides. Out of 64 respondents 78% would advertise on their cars to get paid.

Image 24. 17th question of the survey.



Source: own survey data, 2021.

Image 25. 18th question of the survey.



Source: own survey data, 2021.

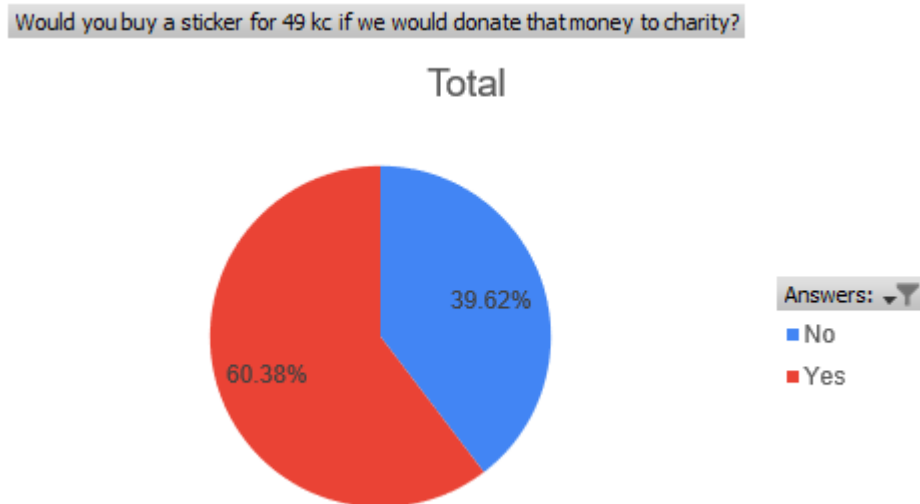
The final section of the survey contains bonus questions that are helpful in shaping Cashcow sales and marketing strategy.

Image 26. 19th question of the survey.



Source: own survey data, 2021.

Image 27. 20th question of the survey.



Source: own survey data, 2021.

Cashcow set to identify its ideal driver profile by analysing the survey results. The company selected only those respondents who would chose to the minimum amount that they would like to get paid for advertising on their cars. Then, Cashcow segmented the results by age. Out of 25-34 age group the majority were male (18 out of 26). Most of them had Master's Degree (15 out of 18) . Those Master's Degree graduates were mostly full-time employed (11 out of 15) with majority making from 20 001 CZK to 40 000 CZK (5 out of 11) and 40 001 to 60 000 CZK (4 out of 11). The respondents out of those 2 income groups drive in Prague with the majority having Skoda cars (5 out of 9). 3 out of 5 Skoda cars are between the years 2011 to 2021. 5 respondents out the 2 income groups were driving 5 to 6 days a week ranging from 1 to over a 100 km per day. Their parking habits vary from once a week to annually payments. 3 out 9 would have their car fully wrapped, 5 out of 9 would have the advertising on the back of the car. 3 out of 9 would advertise the organization they are working for and those three respondents are all from 20 to 40 thousand CZK income group. 4 out of 9 respondents would buy a 49kc sticker to support a charity.

What's interesting is that 4 respondents out of those 2 income groups had a negative opinion on outdoor advertising. However, 3 out 4 of these respondents would agree to advertise on their cars if they would get paid between 3001 CZK to 5000 CZK and the other respondent would agree if the payment is over 5000 CZK. Cashcow is not judging by no means, Cashcow welcomes it.

By analysing the respondents answers who chose not to advertise on their car even if they could earn over 5000 CZK per month, Cashcow found that 7 out of 14 were from the 40 to 60 thousand CZK income group.

After doing all the data segmentation from survey results Cashcow determined its ideal driver profile. A Czech resident who is male 25 to 34 years old, has a Master's Degree and is employed full-time, making between 20 to 40 thousand CZK per month, driving Skoda from 2011 – 2021 year. This driver profile by all means would not limit the recruiting requirements of Cashcow but it's something that the company will target since these drivers fit the amount of days needed to be on the road and mileage involved.

Customer target group

According to Statista, the biggest OOH advertisers by ad spend in US were Amazon, McDonald's, Apple, GEICO, State Farm, Google, American Express, HBO, AT&T and Disney (*U.S. largest OOH advertisers 2019, 2020*). Another way to see which advertisers dedicate their budgets to OOH is to get out in the city and look for the ads. For instance, in Prague metro it's easy to see which companies advertise OOH just by looking at the board ads. Alza, an online e-commerce store that outcompetes Amazon in the Czech market and leads the market with 998 million U.S. dollars in net sales in 2020, is a big OOH advertiser that is very noticeable (*eCommerce in the Czech Republic 2021 Country Report, 2021*). This gives an idea of what kind of advertisers Cashcow should be targeting. Considering company's limited resources and relatively high cost product at the beginning of the operations it makes sense to start with the bigger advertisers straight away. Customers such as McDonalds, HBO, Disney wouldn't be easy to get, however, these type of companies are the ones that dedicate big budgets to OOH and should be willing to at least test a campaign. There is a proof of concept already with similar companies such as Wrapify in US representing the opportunities of performance-based outdoor advertising. Some of the advertisers listed above are car insurance companies that should be even more interested in advertising on the cars. For these reasons Fortune 500 multinational companies and local big established companies such as Alza are the customer target group for Cashcow.

Car vinyl film installer target group

Any car vinyl film installer should be happy to receive customers for free. Cashcow is in the position to choose which installers it will be working with. It will come down to the discounted deal that the company would be able to get from an installer and the materials used for the vinyl. Some networks offer more vinyl manufacturers than the others, some have more locations available. Best decorative manufacturers that are industry standard are Avery, 3M and Oracle. You can see that Wrapify is asking for those in the sign-up form for the installers on their website [wrapify.com](https://www.wrapify.com). WrapStyle, for instance as a car vinyl film installer, has multiple locations across Czech Republic and works with globally recognized leaders in vinyl film industry.

4.4.3. SWOT

Table 5. SWOT.

<p>Strengths:</p> <ul style="list-style-type: none"> - Proprietary software and first-party data ownership - Outsourcing - Gig economy workers - Performance-based marketing experience - Socially-responsible business 	<p>Weaknesses:</p> <ul style="list-style-type: none"> - New to the market - High costs of start-up - Outsourcing
<p>Opportunities:</p> <ul style="list-style-type: none"> - First-to-market - Self-employed legal framework in CZ - Supplier (installer) network - City advertising regulations - Lockdown effect on jobs 	<p>Threats:</p> <ul style="list-style-type: none"> - City and Government regulations - New entrants to the market - Bad PR - Lockdown effect on mobility outside - Supply chain issues

Source: own research data, 2021.

Strengths

The main strength of the company is in its proprietary software solution for out-of-home advertising market. The advantage is in the ownership of the software and the first-party data it is generating. Ownership of the first-party data means that the company can be more flexible under the legal system with the purposes of the data collection. Proprietary software enables the company with rights for future sale of the software.

The fact that the company offers predominantly online services, it provides outsourcing opportunities and flexibility with its in-house operations like recruiting, remote work, company's location. The flexibility with in-house operations means rent costs reduction for office space for example. The offline part of the business is mostly outsourced or based on the gig economy workers, independent contractors. This allows the company to be flexible with its partners and gig economy workers based on the legal framework of the contracts.

Outsourcing and gig economy opportunities reduce costs on building proprietary resources and its maintenance. Cashcow company can focus better on its software product, the website and the app, while the offline part is taking care of by the company's partners.

Performance-based marketing background and experience of the management team would make it easier in translating the effectiveness of a new out-of-home advertising format to the advertisers. Cashcow management has been a performance-based advertiser themselves in the past which enabled them with skills and understanding of the advertisers needs.

Nowadays consumers expect the companies to be socially-responsible businesses. Paint and paper depend on the weather conditions and affect the viewability and state of the ad. Plastic might cause a concern from the consumer groups. There are vinyl film manufacturer companies such as Avery Dennison that produce eco-friendly PVC-free products like MPI 1405 EA RS (*MPI 1405 PVC-free series | Avery Dennison | Graphics*). PVC or polyvinyl chloride is a synthetic plastic polymer that is insoluble in water. Cashcow company will encourage advertisers to use eco-friendly materials for which in exchange they would get a certified stamp on the vinyl film that will be wrapped on the car as a socially-responsible business. Besides that, the company will have a program dedicated to a sustainable cause where for every eco-friendly car wrap purchased there would be planted a tree, a street would be cleaned or a plastic recycling campaign would be run.

Weaknesses

Since programmatic out-of-home advertising on cars would be available for the first time in Czech Republic, some advertisers may hesitate to try something new.

High initial costs of software is inevitable due to the nature of the business. Software developers cost a lot nowadays and Czech Republic has limited supply of them.

The fact that the company relies on outsourcing when it gets to offline part of the business has its weaknesses. One of them is not having direct control over the operations of the company's partners. Cashcow company will rely on its beacon devices partner company and car wrapping services, vinyl film installers, to do the job right. Not being able to fully control these operations brings its risks such as poor performance, not following the contract agreements, partners can go bankrupt and other.

Opportunities

First-to-market product in Czech Republic to create a new programmatic out-of-home advertising segment has its opportunities. Advertisers are always looking for new ways to reach their audiences and communicate with their customers. Being first gives an advantage to capture enough market share to stay competitive and also provides an opportunity to dominate the market.

The legal system of the Czech Republic related to self-employed people allows the company to work under conditions of gig economy. Working in Czech Republic as an independent contractor is something common. In fact, according to Eurostat in November 2021 there were 698.67 thousand people that are self-employed in Czech Republic. Gig economy workers have already experienced Uber, Wolt, Bolt and other similar business models so they are familiar with the employment processes.

Installer network of car wrappers in Czech Republic allows the business plan to be feasible and capture the market of the big cities rapidly. There are a dozen different locations just in Prague alone that would be happy to get more of the new business.

City of Prague banned outdoor advertising as of 1st of October 2021. This provides unique opportunity for the proposed business. Most of the outdoor advertising, ranging from big tarpaulins to leaflets and business cards, is prohibited in the city area outlined according to Regulation No. 26/2005 Coll. hl. of the City of Prague. According to paragraph 3 letter e)

vehicle advertising is prohibited on “ means of transport placed in a public place for the purpose of disseminating advertising or means of transport in which there is: the main purpose of driving the spread of advertising.”. Further it details: “The purpose of including means of transport among advertising media is to affect permanently or long-term parked vehicles that carry advertising messages, do not serve their original purpose and occupy parking spaces. There are also moving vehicles, the purpose of which is not the transport of goods or people, but only advertising presentations” (*Advertising in the Prague Monument Reserve (Portal of Prague)*, 2021). The wording “purpose of which is not the transport of goods or people, but only advertising presentations” takes Cashcow company out of the context which means this new outdoor advertising ban doesn’t apply to the proposed business. The same way it doesn’t apply to businesses promoting themselves on the cars such as Bolt company. Cashcow is intended to provide extra income to drivers that are already moving somewhere with a purpose. This type of business is never going to match a remuneration of a full-time job or even part time job but more of savings on gas and possibly a bit more. It wouldn’t make sense for a driver to just rely on CashCow advertising remuneration as the only purpose of driving. Moreover, Cashcow is willing to make that a condition in recruiting of the drivers upon request from the City of Prague. The condition would state that the driver must be employed or self-employed. The company will also strive for the best communication with the City of Prague to adhere to the regulations.

Lockdowns change the way people live and move around. Even though a lot of people stayed at home during lockdowns, according to the Harris Poll (“Consumer Insights and Intent - Q1 OOH Opportunities”, 2021) in USA about 70% of workers were to drive part time in Q2 2021. And with 86% of consumers visiting grocery stores consumers were noticing out-of-home advertising the most while driving, 83% to be exact. Besides that, 34% of consumers in large urban areas with over one million people say out-of-home advertising influenced them to purchase a product. Lockdown measures forced a lot of people to lose their jobs or look for additional income. Many people have joined rideshare and food delivery companies such as Uber and Bolt as a solution to the problem. DoorDash, a food delivery app, added 1.9 million drivers in 2020 (*Is delivering food in Columbus worth it? Drivers for apps say orders are up and tips down*, 2021). Cashcow could benefit all the drivers with extra income. According to

EY study, digital fatigue lead to 47% of consumers to “seek for down-time from internet-enabled devices”. (*Digital fatigue sets in for consumers as lockdowns drive surge in digital connectivity and content consumption*, 2021). And as Harris Poll states that 82% of Gen Z and 78% of Millennials are increasingly looking for outdoor activities, out-of-home advertising seems to be a reasonable way for brands to reach their customers. After all, they go where the customer is and not the other way around. By the way, Facebook has published a report before the pandemic where it tested multichannel advertising approach and found combination of OOH+Facebook to be the most effective in likelihood to purchase with 13% uplift (*Maximise reach with out-of-home and Facebook campaigns in EMEA*, 2019). Lockdowns definitely pose a challenge to the business in the outside world but businesses are impacted in different ways. Out-of-home advertising on cars in its nature is a mobile solution. One of its features is to target people where they are whether people are at work, at home or just enjoying the walk as long as it is outside.

Threats

City of Prague can decide to ban all advertising on cars which is hard to imagine since it involves so many businesses just branding their employee cars. Cars have nothing to do with historical view of Prague and are private property of the individuals who can design their cars as they wish. Limiting individuals to earn extra income from a deteriorating asset such as a car that people have to maintain, especially in bad economy situation when prices are going up, is unlikely. However, the City of Prague is capable of doing it, hence, it's a threat.

Czech Republic government can regulate beacon technology or, more specifically, communication between apps and beacons which could be detrimental to the business. However, this would go against technological development, innovation and entrepreneurship climate that Czech Republic is striving to have as a progressive country.

Government can regulate the rights of the gig economy workers where the businesses would have to be more responsible and cover the people's insurance for example. However, it would require a new legal framework since all the gig economy workers are considered self-employed and work under the trade license as independent contractors.

Global competitors such as Wrapify might grow and expand into EU market which is likely to happen after certain time. Local new entrants might appear after noticing the car advertising on the streets. In-direct competitors such as Wolt, Bolt or Uber can become direct competitors since they already have a network of drivers based on the gig economy concept. New technology can appear that will substitute beacons as an alternative or existing technology such as Li-Fi or computer vision could get cheaper.

Consumers might get fatigued from ads on the cars once the business has scaled with hundreds or thousands of cars around the city. Privacy concerns can be raised from consumer groups regarding beacons due to advertisers retargeting the users based on the location data.

Consumers could also be concerned about some cars that are wrapped in plastic. All of the named threats can result in PR issues and overall bad brand perception of Cashcow.

Lockdowns due to the COVID-19 pandemic lead to the drop of mobility and number of trips planned by pedestrians worldwide. In New-York, for instance, in May 2021 the mobility was estimated at 45% compared to pre-pandemic levels (*COVID-19: urban mobility amid coronavirus pandemic*, 2021). Lockdowns might still be happening due to the new variants of coronavirus which is why it's a threat to the business. It would affect Cashcow company due to the fact that the core business is outside. Even though the company generates its income from online technology, it is based on the people on the streets, pedestrians, people in cars. Lockdowns mean minimum people on the streets. Lockdown has also caused supply chain issues. With factories closing worldwide it led to chip shortages. Semiconductors are essential for beacons that are used by Cashcow.

4.4.4. Porter's 5 forces

Rivalry among the competitors

The biggest advertising medium in Czech Republic is TV with projected \$558 million U.S. dollars in advertising spending in 2021, followed by Internet and Magazines (\$415 and \$70 million U.S. dollars accordingly). OOH advertising takes the fourth place in advertising spending by medium in Czech Republic with projected \$67 million U.S. dollars in 2021. (*Advertising spend by medium Czechia 2012-2024*, 2019)

Out-of-home advertising market spending was increasing until 2019. In 2018 the market was \$97 million U.S. dollars in advertising spending when in 2019 it started to go down to \$93 million U.S. dollars. Covid-19 pandemic has hit the market pretty hard and it has seen a 36% decrease to \$59 million U.S. dollars. In 2020 the OOH market recovered by 13.5% to 67\$ million U.S. dollars which is far from pre-pandemic levels (*Out-of-Home Advertising - Czechia | Statista Market Forecast, 2021*).

Cashcow company belongs to the outdoor media types. In Czech republic companies, which operate with outdoor media type, are mainly using billboards, digital screens, subway and other public transportation banners. Some of the companies use vinyl film on cars to promote their brands, for example Bolt company that offers rideshare and food delivery services. JCDecaux, Freund Holdings, and JOJ Media have the biggest market share in out-of-home advertising market in Czech Republic ('Outdoor advertising – Czech Republic', 2021). Considering new regulations from the City of Prague on banning the outdoor advertising, the future of the industry doesn't look bright unless the environment is changed (*Advertising in the Prague Monument Reserve (Portal of Prague), 2021*).

Cashcow company is uniquely positioned to bridge the gap between outdoor and digital advertising, fill the void of outdoor advertising spending that occurred due to the new city regulations. Cashcow is capable to form its own OOH category considering programmatic technology involved. In this category Cashcow is the first business of its kind to launch on Czech OOH market.

Potential of new entrants into the industry

New entrants to the market are likely to occur once Cashcow company is established and has a visible presence. There are five categories of potential competitors:

- Multinational companies with similar business model to Cashcow
- Existing advertising companies with Czech market share
- App-enabled gig economy businesses with a network of drivers
- Beacon devices providers
- Car wrapping installers.

First, similar companies to Cashcow business model may enter the Czech market by expanding globally from their own markets such as U.S. company Wrapify, for instance. Since the business concept is relatively new and has been around for a few years, currently these types of companies are busy competing for their own market share in their respective countries and due to COVID-19 this process was slowed down due to the drop in advertising spending worldwide. However, if these companies intend to enter the Czech market they would have to do it fast before the market is captured by Cashcow or other potential competitors. The market would include the advertisers, the gig economy drivers and the network of car wrap installers. The Second category are the advertising companies that already have captured the market share in Czech Republic with a network of advertisers, experience and connections in the industry. Companies such as JCDecaux can invest into building their own car advertising business based on gig economy workers. Another scenario could be even a digital multinational company such as Facebook to invest in out-of-home advertising business such as car wrapping. It is entirely possible considering the social media company found out the combination of OOH+Facebook was the most effective in likelihood to purchase (*Maximise reach with out-of-home and Facebook campaigns in EMEA*, 2019) and, especially, their recent rebranding to Meta, which conveys their intention to build technology that interacts with the physical world('The Facebook Company Is Now Meta', 2021). These big multinational companies are very resourceful, however, they would have to get into the new territory previously unknown to them such as a gig economy and car wrap installation. If the driver market and car wrap installation network market would be captured by Cashcow and potential competitors it would be more difficult for entry.

The third category are app-enabled companies that have access to gig economy workers, specifically a network of drivers. Rideshare and food delivery companies such as Uber, Bolt and Wolt already have established app-enabled platforms with a network of drivers looking for a "gig". These drivers are working on self-employed basis already, they are familiar with the specifics of driving for an app-enabled service, and there are a lot of them who work full-time which means a lot of mileage. Since the gig economy system is already in place, it's easier for the companies to enter the OOH market. However, these companies don't have any experience running an advertising business which is a completely different industry. For them to enter the market, It would take a whole platform with a software for advertising purposes

which is quite costly. They would have to build their own advertiser network and a car wrap installer network.

The fourth category are the beacon devices providers such as Gimbal, which actually also offers mobile advertising services in US (Gimbal, 2021). These companies produce beacons, the core technology that makes the business model of programmatic OOH feasible. The advantage of these type of companies are the reduced costs of goods. The barriers to entry to the market would be high costs of software technology required to power the app and platform based on the gig economy and advertising. Market entry would also require out-of-home advertising industry knowledge and a car wrap installer network.

The fifth category of potential new entrants are the car wrap installer networks. These companies specializing on car wrapping have an access to vinyl film materials at a wholesale cost of goods. Their clients are also drivers, even though in lower quantities as the gig economy business would require. A big enough network such as WrapStyle in Czech Republic can decide to enter the market (WrapStyle, 2021). However, this would require significant resources for the technology that is involved, as well as the advertising industry experience that is required.

Bargaining power of suppliers

There are multiple different beacon devices manufacturers in the world. ('List of the 9 biggest Beacon manufacturers >> Nodes', 2014). There are no beacon suppliers in Czech Republic so Cashcow company will have to ship the beacons from abroad. The manufacturer companies have different products and solutions. There are a few companies such as Gimbal, Kontakt, SmartBeacon and others that have beacon solutions which fit the needs of Cashcow company the most. SmartBeacon company is based in Italy and Switzerland which is closer than US Gimbal and Kontakt. However, location of the company becomes less important when it gets to the quality of the product and solutions it offers, as well as the cost of the goods and services that the company offers. Since Cashcow company is in the position of choosing their beacon supplier, it will choose the company based on the quality of the product and solutions it offers, as well as reliability of the company, its market share.

As for the car vinyl film installers there are multiple service suppliers available in the Czech cities. There are over a dozen locations just in Prague alone that can benefit from the business

provided to them. Cashcow is in the position to negotiate good deals considering the amount of new customers the installers can receive from the partnership.

Power of customers

Due to the ban of outdoor advertising by the City of Prague there is a unique opportunity for Cashcow company to fill the void for out-of-home advertising (*Advertising in the Prague Monument Reserve (Portal of Prague)*, 2021). Besides that, due to its first-to-market programmatic solution for OOH, Cashcow company can negotiate better deals with the advertisers.

Threat of substitute products

Out-of-home advertising media such as billboards, digital screens, boards and others can be considered as a substitute for advertising on cars. Due to the ban on outdoor advertising in the City of Prague, these substitutes pose little to no threat under the current regulations (*Advertising in the Prague Monument Reserve (Portal of Prague)*, 2021). However, the regulations could be lifted. Currently, there are advertising media placements offered in transit such as metro and outside media placements in certain routes and locations in Prague. Even if all the outdoor advertising is allowed it shouldn't be able to compete with the effectiveness of Cashcow advertising campaigns due to its programmatic and retargeting solutions that current outdoor advertising companies in Czech Republic lack.

4.5. Business strategy

The first objective for Cashcow is to launch a minimum viable product to prove the business plan feasibility. This is essential to gain investors' confidence and receive the funding for the actual start-up. The company's MVP can be achieved with low costs and without recruiting anyone. There's no need in building a proprietary platform, app or even a website at this stage. All that is required is a customer with a beacon-enabled app. It's easier to say than to do, of course. However, if it doesn't cost anything to the customer, and there are only gains in the form of sales, it is quite likely to find one willing to test a new advertising approach.

For the purposes of creating MVP, Cashcow needs to order a few beacons (5 should be enough for the test). The company will order from Kontakt.io, specifically their product Anchor Beacon 2 which should cost 46\$ per device including the cloud location services and their platform access (*Anchor Beacon 2 Kontakt.io Store, 2021*). Then, the company needs to find the customer that is willing to test an advertising campaign. Once there is an advertiser, Cashcow will instruct the customer on how to implement Kontakt's SDK (Software Development Kit) in the app which shouldn't be difficult compared to the actual start-up platform. This software should enable the beacon communication. After that has been accomplished, it's time to wrap the cars which can be borrowed from friends and connections. For the purpose of proper testing of the advertising campaign Cashcow will produce a well-designed ad on the vinyl film enough to fully wrap 5 cars. The 5 cars will be wrapped in an installer location in Prague. The wrapping service for each car should cost around 20 000 CZK (*Autofolie – Praha, 2021*). Finally, the advertiser's campaign is ready to launch and MVP can be tested. Cars can hit the road and track their mileage for a month for the costs to be covered later. This test should provide more insights on what has to be adjusted or remained the same in the business plan. It's important to keep in mind that the MVP is an extremely basic and manual approach compared to the start-up level platform that features automation and algorithms working in real-time. These expectations would have to be set with the customer and some features of the start-up level platform would have to be performed manually such as retargeting the customers and tracking conversions. However, this is enough to test the feasibility of the concept. Once all this is accomplished, proof of concept is ready to be presented to the investors and get approved for the funding.

Once the funding is received for the start-up phase of Cashcow, the company objective is to develop the platform as soon as possible depending on the budget. This would require mostly IT infrastructure setup and software development which will be achieved by hiring at least 5 to 10 full-time software engineers for 12 to 24 months of building a proprietary software for the app, the ad server and the website. More funding could mean faster development phase. Once the platform would be close to the start-up phase, Cashcow will begin hiring staff for other departments such as Sales & Marketing, HR and Finances. The newly formed departments would immediately start working to attract the customers, the drivers and make installer

partnerships. Cashcow will make a larger purchase of beacons to be able to maintain the operations on the start-up level. Sales department will start cold-calling, networking, attending conferences and shows to start onboarding new advertisers. Marketing will create all the social media channels and leverage SEO for the website so that cashcow.cz could rank high when searching online. Besides that, marketing department will be using paid media such as Google, Facebook and LinkedIn to promote the company. Local Czech media websites would be used such as news networks and job sites. HR department will onboard a few dozen of drivers for their customers and themselves. An advantage of being an outdoor advertising company is that there's already one major way of promotion. Imagine a dozen of fully-wrapped branded Cashcow cars with eye-catching visuals driving in the city center of Prague with slogans such as "Cashcow. Get paid to drive". This shouldn't just bring great brand awareness but also showcase that the company uses its own product which brings more credibility.

Once the start-up phase will be closing to the end, which would mean that the initial costs of the start-up are covered. The company's cash flow should allow it to start scaling to capture the market of the Czech Republic. This in turn, would require the company to increase its marketing budgets, the staff and offices around the country. At this stage, Cashcow will start investing more into the PR and its brand. It will launch its program to support sustainable development where anyone could participate by buying a 49 CZK sticker for their car. Cashcow will donate 100% of the raised funds to the sustainable development cause of the individual's choice such as planting a tree, plastic recycling program and even a charity of some kind. Advertisers could also participate in the program by purchasing the PVC-free vinyl film that the drivers will use for the advertising campaigns. Cashcow will negotiate with the City of Prague and other government institutions that this would be publicly recognized as a socially-responsible business action. Besides that, Cashcow will strive to maintain the best communication with the local government to adhere to all the regulations and co-operate together in non-governmental socially important projects. For instance, Cashcow could promote government projects outdoors. Building good communication and relationships with the public and Cashcow partners is the main objective in the scaling phase.

The sales goals for the company in the first year of operations would be to onboard 50 advertisers that would get on average 10 cars wrapped for the minimum of 4 week campaigns.

This would require to onboard 500 drivers willing to get paid on average 3000 CZK for advertising on their cars. By doing so the company would generate enough revenue to cover all the costs and set up a foundation for the next year. This would enable Cashcow to double its efforts and costs in staff and promotion of the company in order to double the revenue.

4.5.1. Marketing Mix

Price

Cashcow company will offer competitive prices for its service. Basing its operations in Czech Republic the company can take advantage of reduced costs compared to its competitors in their respective markets such as Wrapify in US and Adverttu in UK. Cashcow company will use similar pricing model to its competitors which is separated into two payments:

- vinyl film production and car wrapping
- cost per mile or CPM.

According to James Heller, the CEO of Wrapify, a fully wrapped car for a 12 week campaign costs \$1600 per month. CPM is averaging at around \$1. Wrapify has also added later options for partial car wraps such as “Half-wrap” that costs \$1200 per month and “Panel wrap” that costs \$500 per month (Adweek, 2016). The CPM is calculated by the algorithm.

Cashcow will cut the prices offered by Wrapify in the US by almost half for the Czech advertising market. Costs of materials for production might be similar, however, the costs for labor are lower, which in turn allows the company to reduce the price for car wrapping. Cashcow will negotiate a discount with the installers and to cover business expenses it will use the discounts for margin. This means for 4 weeks a fully-wrapped car would cost 24000 CZK, half-wrapped car 20000 CZK, and 16000 CZK for the door side wrap. Half-wrap should cover exactly half of the car’s space, partial door side and rear back window. Door side wrap should cover only the doors from both sides. Later once the company has scaled its operations with enough resources to target SMB (small and medium business) advertising budgets, Cashcow will offer rear back window placement for a reasonable price. The CPM will be calculated by the algorithm Cashcow will develop in its proprietary software. The algorithm would be making its decisions based on the time, location and amount of impressions

collected anonymously by both the drivers and third-parties. Data collection will be based on beacons, GPS and cellular technology. As CPM varies based on performance Cashcow will strive to have under 60 CZK CPM with an average of 17.9 CZK CPM to break even on the initial and operating costs.

Product

The company will offer an app that is supported on both Android and iOS for the drivers to sign up for advertising campaigns and get paid for driving. Once the driver opted-in for location sharing the app will track the device. The driver will get paid based on the algorithm that is making decisions based on the time, location and impressions received.

For the advertisers side, Cashcow company will offer a website with a dashboard that has campaign, audience, tracking and billing sections. The campaign section will contain the campaign setup and settings such as the budget, duration of the campaign, location, day parting, cars, car placements and creative. Cashcow will track and present data in the dashboard real time such as cars, their location, routes, impressions, CPM. If advertisers integrate the dashboard with their servers via API in the tracking section they could see clicks, conversions and ROI right in Cashcow dashboard as well. In the audience section they can see IDs of their audience that was collected so they could retarget them later. Billing section will offer payment options and would show outstanding balance. Besides the website, the advertisers would receive Cashcow SDK for their app to become beacon-enabled.

Promotion

Cashcow being an advertising company will promote itself using its out-of-home advertising solutions. Besides that, it will leverage social media and SEO (Search Engine Optimization) to attract drivers and advertisers. The company will use its sales department to build the network of advertisers and HR department to build the network of drivers. Further on, Cashcow will use paid media to reach more drivers and advertisers. Paid media strategy will consist of social media, display, blog and content marketing including paid-partnerships via businesses who have access to audiences of drivers. Cashcow will mainly promote their app and website which will have a sign up form for both drivers and advertisers. The communication with the registered users will be handled by email.

Placement

Cashcow will have its apps available on Android and iOS in their respective app stores (Google Play Store and App Store). Cashcow website is cashcow.cz which is already acquired. The company will start its operations in Prague with the headquarters in the city available for the main staff day-to-day operations, recruiting of the drivers and storage of materials and devices. Vinyl film installer locations would be based in Prague and drivers would be sent to wrap their cars to the most convenient location.

4.6. Financial plan

The Financial plan consists of minimum viable product costs, start-up initial costs, operating expenses and operating revenues. Additionally balance sheet, income statement and cash flow statements provided for 3 years.

MVP costs would be divided into 3 main expenses: beacons, car vinyl films and gas. 46\$ per beacon equals 1,041 CZK based on the exchange rate on 29th of November 2021 (*Anchor Beacon 2 Kontakt.io Store*, 2021). Cashcow will purchase 5 beacon devices. The full wrap of the car would cost 20,000 CZK. For MVP proper test there would be required 5 cars. The considered price of gas is 36 czk per litre and the drivers would be on the road for 30 days in a row with 300 km per day using Skoda Octavia type of cars. Assumed car mileage is 15 kmpl.

Table 6. MVP costs.

MVP costs	Amount (CZK)
Beacons	5,205
Car vinyl film installation	100,000
Gas	108,000
Total	213,205

Source: own research data, 2021.

Start-up initial costs

According to Kevel, an ad server and API developer, a platform that this business plan suggests to build might cost approximately 800 thousand U.S. dollars a year for a business

operating in the US (including building, maintenance, tools and certificates). Cashcow is based in Czech Republic and may allow itself even outsourcing the IT talent to Eastern European countries where high-skilled developers could be found for reduced costs. For this stage of the start-up development there is no need for physical office when most of the developers are already working remotely. 840,000 CZK per software engineer per year on average should be good for the Czech market (*Salary: Software Engineer in Prague, Czech Republic, 2021*). Cashcow will hire 5 software engineers to build the platform (ad server, app, website etc.). Considering the outsourcing opportunities for Cashcow, this figure might be even lower. However, it is better to stick to this target cost and end up hiring more or better skilled software engineers. For tools such as servers, databases, hardware, software etc. the costs are estimated at approximately 700,000 CZK (*The Hidden Costs of Building Your Own Ad Server, 2021*). Cashcow will order 20 beacons for the start-up. Other business expenses including certificates, memberships, permits etc. are estimated to cost around 100,000 CZK (*The Hidden Costs of Building Your Own Ad Server, 2021*).

Table 7. Start-up initial costs.

Start-up initial costs	Amount (CZK) per year
Software Engineer wages	4,200,000
Tools	700,000
Beacons	20,820
Other business expenses	100,000
Total	5,020,820

Source: own research data, 2021.

Operating expenses

Once the product would be almost ready to launch, Cashcow will have to start hiring for other key departments, start the operations and make a significantly larger beacon order to later deploy to the drivers (10,000 devices). Cashcow's IT department will keep building and

maintaining the platform with its 5 software engineers. Professional services such as legal assistance will be added to the other business expenses. HR Department employee on average earns 42,000 CZK per month in Czech Republic (*Salary: Human Resources in Prague, Czech Republic, 2021*). Cashcow will hire 2 people team for HR. Finances Department employee on average makes 44,000 CZK per month in Czech Republic (*Salary: Finance in Prague, Czech Republic / Glassdoor, 2021*). Cashcow will hire 2 people team for Finances. Sales and Marketing specialists are making around 40,000 CZK per month in Czech Republic. Cashcow will hire 5 people team for Sales and Marketing Department. Customer service and Tech support specialists make on average 35,000 CZK per month in Czech Republic (*Salary: Customer Service Representative in Prague, Czech Republic, 2021*). Cashcow will hire 5 people team for Customer Service and Tech Support. Board of Directors will be making on average 70,000 CZK per month, except the CEO who will get paid 40,000 CZK per month. Cashcow will order additional 480 beacons and expects to recruit 500 drivers that will get paid on average 3000 CZK for 4 week campaigns. There are 52 weeks in a year. The company expects to wrap 500 cars the first year of operations with an average cost of the vinyl film production and installation at 15,000 CZK.

Table 8. Operating expenses – Wages.

Operating expenses - Wages	<i>Amount (CZK) per year</i>
CEO	480,000
Board of Directors, except the CEO	2,520,000
IT Department	4,200,000
HR department	1,008,000
Finances department	1,056,000
Sales & Marketing Department	2,400,000
Customer Service & Tech Support Department	2,100,000
Drivers' wages	19,500,000
Vinyl film installers' wages	97,500,000
Total	130,764,000

Source: own research data, 2021.

Cashcow will have to purchase software and tools for all the departments (CRM, Communication, Microsoft/Google Suite etc.). The marketing budget will include Cashcow cars, social, display, SEO, conferences etc. The company will set up its headquarters around the center of Prague where a 200 sqm office space would cost approximately 60,000 CZK per month (*Office spaces to rent Praha, square meters from 220 sqm, 2021*).

Table 9. Total operating expenses.

Total operating expenses	Amount (CZK) per year
Wages	130,764,000
Beacons	499,680
Software and Tools	900,000
Marketing	2,400,000
Office space and storage	720,000
Office supplies	600,000
Other business expenses	500,000
Total	136,383,680

Source: own research data, 2021.

The total estimated operating expenses are 136,383,680 CZK for the first year. The total for MVP, Start-up initial costs and first year of operating expenses is 141,617,705 CZK.

Operating revenues

Vinyl film production and installation should average around 15,000 CZK per car for a 4 week campaign. The goal is to wrap 500 cars in the first year. There are 52 weeks in a year.

Assuming the worst case scenario that the advertisers would probably run their campaigns for minimum of 4 weeks with an average of 20,000 CZK for a wrapped car that would mean 130,000,000 CZK. By subtracting it from the total cost that leaves 11,617,705 CZK that still has to be generated in revenue in order to break even.

Based on Wrapify – Cisco case study, it is possible to see what amount of impressions the advertising on cars is generating. For 4 weeks and 50 partially wrapped cars there were over 10 million impressions generated, that means on average of 50,000 per car per week (Wrapify Case Study Archives, 2021). There are 52 weeks in the year. For the sake of lower expectations the figures will be cut twice considering the case study showcases the best results and it doesn't take into account the other times of the year etc. If a car collects 25,000 impressions per week on average, that means 1,300,000 impressions per car per year. This means that 500 drivers will generate 650,000,000 impressions for the year. To cover the rest of the initial cost and operating expenses for the year CPM will have to be 17.87246923076923 CZK. The objective to break even for the initial and operating costs would be achieved within first year of operations. Operating revenues takes in consideration that 50 advertisers that would be onboarded would get on average 10 cars wrapped for their campaigns.

Table 10. Operating revenues.

Operating revenues	Amount (CZK)
Vinyl film production and installation	130,000,000
Cost for impressions (based on 17.87 CZK per thousand impressions)	11,617,105
Total	141,617,705

Source: own research data, 2021.

Further Cashcow presents its balance sheet, income statement and cash flow statement so that investors could evaluate the financials of the company. These statements are present 3 years. Starting from year 2 investors can see financials of all or most of the operations.

Table 11. Balance sheet.

Balance Sheet	Amount (CZK)		
	Year 1	Year 2	Year 3
Assets:			
Current assets:	-	-	-
Cash	-	-	-
Accounts Receivable	140,578,475.00	144,960,339.12	156,202,126.71
Prepaid expenses	-	0.00	-
Inventory	-	-	-
Total current assets	-	144,960,339.12	-
Property & Equipment	826,025.00	2,634,951.88	4,289,738.75
Charity			-
Total Assets	141,404,500.00	147,595,291.00	160,491,865.46
Liabilities			
Current liabilities:			
Accounts payable	-	-	-
Accrued expenses	-	-	-
Unearned revenue	-	-	-
Total current liabilities	-	-	-
Long-term debt	-	-	-
Other long-term liabilities	-	-	-
Total Liabilities	-	-	-
Shareholder's Equity			
Investment capital	141,404,500.00	141,404,500.00	147,595,291.00
Retained earnings	-	6,190,791.00	12,896,574.47
Shareholder's Equity	-	-	-
Total Liabilities & Shareholder's Equity	141,404,500.00	147,595,291.00	160,491,865.46
<i>Balance</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>

Source: own research data, 2021.

Table 12. Income Statement.

Income Statement	Amount (CZK)		
	Year 1	Year 2	Year 3
Revenue			
Sales Revenue	-	141,617,705.00	283,235,410.00
Service Revenue	-	-	-
Interest Revenue	-	-	-
Gain of Sales of Assets	-	-	-
Total Revenue & Gains	-	141,617,705.00	283,235,410.00
Expenses			
Advertising	-	2,400,000.00	4,800,000.00
Delivery/Freight Expense	-	-	-
Depriciation	-	90,753.13	265,713.13
Insurance	-	-	-
Interest	-	-	-
Office Supplies	-	-	-
Rent/Lease	-	720,000.00	720,000.00
Maintenance and Repairs	-	-	-
Travel	-	-	-
Wages	-	130,764,000.00	261,528,000.00
Utilities/Telephone Expenses	-	-	-
Other Expenses	-	-	-
Total Expenses	-	133,974,753.13	267,313,713.13
Income before tax	-	7,642,951.88	15,921,696.88
Income tax expense		1,452,160.86	3,025,122.41
Net Profit (Loss)	-	6,190,791.02	12,896,574.47

Source: own research data, 2021.

Table 13. Cash Flow Statement.

Cash Flow Statement	Year 1	Year 2	Year 3
Operating Activity	Amount (CZK)		
Customers	-	141,617,705.00	283,235,410.00
Other operations		-	-
<i>Cash paid for</i>	-		
General operating and admin expenses			
Wage expenses		-130,764,000.00	-261,528,000.00
Interest	-	0.00	0.00
Income taxes	-	-1,452,160.88	-3,025,122.41
Net Profit from Operations		9,401,544.12	18,682,287.59
<i>Additions to cash</i>			
Depreciation	-	-90,753.13	-265,713.13
Amortization	-		
<i>Subtractions from Cash</i>			
Increase in Accounts Receivable		-	
Increase in Inventory	-	-	
Total Cash from Operating Activities	-	9,310,791.00	18,416,574.47
Investing Activities			
<i>Cash receipts from</i>			
Purchase of equipment		-1,899,680.00	-1,920,500.00
Bank loan	-		
Total Cash from Investing Activities	-	-1,899,680.00	-1,920,500.00
Financing Activities			
Drawing/Distribution		-3,120,000.00	-5,520,000.00
Repayment of loans		-	-
Total Cash from Financing Activities	-	-3,120,000.00	-5,520,000.00
Beginning Cash		140,578,475.00	144,960,339.12
Total Change in Cash		4,291,111.00	10,976,074.47
Ending Cash	-	144,869,586.00	155,936,413.59

Source: own research data, 2021.

5. Conclusion

By reviewing the literature on technology involved for setting up the suggested business, it was possible to identify key players in the market. Privacy regulations review made it possible to understand that the project is feasible. Moreover, the City of Prague regulations are an advantage to the suggested business.

By conducting the survey and analyzing the results, it was interesting to find out that the ideal target group for drivers would be individuals with Master's Degree who are full-time employed and drive Skoda cars.

Cashcow is an ambitious project with high goals that can be achieved and this business plan reflects that. There are case studies that prove the concept of the business plan to be feasible. However, by doing the MVP, it can be proven on practice as well in Czech Republic. The business plan does require high initial costs, however, that's what MVP is for. Besides big advertisers are always looking for a way to reach the audiences and communicate with their customers. For instance, if McDonald's would decide to run a campaign with 10 cars for 4 weeks that would generate around 1 million impressions. Considering at least 1% conversion rate that means 10,000 conversions. If those conversions were BigMac Menus for a 100 CZK each then McDonald's is 1,000,000 CZK in plus for the revenue. This campaign would have costed McDonald's around 220,000 CZK. This results in outstanding 780,000 CZK in profit. Numbers speak for themselves.

The company will make 11,444,413 CZK in profit for all the 3 years if an average CPM it's going to charge the advertisers will be 17.87 CZK. However, the company is in the position of charging more once the advertisers are happy with the service since there is no competition to the service Cashcow provides. The competition environment can change of course with new entrants. That's why it's very important to start executing the business plan as soon as possible.

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