

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Business plan for sightseeing bus tour operator in Prague

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Vsevolod Zamyatin

Economics and Management

Thesis title

Business plan for sightseeing bus tour operator in Prague

Objectives of thesis

The main objective of Bachelor thesis is to develop a business plan and create a strategy for realisation of the bus tour service. Theoretical objectives of the thesis are to examine current tourism industry and make its overlook, study business and marketing planning and highlight the most important ideas for conducting a practical part.

Primary objective of the practical part is to apply theoretical summary knowledges on an actual example. Also, it is important to analyse czech's tourism market space and financial data, and then conduct a realistic financial plan.

Methodology

In the bachelor thesis author used following methods:

Market analysis is to compare prices in service industry for identifying the price.

Collecting, analyzing and comparing of data used to make a SWOT analysis.

PEST analysis is used to analyze worldwide economic, political, social and technological factors for conducting macro analysis.

Competitor analysis to collect, analyze, compare data about rivals on the market.

Statistical methods are used to determine average prices in the part of financial planning.

The method of finding a break-even point is used to calculate number of units must be sold in three different price scenarios so the company does not bring losses.

CAPM is used to evaluate risk and profitability in different conditions.

Net Present Value (NPV) is used to determine the present value of an investment by the discounted sum of all cash flows received from the project.

Risk Assessment is used to evaluate influence of each risk on company operating.

Strategy is used to make a plan for further development.

The proposed extent of the thesis

40 – 60 pages

Keywords

Tourism Industry, Atlas of Tourism of the Czech Republic, Investment Decisions, Business Planning, Marketing Plan, Company Analysis, Financial Plan.

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Declaration

I declare that I have worked on my bachelor thesis titled "Business plan for sightseeing bus tour operator in Prague" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague 12.03.2019

Acknowledgement

I would like to thank Ing. Petr Procházka, Ph.D., MSc, for advice and support during my work on this thesis.

Business plan for sightseeing bus tour operator in Prague

Abstract:

The bachelor thesis deals with presenting a Sightseeing Bus tours operator business plan named as Superb hop on hop off. The relevance of work is determined by the fact that the local tourism industry is growing rapidly year in year out and according to research will continue to grow further. City of Prague sparks special interest among guests. About 60% of visitors choose it as a destination point. The continuous growth of tourist interest in visiting Prague opens an opportunity for Superb hop on hop off tours to enter the market.

The novelty of work is approved by implementing audiovisual technologies and apps, considering age and interests of customers and giving an information by sightseeings in interesting and unordinary way.

In the theoretical part author describes the structure and significance of business plan. Also theoretical background has an information and statistics about tourism in Czech Republic and overlook on Prague as a tourist destination. Statistics for past year shows that number of visits of both Prague and Czech Republic as a whole has increased out of bounds and guests stay for longer vacations. This research indicates the demand on sightseeing market of Prague and opportunities to satisfy new target groups with the service. Theoretical part continues with describing how to write an executive summary, mentions how to organize workforce of the organization and how to create organizational structure. The theoretical part finishes with financial planning, describing which financial data should be. The practical part focuses on presenting a business plan for Superb hop on hop off bus service according to the theoretical knowledge. Setting company's mission and overall direction additionally using Strategic Planning literature. Identifying a Target Market and preparing Customer Profile by using categorical tiers such as budget, time of travel, generation, brand affinity, based on development strategy theory. SWOT and PEST analysis show micro and macro environment of company. Marketing Mix, which is provided further, is based on 7P's model extended from classic 4P's model specially for service providers. Marketing Mix shows prices conducted by is powerful tool in engaging and keeping lively interest of clients. The last part that finalizes a business project is a

financial plan. It clearly describes cash flow statement which shows profit of 33,126,608 CZK with all relevant taxes and costs. Break-even point analysis sets the number which is equal to 3,499 units to avoid loss with the average price of 740 per one. The assumption is that the company will capture about 129,000 customers out from the 10 million of visitors of Prague, that is 240 customers per day. Author is convinced that spring-summer is the right time to launch the tour operator as it follows on high season when other operators cannot handle heavy tourist flow. Author also uses some financial tools such as Net Present Value, Capital Asset Pricing Model to determine whether business will return invested money. Net Present Value calculations for three scenarios (negative, close to reality and positive) with a different discount rate shows that cash inflow (or the value of revenues) is much greater than the cash outflows (costs). Basing on this measurements author considers that investment is achieving a target yield at a given initial investment. Capital Asset Pricing Model shows the interrelation between risk for potential investor and the profit for both business owner and lender. It is revealed that Superb hop on hop off should be getting at least 9.4% returns on investment. Thereafter author campaign and company expansion will lead to a more rapid growth in the nearest future.

Keywords: Tourism Industry, Atlas of Tourism of the Czech Republic, Investment Decisions, Business Planning, Marketing Plan, Company Analysis, Financial Plan, Risk Assessment, Break-Even Analysis Net Present Value.

Podnikatelský plán pro turistické okružní autobusé prohlídky v Praze

Abstrakt:

Bakalářská práce se zabývá prezentací podnikatelského záměru operátora autobusových prohlídek s názvem "Superb Hop on Hop off". Důležitost práce je dána tím, že místní cestovní ruch ročně rychle roste a podle výzkumu bude i nadále růst. Hlavní město je nejpoblárnější destinace v České Republice. Asi 60% návštěvníků si to vybere jako cílový bod. Neustálý růst turistického zájmu o návštěvu Prahy otevírá příležitost k tomu, aby se na trh dostala nová společnost " Superb Hop on Hop off". Výjimečnost tohoto podnikatelského plánu je implementace audiovizuálních technologií a aplikací s ohledem na věk a zájmy zákazníků a zajímavé a neobyčejné poskytování informací o památkách. V teoretické části autor popisuje strukturu a význam podnikatelského záměru. Také teoretické zázemí obsahuje informace a statistiky o cestovním ruchu v České republice a přibližuje Prahu jako turistickou destinaci. Data z let 2017 - 2018 ukazují, že počty návštěvníků Prahy a České Republiky stále rostou. Teoretická část vysvětluje jak organizovat pracovní sílu organizace a jak vytvořit organizační strukturu. Teoretická část končí finančním plánováním a popisuje, které finanční údaje by měly být. Praktická část se zaměřuje na prezentaci podnikatelského plánu pro " Superb hop on Hop off" autobusovou dopravu podle teoretických znalostí. Stanovení marketingového poslání společnosti a strategie je vytvořeno pomocí literatury o strategickém plánování. Identifikace cílového trhu a příprava profilu zákazníků je připravená pomocí kategorických úrovní, jako je rozpočet, doba cesty, generace, afinita značky založená na teorii rozvojové strategie. Analýza SWOT a PEST ukazuje mikro a makro prostředí společnosti. Marketing Mix, který je dále poskytován, je založen na modelu 7P, který je rozšířen od klasického modelu 4P speciálně pro poskytovatele služeb. Marketing Mix ukazuje ceny, které jsou výkonným nástrojem při udržování zájmu klientů.

Poslední část, která finalizuje obchodní projekt, je finanční plán. Jasně popisuje přehled o peněžních tocích, který vykazuje zisk ve výši 33 126 608 Kč se všemi

příslušnými daněmi a náklady. Analýza bodu rovnováhy stanovuje číslo, které se rovná 3 999 jednotkám, aby se zabránilo ztrátě s průměrnou cenou 740 na jednu. Předpokládá se, že společnost zachycuje zhruba 129 000 zákazníků z 10 milionů návštěvníků Prahy, což je 240 zákazníků denně. Autor je přesvědčen, že jaro-léto je ten správný čas k zahájení prací, kdy jiní operátoři nemohou zvládnout velké množství turistů. Autoři také používají některé finanční nástroje, jako je Čistá současná hodnota, Model oceňování cenných papírů k určení. Výpočty čisté současné hodnoty pro tři scénáře (negativní, blízké skutečnosti a kladné) s odlišnou diskontní sazbou ukazují, že peněžní příliv (nebo hodnota výnosů) je mnohem vyšší než peněžní odtoky (náklady). Na základě tohoto se autor domnívá, že investice dosahuje cílového výnosu u dané počáteční investice. Model oceňování cenných papírů ukazuje vztah mezi rizikem pro potenciálního investora a ziskem jak pro vlastníka firmy, tak pro věřitele. Je zřejmé, že „Superb hop on hop off“ by měl dostat alespoň 9,4% návratnost investic. Poté kampaň a expanze společností povedou k rychlejšímu růstu v nejbližší budoucnosti.

Klíčová slova: Průmysl cestovního ruchu, Atlas cestovního ruchu České republiky, Investiční rozhodnutí, Podnikatelské plánování, Marketingový plán, Analýza společnosti, Finanční plán, Posouzení rizik, Break-Even analýza, Čistá současná hodnota.

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1. INTRODUCTION

The purpose of the thesis is to establish a new sightseeing tour operator that provides bus tours through Prague places of interest, to write business plan for it and implement strategies for its running. The structure of the thesis includes: introduction, literature review, practical part and conclusion. The theoretical part is based on books, statistics and analysis established by the Czech Statistical Office, Eurostat NACE reviews, World Tourism Organization and other internet resources about tourism, business planning, marketing and finance. The practical part is aimed to realize theoretical knowledge. Firstly, author studies the relevance of the work and formulates main goals and objectives. Theoretical part starts with tourism industry, its impact in the national economy and overview of incoming tourism in Prague and Czech Republic in total. The next chapter begins with definition of business planning, its importance and structure. Theoretical part continues with describing how to write an executive summary, description and details of the company, mission, vision, product and services description. Market and Industry Analysis which contains PEST and SWOT Analysis. The next section represents the idea how to target the market, how identify competitors and how to determine marketing strategy. Also, in the theoretical part author mentions how to organize workforce of the organization and how to create organizational structure. The theoretical part finishes with financial planning, describing which financial data should be analyzed. The practical part represents business plan for sightseeing bus tour operator Superb hop on hop off according to theoretical knowledge. It begins with the concept of business, its vision, mission, values, objectives and goals. Then author provides brief description of location, proposed products and services with full explanation of how business is going to be operated. Also customer and competitor analysis is conducted with attention on comparison with a unique offer by his business idea. Also, in this part of work author makes marketing analysis based on SWOT and PEST models defining strengths and weaknesses, opportunities and threats of future service, as well as possible barriers and advantages on local market. Marketing Mix is based on 7P's model extended from classic 4P's model specially for service providers. Finally, the practical part finishes with comprehensive financial plan of start-up.

2. OBJECTIVES AND METHODOLOGY

2.1. Objectives

The main objective of Bachelor thesis is to develop a business plan and create a strategy for realization of the bus tour service. Theoretical objectives of the thesis are to examine current tourism industry and make its overlook, study business and marketing planning and highlight the most important ideas for conducting a practical part.

Primary objective of the practical part is to apply theoretical summary knowledge on an actual example. Also, it is important to analyze Czech's tourism market space and financial data, and then conduct a realistic financial plan.

2.2. Methodology

In the bachelor thesis author used following methods:

Market analysis is to compare prices in service industry for identifying the price.

Collecting, analyzing and comparing of data used to make a SWOT analysis.

PEST analysis is used to analyze worldwide economic, political, social and technological factors for conducting macro analysis.

Competitor analysis to collect, analyze, compare data about rivals on the market.

Statistical methods are used to determine average prices in the part of financial planning.

The method of finding a break-even point is used to calculate number of units must be sold in three different price scenarios so the company does not bring losses.

CAPM is used to evaluate risk and profitability in different conditions.

Net Present Value (NPV) is used to determine the present value of an investment by the discounted sum of all cash flows received from the project.

Risk Assessment is used to evaluate influence of each risk on company operating.

Strategy is used to make a plan for further development.

3. THEORETICAL PART

3.1. Tourism Industry

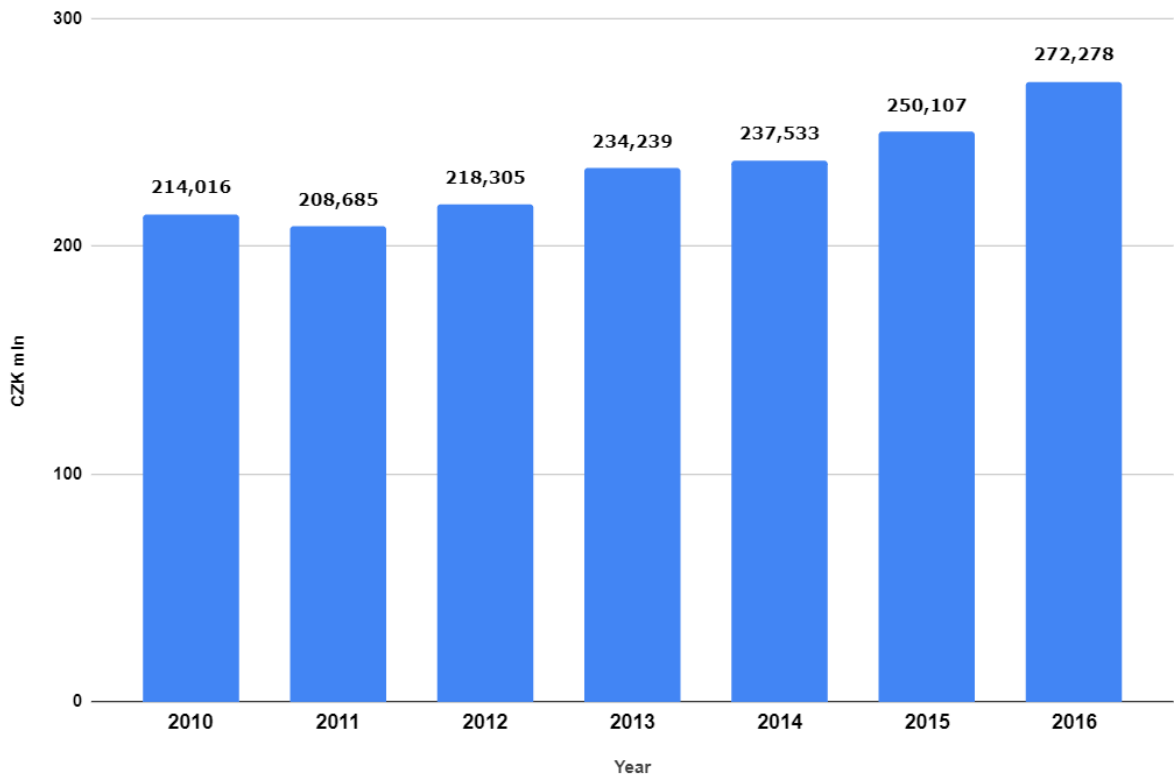
3.1.1. Tourism & Travel Impact

European NACE standart classification system determines tourism as a service industry that consists of accommodation, transportation, food services, services by travel agencies and tour operators, and make an important contribution to the economy of the country. Due to the geopolitical changes and the interest in tourism activities is undergoing repid growth for las several decades.

According to the United Nations World Tourism Organization, international tourist arrivals grew 6% in the first six months of 2018 compared to the same period last year, reflecting a continuation of the strong results of 2017 (+7%). In 2018, in all three flow categories (inbound arrivals, domestic trips and outbound departures) both the number of trips and value sales continued to increase.

Tourism industry takes important place in economy of the Czech Republic and for 2018 year its total contribution was estimated at 2,9%.The following bar chart will represent internal tourism contribution to the economy of Czech Republic from 2010 to 2016 (in million CZ korunas).

Figure 1: Internal tourism consumption by products in the Czech Republic



Source: Czech Statistical Office

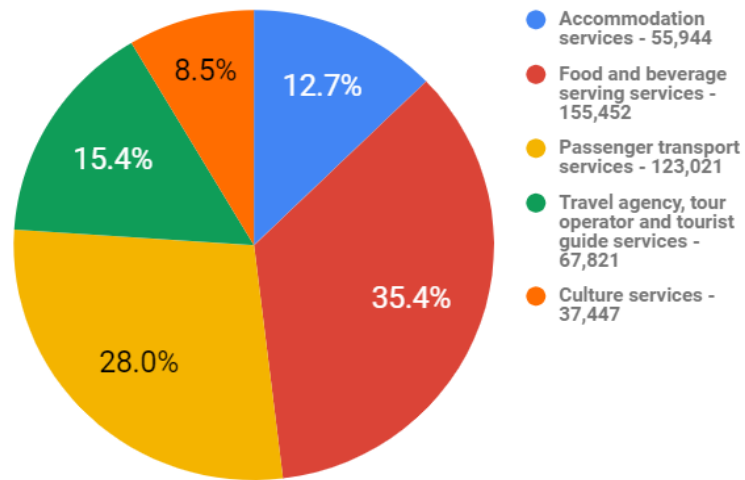
Particularly, locals contributed strongly to the overall increase in tourism flows as well as gains in other categories such as lodging and activities. The number of trips will continue to rise over the nearest years.

3.1.2. Tourist Expenditure

This analysis clearly describes the concrete categories of tourist expenditures during their stay in Czech. Thus, the main sectors for possible business opportunities will be identified.

The following circle chart will represent the main expenses of tourist during their travels.

Figure 2: Tourist Expenditure



Source: Czech Statistical Office

As we can see tourist services are quite popular among tourists in Czech after transport expenses and food services. Due to the findings made before this type of business is good to invest in.

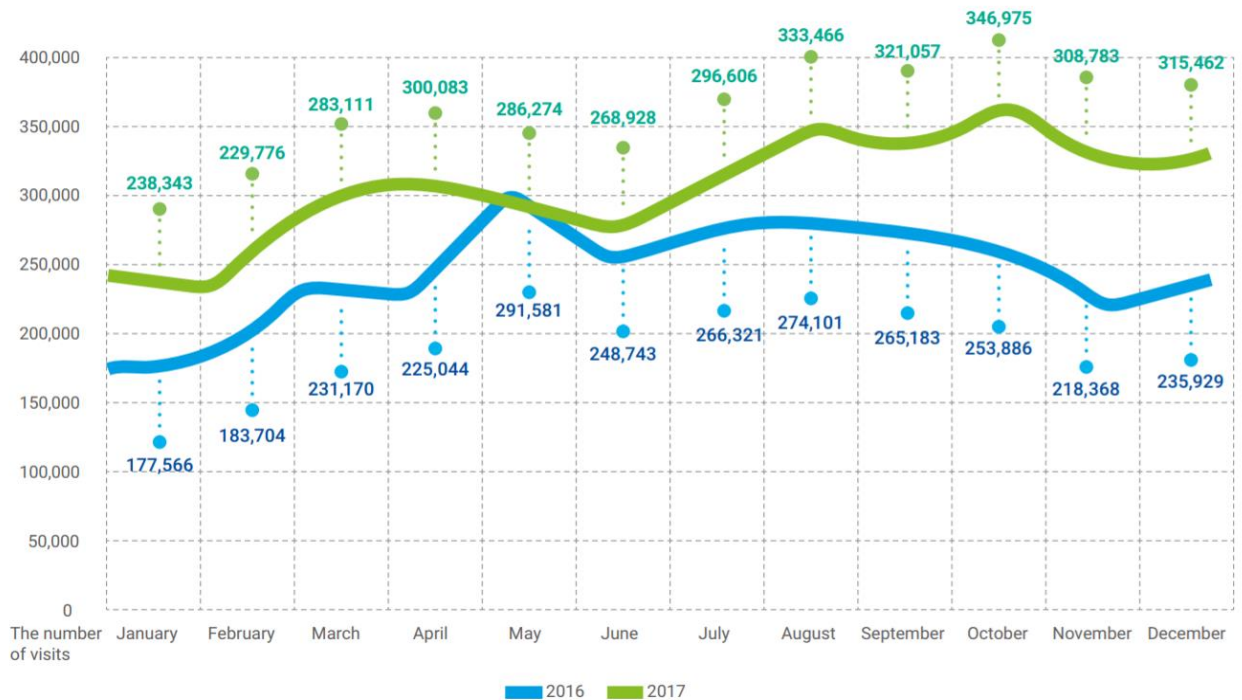
3.1.3. Incoming tourism in Prague and the Czech Republic

Inbound tourism with the amount of visitors and overnights is going to its historical highs. For period between January and December the Czech Statistical Office recorded 20,000,561 guests in collective accommodation facilities and almost half of them are Czech residents. The Czech Republic saw an increase of 1,611,708 (8.8%) visitors year-on-year. Non-residents increased by more than 839,028 (+9%), while residents increased by 772,680 (+8.5%).

Tourism volume from outside the Czech Republic has increased each year since 2012. In 2017 the year-on-year increase was 7.4% (451,756 people).

Comparable monthly statistics for 2016-2017 is given on graph below.

Figure 3: Monthly breakdown of total guests January-December 2016-2017



Source: Prague City Tourism

According to Prague City Tourism service, the total number of visitors for the first nine months of 2018 is 5,848,432, exceeding the record-breaking number for 2017.

Statistics shows that among Europeans leading positions are held by German (22%) and from the UK (10%), while 26.7% of Asians visiting Prague came from China.

The vast majority of foreigners went to Prague (64.6%), followed by the Karlovy Vary (6.4%) and South Moravia (6.3%) regions.

Treating Russia as a separate region, Europeans made up 62.4%, Asians 18.3%, and North America 8.4% of total foreign visitors.

This data is meaningful in tourism business to clarify who is your main audience and how to adapt customer service to the comfortable conditions.

3.1.4. Overview of tourism in Prague

With cities growing, they are not only becoming more important for business and residents, but also as travel destinations. Cities are significant for businesses, since they concentrate wealth, income and business opportunities.

Prague is classified as an "Alpha-" global city according to GaWC studies, comparable to Rome, Barcelona and Washington, D.C. In this ranking, Prague continues its rise. The ongoing increase in ranking is linked to the tourism, one of the fastest growing economic sectors in the world. It is increasingly recognized as a vital contributor to global economic growth.

The tourism industry is playing an exceptional role in the economy, contributing nearly 60% to Prague's overall income. Prague also accounts for 25% of the tourism income to Czech Republic's GDP. Prague is mentioned as one of the must visit destinations for 2019 in the TripAdvisor world list.

Prague is the fifth most visited European city after London, Paris, Istanbul and Rome. Its rich history makes it a popular tourist destination, and the city receives more than 8.4 million international visitors annually, as of 2017.

According to Prague City Tourism information center, an average number of overnight equals 2,4 what means that guests are extremely limited in time to gain an adventuresome experience. The overall average length of stay was 2.4 nights. For locals, it was 1.8 nights, for visitors from abroad 2.5 nights.

3.2. Business Plan

3.2.1. Definition of Business plan

Business plan is a written document that describes the nature, series of strategy, financial planning of business, and containing some statement of profit and loss. It gives a direct vector for business, determines how to reach its goals, and detailed plan how to achieve those goals, how to manage operational issues during a growth phase, consists some measure of an enterprise's success, recap of company strengths and weaknesses, risks and how further growth can be achieved.

3.2.2. Business Plan Structure

A business typical document takes per 15 to 25 pages long depending on the nature of business and reason for writing it, that aims to describe all the moment of a business venture. The aspects in question seek to answer what a new business intends to accomplish and how it intends to accomplish it. Crafting a business plan usually serves dual-purpose

for most businesses; it is used both internal and external reasons. Internal reason is to understand all the necessary aspects of the new venture that might have otherwise gone remarked. The external reason is to raise money and attract high-quality business partners.

3.2.3. Preparing a Business Plan

As described by Ronda Abrams (2010), the standard outline of business plan consists of:

- ✓ Executive Summary
- ✓ Company description
- ✓ Location
- ✓ Product and service
- ✓ Market Analysis and Industry Analysis
- ✓ Management Team
- ✓ Financial Analysis

Every step of business plan preparing is important to have accurate instrument of running your enterprise as well as boosting it up. The description of each section is given below.

3.2.4. Executive Summary

Executive summary is a quick overview of a business plan aimed to spark interest of the reader. As Pinson (2008) explains executive summary is the abstract of business plan. It summarizes what company represents, where company is going and how it will get there.

Entrepreneur Media (2015) says that summary or statement should be no more than half a page in length and should touch on the following key elements:

- ✓ Business concept describes the business, its product, the market it serves and the business' competitive advantage.
- ✓ Financial requirements state how much start-up summary is required for making first steps, how it will be used and what are the key components for it.
- ✓ The nature of business, its legal form of operation, ownership and key personnel.

3.2.5. Company description

This part of business plan is fundamental for setting some of the more intangible facets of your business principles, ideals, and cultural philosophy that will allow you to better grasp your own corporate identity. This part of the plan should be the most understandable for those who read it. It is achieved by setting mission, vision and values of the company. It is critical to setting the direction of a company.

- **Vision.** A vision describes the company as it is going to be the highest, successful, ideal state that the organization wishes to achieve. This statement sets challenges and inspires employees.
- **Mission.** A mission statement explains why the company exist. It describes the company what it does and its overall intention. The mission statement supports the vision and serves to communicate purpose and direction to employees, customers, vendors and other stakeholders.
- **Values.** A values statement describes the deeply held beliefs and values. They create a culture for the company and its employees. This compass guides decision-making and establishes a standard that actions can be assessed against.

3.2.6. Location

Choosing location is an important step, because for such industries as tourism good placement could be as a key of competitive advantage.

Pinson (2008) recommends considering following questions: how company will reach its customers, if sales are primarily handled by company bricks (physical stores), clicks (website), catalogues (direct mail), or hybrid (multiple channels) and if there are ways to expand coverage of sales distribution.

Berry (2005) says that location of a company should be shortly described, including the nature and function of it, square footage, lease agreement, etc. It is especially crucial for retail stores as marketing decision for customer attracting.

Today ecommerce is essential for every business. Consumers expect companies to have an online presence (including a website) and will consider a company that doesn't have one as less professional. Considering that 81% of consumers perform online research before making a purchase, having professional designed site is a great way to impress potential buyers. Moreover, combining website with marketing tools, like email marketing,

helps to reach new customers and generate repeat business. Online presence also supports marketing campaigns, customer service, client relationship building, brand recognition, and almost every other element of the revenue stream.

3.2.7. Product and service

The product should bring your idea to consumers meeting company's values and goals. Description should give all this to consumer. In addition, it is useful to emphasize a uniqueness that distinguishes you among competitors. As mentioned by Berry (2005) it is always a good idea to think in terms of customer needs and customer benefits as you define your product offering, rather than thinking of your side of the equation – how much the product of service costs, and how you deliver it to the customer.

3.3. Market and Industry Analysis Tools

3.3.1. Market Analysis

The Entrepreneur (2018) gives next explanation about its importance: a thorough market analysis will help to define your prospects as well as help to establish pricing, distribution, and promotional strategies that will allow a company to be more successful among competitions, both in the short and long term.

Market share will be a benchmark that tells how well company's doing in light of its market-planning projections. Pinson (2008) in turn say that there are five fundamental questions Who? What? Where? When? How? Specifically:

1. Who are your customers? Who are your competitions?
2. What are you sell? What quantities and prices of your products will you sell?
3. Where is your target market located? Where can you reach your target market?
4. When are your customers most likely to buy? When are your busy seasons?
5. How will you reach your customers (stores, offices, web site, catalogs)?

Also marketing plan must address pricing policy and how prices can be adjusted if necessary to increase demand or cover unanticipated revenue shortfalls.

3.3.2. Industry Analysis

Industry analysis is an important factor for starting a business. Industry analysis is a tool that facilitates a company's understanding of its position relative to other companies that produce similar products or services. Understanding the forces at work in the overall industry is an important component of effective strategic planning. An industry analysis consists of three major elements: the underlying forces at work in the industry; the overall attractiveness of the industry; and the critical factors that determine a company's success within the industry. Industry analysis enables small business owners to identify the threats and opportunities facing their businesses, and to focus their resources on developing unique capabilities that could lead to a competitive advantage. To do this, conduct a thorough analysis and describe chosen industry along with any foreseeable volatility and growth in the industry. Also provide future descriptions for the demands of your products or services.

To do this, it's definitely necessary to conduct a thorough analysis and answer the questions that Harvard Business School (2007) recommends

Defining existing products and services. What are the products or services currently produced by the industry?

Sizing the industry. What is the size and shape of the industry? Ask questions such as: What is the industry production capacity, its unit sales, and its overall profitability? Is the industry spread out geographically, or is it concentrated near the end user for efficient distribution?

Identifying important trends. What are the important trends emerging in the industry?

3.3.3. SWOT analysis

SWOT, as a business-assessment tool, helps management analyze its strengths, weaknesses, opportunities and threats (Berg & Pietersma, 2015). Regardless of its limited merit, SWOT analyses are popularly applied in the reports of market research, stockbroker analysis, financial diligence reports, etc. (Evans, 2013). Specifically, "SWOT analysis provides helpful information for matching resources and capabilities to the competitive environment in which the organization operates." (Berg & Pietersma, 2015). As a Stone (2004) open this meaning SWOT it's Strengths; Weaknesses; Opportunities; Threats.

Table 1: SWOT model

| | |
|---|---|
| <p>Strengths – something that you are good at or doing better than your rivals.</p> <p>Questions to ask:</p> <ul style="list-style-type: none"> ● What are your advantages? ● What do you do well? | <p>Weaknesses – something that you lack do poorly when compared with rivals. A condition that puts you at a disadvantage.</p> <p>Questions to ask:</p> <ul style="list-style-type: none"> ● What could be improved? ● What’s done badly? ● What should be avoided? |
| <p>Opportunities – opportunities for future growth in the business. Something that can be used to develop a competitive advantage.</p> <p>Questions to ask:</p> <ul style="list-style-type: none"> ● What are the market trends? ● How can they be exploited? ● What chances are there for me? | <p>Threats – a factor that you may or may not have control over that could lead to a decline in business.</p> <p>Questions to ask:</p> <p>What obstacles do you face?</p> <p>What is effect will increasing technology have?</p> |

Source: The SWOT Analysis, Lawrence G Fine

3.3.4. PEST analysis

In the context of business analysis, it is appropriate to use the PEST formula. Awareness of political, economic, social, technological is very helpful for better understanding the limiting factors for development of the organization.

PEST focuses on the analysis of external environmental factors that might be affecting the position of the business, identify new directions for the business as a whole in order to become more competitive in the market.

Here is a brief explanation of each factor:

Political factors demonstrate a degree of government intervention in the economy. The industry-specific regulations imposed by the government are also a part of this category as they might significantly impact the company.

Economical section targets the key factors of interest and exchange rates, economic growth, supply and demand, inflation and recession.

Social factors are demographics and age distribution, cultural attitudes, and workplace and lifestyle trends.

Technological component considers the specific role and development of technologies within the sector and organization, as well as the wider uses, trends and changes in technology.

3.4. Management and Personnel

3.4.1. Management Plan

As a Susan Ward recommended (2018) convenient way to organize the Management Plan section is to break it into sections detailing your new business':

- Ownership Structure
- Internal Management Team
- External Management Resources
- Human Resources Needs

The Ownership Structure. The Ownership Structure section describes the legal structure of your business.

Management Team. This section describes an internal and external people resources for effective run of your business. Internal resources compose your full-time team, the core of your business, mainly on contract basis. Each member of your team should have certain responsibilities and set of person's skills specifically to their positions. External ones are those whose service is needed in concrete cases, from time to time, to manage questions and prevent failures.

3.4.2. Personnel Management

Personnel plan is valuable part of business planning that encompasses relationships among staff members and responsibilities; how staff training and ongoing professional development will be kept.

3.5. Marketing strategy

In general terms, marketing refers to what an organization must do to create and exchange value with customers. In this sense, marketing has a major role to play in setting a firm's strategic direction. Successful marketing requires both a deep knowledge of customers, competitors, and collaboration and great skill in deploying an organization's capabilities so as to serve customers profitability.

In economic terms, marketing can be described as an offer of a desired product, which is carried out appropriately, in an appropriate place, at the right time, and at an affordable price.

Marketing of tourism can also be understood as "a continuous process of planning, researching, fulfillment, monitoring and evaluation of activities necessary to ensure both customer needs and organizational objectives.

As a Pinson (2008) marketing integrates the activities involved in marketing, sales advertising, public relations, and networking. These components complement each other enhancing company image and reinforcing brand strength, and ensure the distinctiveness from your competitors.

3.5.1. Marketing and communication tools

According to Bowie (2011), marketing communication in this broad concept is the system of using principles, elements and processes of marketing while deepening and strengthening relations between producers, distributors, and customers in particular.

The goal of communication is to provide customers with detailed information about the company and its product, motivate them to purchase it, implement the final transaction, and achieve feedback. The main reason for its creation is the need of the market, therefore, increasing competition and economic development.

Marketing communications have to contain certain principles, elements and procedures. The principles are based on understanding of customers, their needs, expectations, comments, suggestions, feedback, etc. The company has to create strategic goals, and for this purpose, for tourism venture the following steps are usually used:

- The enterprise spreads information about its own company, brand, product, image among clients, and creates space for two-way communication;

- Raises the client's interest in a product, and stimulates demand for the subsequent purchase;
- Highlights the qualities of the product compared to the competition, praises its market position;
- Provides information on new products and services, alerts on updated technologies at the enterprise;
- Organizes special events aimed to keep up a lively interest of loyal clients;
- Control and get feedback. Control focuses particularly on the starting point of the whole concept, thus the mission of the company and its target. Control should identify weaknesses, evaluate them, find the cause of possible failures, and take all this into account when developing the new concept of the company.

Through the subsequent feedback from the clients, the enterprise receives further information, which will contribute to the creation of new marketing objectives for customers. Those objectives will be more effective and will probably lead to higher customer satisfaction. Marketing information for a company is a very effective component of the whole management strategy, because it enhances the level of relationship between the customer and the enterprise.

3.5.2. Marketing Mix

In order to facilitate the company's market promotion, align with the demands of clients, eliminate competition, fulfil demand every enterprise should create its own marketing mix. There are different concepts of marketing mix. The basic concept (Jerome Mc.McCarthy's concept, 1960) states that it consists of 4P's: Price, Product, Promotion and Place. A more customer-oriented conception of marketing mix is 4C: customer, costs, communication and convenience. However, those definitions are no longer useful for services, and other marketing specialists and proficiencies came with broadened definition of marketing mix, which includes 7Ps: product, price, place (distribution), people, physical evidence and processes. A tour operator should concentrate on these components to meet customer within the segment of the market, which involves:

- Product - every sightseeing tour operator is obviously trying to impress, and its good image with a memorable brand may help achieve this goal;

- Price - the pursuit of creation of prices interesting for the client, and profitable for venture;
- Place - placement or distribution, this is the process and methods used to bring the product or service to the consumer.;
- Promotion - finding a way to existing client, or trying to find a suitable way to reach potential customers, and motivate them to purchase services;
- People - an ideal for any business is able and loyal personnel;
- Physical evidence / service evidence - includes standards of services provided, quality and price level, related and additional services;
- Process - processes of service delivering, attributes. In case of tour operator facilities, the process of booking and arranging sightseeing tours, etc.

3.5.3. Promotional Strategy

Promotion is crucial tool that helps your company to be known and position in a favorable light and boost consumers interest in your product or service.

There are two ways how to promote so potential customers find out about your product or services:

Printed materials still count as the best shareware and memorable variant of presentation. With the help of paper materials, a tourism services communicate with the public most frequently, therefore, it is necessary to ensure their consistency, and require their unconditional use.

Electronic presentations and electronic communication tools play a significant role in communication activities. Since electronic tools have partly replaced printed materials, they deserve great attention. They make an integral part of everyday life, and we can see them while working, spending our free time. Electronic announcements and materials appear on various digital sources: social media and some websites, blogs, google advertises, etc.

3.6. Financial Planning

The financial section of business plan determines whether or not business idea has chance to live on and whether investors should consider it for making future investment.

This section consists of three statements - the income statement, the cash flow projection and the balance sheet.

3.6.1. Income Statement

This statement by Pinson (2008) shows your business financial activity over a period of time, usually a year. The income statement assesses business picking out weaknesses in operation and showing ways how to run it more effectively and increasing profits.

3.6.2. Cash flow projection

The Cash flow is an important management process that identifies potential shortfalls in cash balances and shows how successful business is.

3.6.3. Balance sheet

Balance sheet shows the financial health of your business. The balance sheet equation looks as total assets equals liabilities plus owner's equity. It informs a financial position of a company, what a company owns as well as what it owes to other parties at a particular point in time.

4. PRACTICAL PART

4.1 Executive Summary

Superb Hop on Hop off is a new operator of open top bus sightseeing tours in Prague which provides tours for tourists as well as locals. The business idea appeared as a desire to close the existing gap in sightseeing tour market of Prague. This gap comes out in the quality of provided service for tourists. Guests of the capital more and more often go back home unsatisfied with service. The new tour operator intends to fill this gap and enable visitors become aware of local history and culture at the highest level. The company sees a niche in the Prague sightseeing market that is unmet at this time, and strives to show the city as no one see before as well as highlight the sites that are known to millions of visitors. The service operates as hop-on-hop-off tourism when tourists (and locals) can get off the bus any time they want and get back on later, but at the same time operator serve not only as a vehicle but a guidebook through interactive experiences. To the company, that is the main aspiration. All products and services will be available on the website of the company, social media accounts and other Internet sources. Tickets are also available right from the departure points. Start-up cost equals to 65,500 CZK with payback period 2 years.

4.2. Description of the company

4.2.1. Mission Statement

The mission of Superb hop on hop off Sightseeing tour operator is to provide highly unique, customized, personal tourism experience with special attention to the needs of the visitors. The staff, especially drivers and tour guides who is well-qualified will do their best to ensure exclusive and interactive experience from visiting the city, making sure every client will have ‘story to tell’ on the way back home. During the journey travelers will have an opportunity: to actively participate through quest games and quizzes instead of passive observing tourist attractions, be involved in authentic national-style entertainments and experience local attractions and culture using hard- and software powered by AR (TV on the seatbacks and apps).

4.2.2. Vision Statement

To grow in the major player in creative sightseeing tourism through the world, to be a revolutionizer in tourism industry through implementing innovations and being open and listening to customer's needs and preferences.

4.2.3. Values Statement

The company sees a high quality as its main value that summarizes everything else. Some of important principles are listed below:

Safety – the company will operate buses never skimping on safety or customer service.

Customer satisfaction – we care about every moment of your stay with us and want you to fully enjoy. We keep an eye on current events to supply additional buses and check the weather every day to equip you with raincoat, and lots more.

Exclusive experience – we promote informative and creative tourism which guests of any age or any culture will like. With our tours you will deep in new culture and interesting historical facts as well as have a chance to experience past life through our interactive entertainments.

Innovation – our goal is to use 3D technology and augmented reality as a tool to promote the less tourist-frequented locations. We will implement those technologies in our TV-guiding and mobile apps.

4.2.4. Goals for management

- To establish and operate a new tour company aiming specifically at touring less-known places as well as touring famous tourist attractions, so that tours will be interesting both for locals and foreigners.
- To create a powerful brand identity.
- To build a workplace culture that drives engagement and affects performance.
- To train and develop cheerful and active tour guides.
- Provide excursions on time.
- To speak to our target audience on a daily basis: check feedbacks and make surveys with customers to develop services.

- Maximize revenues and return on investment while reducing risk beginning from the first months of operation by implementing strong marketing strategy.
- To achieve net operating profits of 60-70 percent within the first year and steady growth enabling rational expansion of the company further.

4.3. Location

The tour operator does not require physical address as it can be running through internet and B2C format. Customers can find our bus locations through Google maps service or ask questions online on the website. We also plan to make greater use of artificial intelligence (Chat bot) for entry-level communication on social networks. It will speed up service and make it available 24/7 so we can timely respond to customers' requests.

4.4. Product and Service Description

As our company wishes to tap into the growing popularity of bus tourism, we gain to create recognizable product with a unique vision of how traveler can explore a new place.

Superb hop on hop off carries about customers' interests and intends to design tours for the most curious and enthusiastic. Our service will provide tours based on customers' preferences and specific criteria to identify travel destinations. The company intends to show Prague from every angle - from the best known places to those which not every local knows - using audiovisual applications, brief informational brochures and designing special themed tours in honor of Czech persons of figures birth days, holidays or special occasions.

Superb hop on hop off's theme tours enables the brand to expand its product portfolio and to play in a new category. Although such a novelty will create obstacles to overcome and risks to eliminate, it can fall in consumers' minds and hearts.

4.4.1. Provided Tours and Activities

Superb hop on hop off offers for city guests lots of entertainment proposals, so travelers are eager to stay for few days more. Tours are divided between main Prague districts and specific bus directions:

Old town Tour: Where the Prague begins. A key part of the UNESCO World Heritage city, the Old Town's medieval churches, ancient buildings and maze of cobblestone lanes - all of that make the center of ancient Prague a popular starting point for walking tours of the city.

Prague Castle Tour. Tour by the most picturesque and breathtaking castles, virtual traveling back in time through audiovisual technologies on TV devices.

Jewish Quarter Tour. For visitors who want to take a peek at Czech Jewish life hundreds of years ago.

Legends of Prague Tour. Walk through the city's most mysterious alleys, discover myths and legends, learn the story behind the skeleton on the Astronomical Clock, and more.

Prague from Underground. Discover lot of hidden gems and secret places beneath the town.

Night Prague. Romantic tour for honeymooners, lovers and dreamers through the streets of the night city.

Below is a briefing of additional activities we provide to make trip more exciting:

Quizzards of Prague. Quest games for the most active tourists.

Secrets from Locals. Unique tour that fully opens borders for city quests, tour by hidden non touristy places local love to walk, eat and rest; some advices from czechs how to be as a local.

Gourmanistic Tour. Learn about Czech food culture, its history and local traditions, cooking classes with chef.

Alchemy Tour. Learn about the rich alchemy history in Prague, explore the hidden signs on the buildings around Prague.

Fairy Tales Tour. Special tours for the youngest.

Theme Tours "Never bored". Special tours that commemorate holidays, events, achievements, and people, interesting both for guests and locals (such as 'Lovers Only' tours at Valentine Day, 'Movie Scene' tour etc.).

Medieval Underground & Dungeon Tour. Interesting facts from medieval and modern history of Prague, the Dungeon with medieval torture.

The City of a Thousand Spires: Sacred & Religious Sites Tour.

Communism & Nuclear Bunker Tour. History of communism period in Prague, the former communist secret police headquarters and the biggest statue of Stalin ever build in the world, visit of a real nuclear bunker from the 1950's.

Beer Tour. Take a break from bar-hopping and beer tasting, visit famous and family-run breweries of Prague.

Private Tours. We do not want to set limits as we position ourselves as open for suggestions and requests. We are going to offer tours for groups, organizations, schools, amongst other related groups.

4.4.2. Service Description

Our service should conform to customer standard and expectations, so comfort of our guest is number 1 in our service. The following table shows more detailed description of the services:

Table 2: Services of Superb hop on hop off Bus Tours

| <i>Bus Feature</i> | <i>Free Bus Service</i> | <i>Paid Bus Service</i> |
|---|--|---|
| <ul style="list-style-type: none"> • <i>Seating capacity: 60 seats</i> | <ul style="list-style-type: none"> • <i>Bus tour guide</i> | <ul style="list-style-type: none"> • <i>Walking guide service</i> |
| <ul style="list-style-type: none"> • <i>Under-bus baggage compartment</i> | <ul style="list-style-type: none"> • <i>Choose your seat</i> | <ul style="list-style-type: none"> • <i>Extra luggage storage</i> |
| <ul style="list-style-type: none"> • <i>Wheelchair lift and wheelchair space</i> | <ul style="list-style-type: none"> • <i>Luggage storage (available for checked baggage according to baggage allowances)</i> | <ul style="list-style-type: none"> • <i>Sneaks & beverages</i> |
| <ul style="list-style-type: none"> • <i>On board restroom</i> | <ul style="list-style-type: none"> • <i>Information packages: brochures, maps, branded stickers etc.</i> | <ul style="list-style-type: none"> • <i>Upgrade of ticket</i> |
| <ul style="list-style-type: none"> • <i>Overhead luggage storage</i> | <ul style="list-style-type: none"> • <i>TV & headphones for bus excursion</i> | <ul style="list-style-type: none"> • <i>Additional attractions entry</i> |
| <ul style="list-style-type: none"> • <i>Air-conditioning</i> | <ul style="list-style-type: none"> • <i>Free Wi-Fi</i> | <ul style="list-style-type: none"> • <i>Postcards, souvenirs, gift coupons</i> |
| <ul style="list-style-type: none"> • <i>Wi-Fi</i> | <ul style="list-style-type: none"> • <i>Mobile app for navigation</i> | |
| <ul style="list-style-type: none"> • <i>TV</i> | <ul style="list-style-type: none"> • <i>Raincoats</i> | |
| <ul style="list-style-type: none"> • <i>Individual power outlets</i> | <ul style="list-style-type: none"> • <i>Baby seats</i> | |
| <ul style="list-style-type: none"> • <i>Extra legroom: space to stretch out legs</i> | <ul style="list-style-type: none"> • <i>Smoking is not allowed</i> | |

Source: Created by the author

4.4.3. Hours of Operation

Superb hop on hop off will be open seven days a week. Tour service will begin at 9:00 am during the spring and summer months and 10:00 am during the winter. Our night

tour service will begin at 6:30 pm during the winter months and 8:00 pm during spring and summer. We will not be closed on Christmas holidays and Easter.

Summary bus ride takes 30-90 minutes. Average mileage of buses is 70 km per day. The amount of bus stops depends on the tour direction (per 6 to 15 stops)

4.4.4. Tour guide

Tour guides are well-qualified, knowledgeable and sociable team workers.

Our tour guides provide full time escort while bus transferring, they have such responsibilities: greeting tourists before starting the tour, assisting tourists with special needs, providing information about the history and culture of the places they visit and answering questions tourists may have. They also are also expected to adhere to a pre-designed route to avoid getting lost or promote to use our mobile app for navigation.

4.4.5. Deals and Discounts

Our tours are available in few variation - 24 or 48 valid tickets and gift coupons that are valid for 1 months after activation.

Also we provide discounts for children (3-10 years) and students 15% off. Infants (0-3 years) are free of charge.

Moreover, we give promo code of 10% off for every invited friend and promo codes in various restaurants for groups of 5 or more travelers.

4.4.6. Payment

Customer can purchase all of the ticket types online from the website, directly on board the buses or at bus stops. Tickets can also be purchased at most Prague hotels and from all our partners. Payments can be realized either by card or cash (EUR and CZK) only through prepayment of the whole price. For a full refund, cancelation is available at least 24 hours in advance of the start date of the experience.

4.5. Customer Analysis

4.5.1. Types of travelers

Superb hop on hop off promotes itself as a tour operator of unique tours for those who want to have a fresh look at Prague and Czech culture. We focus both on travelers from abroad as well as locals who are eager to discover the city from different perspectives.

Local is the type of customers who don't look for ordinary excursions. Usually it is Czech citizens who come to see Prague for the first time or want to deepen their knowledge in history and culture in an entertaining way. Best tours our company can offer for this type of travelers are Theme Tours dedicated to local achievements or Czech famous personalities and Quest Tours for groups that will challenge local experts with quizzes and knowledge of the city. Also groups of students and members of other local communities are in this category.

Families These groups choose tour operators according to the price, bus facilities and directions. Our special bus facilities and tour program for kids put our company at an advantage among other competitors.

Single travelers These customers are curious, looking for an adventure and stories-to-tell. They seek to immerse themselves in culture and visit every famous place of interest and to see all the best of Prague. Perfect choices for these customers will be Secrets from Locals, Legends of Prague and The City of the Thousands Spires Tours. A pleasant supplement we can offer is to send our postcard as a souvenir to friends or relatives all over the world.

Groups This category is interested in basic info about the city and more in visiting food and drink tastings, adrenaline and thrill and other fun activities. Our company can propose to start from a basic excursion across Old Town and finish the trip in the brewery with Beer Tour or go on cooking classes included in Gourmanistic Tour. As a bonus, our price policy offers discounts for groups of 5 and more.

4.5.2. Targeting customers by country

As our company pursues a goal of blurring boundaries between cultures we will provide the tour information on several languages: Czech, English, Russian, Chinese, Spanish, Italian, German and French as they are most common among visitors of Prague.

We will also provide bilingual tour guides and guides with knowledge of various languages.

4.5.3. Income

As every traveler wants to save on extra treats our company will be oriented on medium income class of people, so the price of the service will be executed for the slightly above average volume.

4.5.4. Customer profile

Our perfect consumer is an active and curious traveler passionate about exploration, open for new unordinary experience and seeking for an adventure. Service we provide responds their needs and turn usual trip to unforgettable.

4.6. Competitor Analysis

On the sightseeing market of Prague there are several tour operators which provides similar services over years, but do not implement any changes. That causes some risks and difficulties for establishing new one, but not critical. This analysis will provide a useful information how to establish ourselves on the market so that be strongly differentiated from the others. Considering the consumers' desire to see more creativity in tourism industry our company can be that one they are waiting for.

Our main competitors in the Prague sightseeing industry are:

City Sightseeing

City Sightseeing Prague is a worldwide tour operator created in 1999 in Spain. Now it is franchised brand expanded and established in almost 100 locations worldwide.

Franchised model in Prague is based on three locations - three ticket offices in the center of the city. It operates all year round and runs four routes - 3 bus lines and boat tour, and few walking tours available. The service includes free Wi-Fi access, audio guides in 10 languages, 24 and 48 valid tickets with free cancelation.

In general, that's classic traveler choice as the tour operator has widely known name with common tours and activities on offer.

According to TripAdvisor, this tour operator has 3 stars rating with lots of unsatisfied feedbacks. Most negative comments focus on the amount of time that it can take to get on the bus, but that's bound to happen in such a popular tourist destination. But few of complaints are noteworthy: disorganized staff, crowded buses (inability to get on the bus), no bus stops signs.

Bus Tour by Vega Tour

Prague Bus Tours belongs to the Vega Tour Group – one of the biggest Czech coach operators, who has been operating in the market since 1991. Vega Tour offers bus transportation for sightseeing tours and excursion tours all over Europe, “ply transport”, transfers round the city, airport transfers, corporate transportation of persons, and a shuttle service.

They use double-decker green buses equipped with a modern audio system with commentaries in 14 languages, including commentaries for children. What seems interesting, their hop on hop off service includes special kid's audio channel aged from 6 to 12 for entertaining them during the trip what makes travelling suitable for entire family.

Also they offer tours in and out of Prague, dinner cruise, sightseeing flights and private tours. They provide free hotel pick up & drop off, complimentary bottled water, Wi-Fi and USB charges on board.

Travelers estimate its service 4 out of 5 remain satisfied with professional guides and interesting entertainments, but lots of reviews mention complaining about tight space in buses and transport delays.

No.1 Hopon-Hopoff.cz

Hopon-Hopoff.cz is a local company that runs minibuses on two routes across Down Town and Vyšehrad. The 24/48 tickets include 1-hour river cruise for free. Also they offer family ticket for 2 adults and 1 child. Hop on hop off service offers 10% off discounts for online booking, mobile navigator (available for Android and iOS), recorded audio commentaries in 23 languages, onboard free Wi-Fi.

Rating history is quite poor to draw conclusion. Mostly they have highest positive or lowest negative feedbacks. Importantly, that tour operator responds to all reviews and carry about their reputation.

Grayline

Grayline International is a global company who offers their service around the world.

Apart from ordinary sightseeing tour across Prague this tour operator offers trips to the capital's neighborhoods and landmarks, various activities such as hot air balloon flights, excursion to glass factory and folklore evening party with dinner.

Gray Line has earned an overall rating of 3,5/5 stars, but positive reviews are only 100 more than negative. Again, the negative comments focused mostly on long wait times.

Those who were satisfied with their experience reported that the board staff was helpful and knowledgeable.

Upon closer analysis of the above competitors it may be observed that the majority of our rivals are offering similar tour packages, and this represents an opportunity to be realized by us. Based on the determination of the level of consumer satisfaction, we came to conclusion that these providers do not take enough care of service quality.

It is necessary to constantly update and improve the existing range of services: follow trends in tourism and implement novelties, make surveys and collect feedbacks, make tour programs up to date and care about uniqueness. Another recommendation deals with online presentation on the web-pages of the tour operator. To attract foreign tourists managers should add more foreign languages on webpages: German, Spanish, Italian, French. It is less expensive to make multi linguistic webpage than to print multi language brochures. Moreover, if we assess the added value which can be brought by proper texts written by professional copywriters, we will see that it is much higher than the expenses made for their services. Some persons are too strict and conservative in this, and that could probably be a reason of lesser number of foreigners among our consumers.

4.7. SWOT Analysis

Table 3: SWOT Analysis

| | |
|--|---|
| <p>STRENGTHS</p> <ul style="list-style-type: none"> ● Growing tourism industry ● All-year round business ● Highly trained and few language speaking staff which share the goals of the company ● High quality customer service ● Variability of services and diversified client base ● Website and mobile app available on 4 languages ● Ability to sell product online and offline ● Focus on customer satisfaction not money making ● Attractive and informative tour packages designed according to special interest of foreigners and locals ● Unique proposals | <p>WEAKNESSES</p> <ul style="list-style-type: none"> ● High transportation cost ● Competitors can offer similar products quickly ● Limited flexibility in prices ● Difficulties expanding downtown and points of interest ● Fleet and spare bus sizes |
| <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ● Expansion to worldwide brand ● Development of proprietary product and service ● Using aggressive digital marketing ● Affiliate relations with related vendors | <p>THREATS</p> <ul style="list-style-type: none"> ● Rough competitiveness ● Risks in the new market ● Changing in regulation can affect on running business ● Products are already sold by major competitors ● Increases in price inputs can cause upward pricing |

Source: Created by the author

4.8. PEST Analysis

4.8.1. Political

Currently, there are no restrictions in the Czech Republic limiting in any way provision of sightseeing tours. The only current problem to be solved is the necessity to simplify the visa regime for Russians and other foreign clients from Eastern European countries. Recent years have constituted the forefront of inbound tourism, and simplification of bureaucracy in this regard would increase the profits from their stay. The client naturally decides and chooses the destination according to the political situation in the state, and self-security.

4.8.2. Economical

Regarding global investment climate, openness to foreign investment and free competitive market has enabled the Czech Republic to have a positive growth prospect. Key macroeconomic reforms and microeconomic progress has set a relatively stable and reliable climate for investment. Considering the global opportunity index provided by Milken Institute, Czech Republic holds 41st place presenting relatively high results in categories of ease of doing business, quality of regulations, and rule of law.

The Czech National Bank is maintaining the value of Czech koruna (CZK) by intervening foreign exchange and keeping the price ceiling of 25.709 CZK/1 EUR in order to make Czech Republic more competitive and to keep inflation in a 2% range. The forecast for Czech economic level established by the Ministry of Finance is promising and that it will reach 85% among other European countries in 2019. In the long term, the government's objective is to make the Czech Republic one of the 20 most competitive economies in the world by 2020, developing infrastructure, strengthening institutions and governance, reforming the education sector, increasing the flexibility of the labor market and improving the business climate.

4.8.3. Social

In Human Development Index Ranking which estimates criteria of citizen longevity, knowledge, education and economic standard of living, Czech Republic holds

28th place for 7 years for now. In 2019, the population of the Czech Republic has reached 10.63 million people, which ranks 85th in the world where the population of women is slightly above men. As to the national minorities, the number of foreigners in Czechia is steadily growing up to 440,000 in 2018. It means that every 25th person is a foreigner. The majority resides in Prague, central Bohemia or South-Moravian region. According to the Czech Statistical Office, it's estimated that the Czech Republic is home to 250,000 Romani people, as well as 440,000 foreigners, the largest group being Ukrainian (140,000) followed by Slovak, Vietnamese, Russian and Polish.

Like most Western European countries, Czech Republic witnesses demographic challenges owing to a declining birth rate and an aging society. This will have a huge impact on the economy, as employment rate will drop and more spending on healthcare and pensions will occur. In order to improve the situation, government should develop better pension programs, create more incentives for highly skilled workers, invest in education, and also rise retirement age, which is however not a very favorable solution. Moreover, countries in the CEE region could try to involve unutilized labor potential of women without tertiary education, which would bring them additional labor workforce (World Bank, 2016).

4.8.4. Technological

Technological progress is not so rapid and noticeable in the sightseeing bus industry. Companies do not hurry to implement innovations since they focus on tourists who are for the first time in Prague and strongly limited in time to explore it thoroughly. From the other hand, there are foreign tourists and Czech citizens who already know the basics and seek to find more in interesting way. Our vision provides business with the continuous development of information and service systems. We strive to ensure the best customer care services with the updated technology.

Another our benefit may be green engine systems for a gentler approach to the environment. We carry not only about traveler's comfort but citizens of Prague and local ecological conditions.

Finally, we should also mention the progress in development of the tourism service with the outside world via the Internet. Superb hop on hop off uses almost all modern technological facilities and tools: Internet technologies such as promotion on social networks, apps for navigation available for Androids and iOS, tour programs in several

languages. Technological factors are used not only toward the external environment, but as well in the bus: cameras and security systems, smart audiovisual applications, Wi-Fi technologies.

4.9. Management Summary

Author of this thesis will hold to positions - a Director and Member Manager. The reason of this decision was that psychological climate in team is a maintain of the organization and it is crucial to make a focus on its sealing. As Superb hop on hop off is a small company and its administrative staff will share in management duties and decision making. This will make it important for each member of the team to be capable in all aspects of the business. Prerequisites for all administrative employees will be cash handling, personnel management, computer skills and sightseeing/tour experience.

Superb hop on hop off will contract the maintenance of the eco-friendly buses to Vega Tour, so that the fleet will be well maintained at all times.

4.9.2. Personnel Plan

Superb hop on hop off will begin operating with 15 full time positions. The positions are as follows:

- Owner and member manager - Author
- Executive director- (1)
- Marketing / Sales Associates (3)
- Driver/guides (10)

Owner Author will personally control recruitment of staff members and getting with the strategy of the company as he has knowledge of tourism industry of Prague gained working for City Sightseeing. Author was involved in different operations such as administrative issues, scheduling and planning, guiding and many other, so he has gain baggage of experience to run a successful sightseeing company.

Executive Director. This person has to have years of experience of entrepreneurship as financial strategy development, management and logistics belong to his duties.

Marketing/Sales Associates. It is necessary to have qualified, responsible and creative marketing team, who knows specifics of local tourism well and have experience in this industry. They will responsible for all sales both onboard and online, accountancy, promotional campaigns and social media.

Guides. These persons present our company to the public. They are responsible for satisfaction of consumers during the trip, welcoming everyone who comes onboard, guiding across the city, instructing and answering the questions or complaining that come up. They have to be communicable, polite, humorous and intelligence. Primarily we will look for those applicants who already possess a Tour Guide License but this option is not exclusive of any other cases.

Drivers. These persons will be required to have Driver License with experience of not less than 3 years without any driving offenses as they will be responsible for the safety of the buses and passengers.

Professional support. We want to create an additional pool of services and expert support of such advisors as: IT consultants, accountants, bankers, business consultants/coaches. Bus service (bus inspection and check, cleaning and security) will be provided by our bus rental partner.

4.10. The 7Ps of the Marketing Mix

4.10.1. Product

We offer unique tours across Prague and neighborhoods for guests and locals. Our customers will never be bored with our promotes as our team works everyday on development of our service. Every time we gain to breath in a new vision of our city and share it with you.

4.10.2. Price

Pricing strategy is based on competitor and market analysis, our values and goals. As noticed before, our prices are slightly above average, so the strategy will be as follows:

Table 4: Pricing policy

| Product classification | Price (in CZK) | Additional description |
|---------------------------------|----------------|--|
| <i>Basic (24-hour ticket)</i> | 700 | <i>Classic tour across outstanding sightseeings of Prague</i> |
| <i>Basic (48-hour ticket)</i> | 850 | |
| <i>Child ticket</i> | 250 or 350 | <i>24- and 48-hour ticket respectively</i> |
| <i>Family ticket</i> | 1400 or 1700 | <i>24- and 48-hour ticket respectively for 2 adults + 1 child</i> |
| <i>Early Bird Ticket</i> | 550 | <i>Available from 9 to 11am</i> |
| <i>Private Group Tour</i> | 4000 | <i>Available for groups, price can change</i> |
| <i>Themed Tour</i> | 600 | <i>1-2 tours per day of event 1-1,5 hour long</i> |
| <i>Walking Tours with Guide</i> | 300 | <i>Optional service added to total price for any of bus tours</i> |
| <i>Quest games</i> | 500 | <i>Price differs for one person and group (5 persons and more)</i> |

Source: Created by the author

4.10.3. Place of distribution

Our tours can be bought directly on the meeting points or through intermediaries such as distributors or retailers, our partners. Also service is available through our website and other internet sources.

4.10.4. Promotion

Promotion will be focused on advertising of uniqueness of our tours and quality of service, the emotions you will get with us and knowledge we will share. Our team will work on well-designed, distinctive advertising appealing directly to prospective customers and burn their interest.

We will use different sources to reach our target groups as brochures, maps, local newspapers, local programming and special interest shows, through social media (Facebook, YouTube, Instagram, bloggers, etc.), personal selling, our partners.

Marketing campaign is divided into few steps:

1) Opening - aggressive media promotion. An advanced notice (press packet) sent out to all media and printed announcement ads in key places for brand awareness, rack brochures, mail/giveaways.

2) Ongoing - a flexible campaign (using above media), assessed regularly for effectiveness.

3) Point of sale - a well trained staff can enhance the customer's overall experience. Word-of-mouth referral is very important in building a customer base.

4.10.5. People

Having the right people is essential because they are as much a part of your business offering as the products/services you are offering. We gain to make a positive image in the eyes of our customers and offer an exceptional customer service.

Training is essential. It is powerful tool to always stay up with innovations in service industry, marketing trends, new technologies, personnel management and other.

Moreover, our seasoned and passionate tour guides and drivers will be the best storytellers and know all the history, anecdotes and ins-and-outs of Prague. Our customers will feel like they started the day with a tour guide, and end with a new friend.

4.10.6. Physical evidence

It will include of consistent branding across communications: recognizable logo, bright buses, comfortable conditions inside buses and high-quality audio tours, well-trained and friendly staff. All that will create special ambience which enhance customer experience.

Undoubtedly, the company is planning to use such social media sources as Instagram, Facebook, and Twitter in order to post news, special offer and events, additionally it will consist of hotel daily life. So that customer can see virtually our service from inside.

4.10.7. Process

We will have a service blueprint which provides the details of the service delivery process, defining the service script and the greeting phrases to be used by the service staff.

We care about standards of service delivery and our managers will control so that every customer gets nothing but the best experience with us. Also we will respond every positive and negative customer feedbacks and implement their suggestions. It is a solid basis for building a long-term relationship with them.

4.10.8. Partners

Viator/Booking/TripAdvisor - global travel and sightseeing insider websites. Lots of people constantly use these sources looking for a tourism information. For sure every travel-related company should cooperate with them to be recognizable.

Vega tour is a European car rental service that provides eco-friendly minibuses and double-deckers equipped with newest technologies. They will also bear responsibility for cleanliness and safety of vehicles.

Local restaurants/museums/attractions - these partnerships can be used for mutual promotion, as a way of creating brand awareness. Both of us can offer additional discounts for clients of partner's service.

4.11. Financial Plan

Current pay and future financial states will be calculated to predict future values income and assets values.

4.11.1. Start-up Summary

| | |
|---|------------------|
| <i>Register of the company</i> | 22 500 CZK |
| <i>Website</i> | 13 000 CZK |
| <i>Promotional campaign in social media</i> | 30 000 CZK/month |
| <i>Total</i> | 65 500 CZK |

Source: Author estimate

4.11.2. Staff Cost

| | | |
|-------------------------------------|-----------|---|
| <i>Member Manager</i> | <i>1</i> | <i>26 000 CZK</i> |
| <i>Members Business Development</i> | <i>1</i> | <i>26 000 CZK</i> |
| <i>Marketing/Sales Associates</i> | <i>3</i> | <i>23 000 CZK + 5% of upsell/worker</i> |
| <i>Drivers</i> | <i>5</i> | <i>19 000 CZK/worker</i> |
| <i>Tour Guides</i> | <i>5</i> | <i>21 000 CZK/worker</i> |
| <i>Total</i> | <i>15</i> | <i>321 000</i> |

Source: Czech Statistical Office

4.11.3. Other Expenses

Bus rental

2 mini-buses *12 000 CZK/day*

3 double-decker buses *24 000 CZK/day*

Fuel *26 CZK/L*

Elements of brand awareness *10 000 CZK*

(corporate clothing, printed materials, etc.)

Source: Author estimate

4.11.4. Cash Flow Statement

Table 5: Cash Flow Statement pt. 1

| | <i>March</i> | <i>April</i> | <i>May</i> | <i>June</i> | <i>July</i> | <i>August</i> |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| <i>Total Revenue</i> | <i>3,618,000 CZK</i> | <i>4,692,000 CZK</i> | <i>5,589,000 CZK</i> | <i>7,956,000 CZK</i> | <i>12,390,000 CZK</i> | <i>1,036,800 CZK</i> |
| <i>Other expenses</i> | <i>2,333,780 CZK</i> | <i>2,268,280 CZK</i> | <i>2,268,280 CZK</i> | <i>2,268,280 CZK</i> | <i>2,268,280 CZK</i> | <i>2,268,280 CZK</i> |
| <i>Staff Cost</i> | <i>321,000</i> | <i>321,000</i> | <i>321,000</i> | <i>321,000</i> | <i>321,000</i> | <i>321,000</i> |

| | | | | | | |
|------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <i>CZK</i> | <i>CZK</i> | <i>CZK</i> | <i>CZK</i> | <i>CZK</i> | <i>CZK</i> |
| <i>VAT Tax</i> | 759,780 <i>CZK</i> | 985,320 <i>CZK</i> | 1,173,690 <i>CZK</i> | 1,670,760 <i>CZK</i> | 2,601,900 <i>CZK</i> | 2,177,280 <i>CZK</i> |
| <i>Cash Flow</i> | 203,440 <i>CZK</i> | 1,117,400 <i>CZK</i> | 1,826,030 <i>CZK</i> | 3,695,960 <i>CZK</i> | 7,198,820 <i>CZK</i> | 5,601,440 <i>CZK</i> |

Table 6: Cash Flow Statement pt.2

| | | | | | | |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <i>Sep</i> | <i>Oct</i> | <i>Nov</i> | <i>Dec</i> | <i>Jan</i> | <i>Feb</i> |
| <i>Total Revenue</i> | 9,030,000 <i>CZK</i> | 8,073,000 <i>CZK</i> | 6,825,000 <i>CZK</i> | 7,236,000 <i>CZK</i> | 7,140,000 <i>CZK</i> | 5,829,000 <i>CZK</i> |
| <i>Other expenses</i> | 2,268,280 <i>CZK</i> | 2,268,280 <i>CZK</i> | 2,268,280 <i>CZK</i> | 2,268,280 <i>CZK</i> | 2,268,280 <i>CZK</i> | 2,268,280 <i>CZK</i> |
| <i>Staff Cost</i> | 321,000 <i>CZK</i> | 321,000 <i>CZK</i> | 321,000 <i>CZK</i> | 321,000 <i>CZK</i> | 321,000 <i>CZK</i> | 321,000 <i>CZK</i> |
| <i>VAT Tax</i> | 1,896,300 <i>CZK</i> | 1,695,330 <i>CZK</i> | 1,433,250 <i>CZK</i> | 1,519,560 <i>CZK</i> | 1,499,400 <i>CZK</i> | 1,224,090 <i>CZK</i> |
| <i>Cash Flow</i> | 4,544,420 <i>CZK</i> | 3,788,390 <i>CZK</i> | 2,802,470 <i>CZK</i> | 3,127,160 <i>CZK</i> | 3,051,320 <i>CZK</i> | 2,015,630 <i>CZK</i> |

Source: Created by the author

Cash flow statement shows a profit of 33,126,608 CZK within 1 year (after VAT and Income Tax).

4.11.5. Break-even Analysis

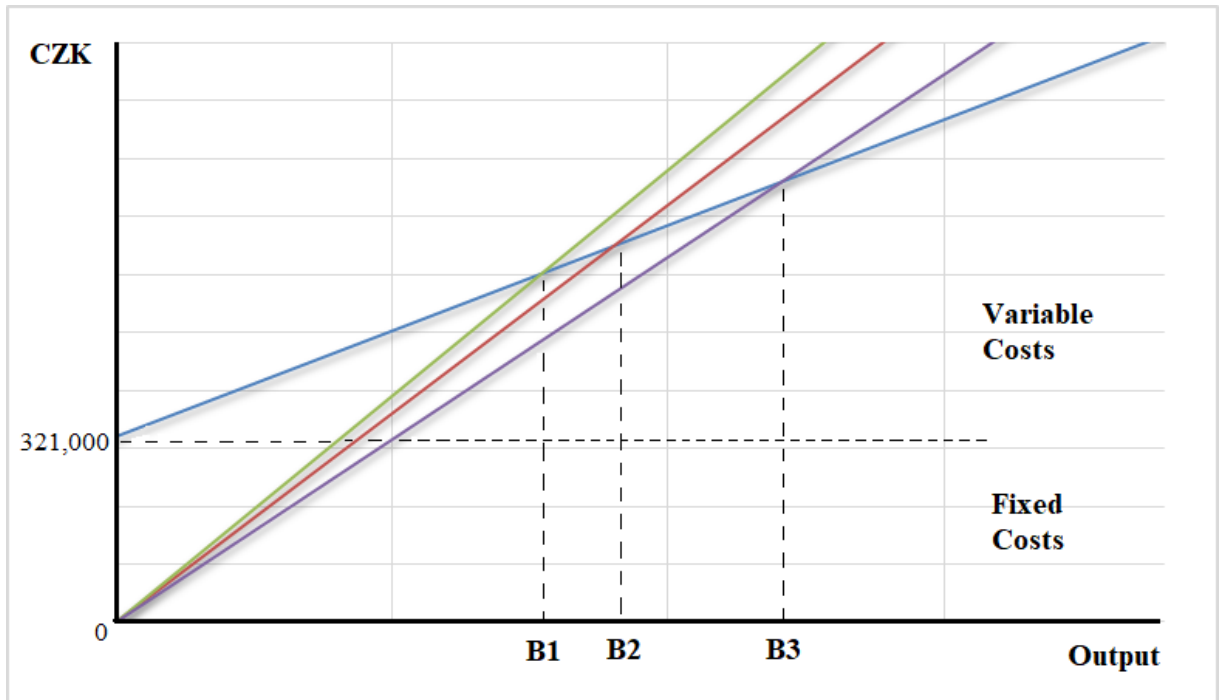
Break-even point is determined as the point where total income from sales is equal to total expenses. Break-even point is calculated for 3 different scenarios, first-best scenario, with low competition and high value of average ticket; second-neutral; third-worst, with price dumping cases in the market.

Table 7: Break-even Point in relation to average price per unit

| | | | |
|-------------------|----------|---------------|----------|
| Total Fixed Costs | | 321,000 CZK | |
| Variable Cost | | 2,268,280 CZK | |
| | 1st case | 2nd case | 3rd case |
| Price Per Unit | 800 | 740 | 650 |
| Break-even point | 3,237 | 3,499 | 3,984 |

Source: Created by the author

Figure 4: Break-even Point level for different conditions



Source: Created by the author

Where **B1** - BEP for 1st case, **B2** - BEP for 2nd case, **B3** - BEP for 3rd case

Source: Created by author

Break-even analysis shows that the most realistic scenario will be made upon the sale of 3,499 units for average price per one 740 CZK, when the payment of all fixed and variable costs are complete, and the company will report a net profit (or loss of \$0).

4.11.6. Net Present Value

Net Present Value (NPV) is a formula used to determine the present value of an investment by the discounted sum of all cash flows received from the project.

$$NPV = -C_0 + \frac{C_1}{1+r} + \frac{C_2}{(1+r)^2} + \dots + \frac{C_n}{(1+r)^n}$$

$-C_0$ = Initial Investment (which is a negative cash flow showing that money is going out as opposed to coming in)

C = Cash Flow

r = Discount Rate

T = Time

Table 8: Net Present Value

| Year | 0* | 1 | 2 | 3 |
|--------------|--------------------------|---------------|---------------|---------------|
| Cash Flow | -6,065,500.00 | 33,126,610.00 | 37,750,890.00 | 40,213,540.00 |
| | Net Present Value | | | |
| r = 15% | NPV = 77,726,397.81 CZK | | | |
| r = 5% | NPV = 89,964,562.16 CZK | | | |
| r = 0,75% ** | NPV = 102,558,395.62 CZK | | | |

Source: Created by the author

**The company will expect to invest 6,000,000 CZK additionally for further development of the service and company expansion during 0-year*

***According to Trading Economics, Deposit Interest Rate in Czech Republic remained unchanged at 0.75% in February from 0.75% in January of 2019*

4.11.7. Capital Asset Pricing Model

CAPM describes the relationship between an investor's risk and the expected return. It is designed to help model the pricing of higher-risk securities. If the security or portfolio does not either meet or exceed the required return, then the investment should not be entered into.

CAPM can be summarized according to the following formula:

$$R_a = R_{rf} + [B_a \cdot (R_m - R_{rf})]$$

Where:

R_a = Expected return on a security which is a long-term assumption about how an investment will play out over its entire life.

R_{rf} = Risk-free rate, which is typically equal to the yield on a 10-year government bond.

B_a = Beta of the security is a measure of a stock's risk (volatility of returns) reflected by measuring the fluctuation of its price changes relative to the overall market.

R_m = Expected Market Return which represents a market rate of the general stock market

Table 9: CAPM results

| | |
|-------------------------------|--------|
| Risk-free rate | 1.917% |
| Beta of the security | 1.21 |
| Expected Market Return | 8% |
| Expected return on a security | 9.4% |

Source: Created by the author

CAPM tells us that Superb hop on hop off should be getting at least 9.4% returns on investment. Beta of the security equals to 1.21, investment is assumed to be 21% more volatile than the market.

4.11.8. Risk Assessment

Country Risk Rating

A-2 The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default probability is low on average.

Indicator of Economic Freedom

The business rankings model measures the quality or attractiveness of the business environment in the 82 countries covered by The Economist Intelligence Unit's Country Forecast reports. It examines ten separate criteria or categories, covering the political environment, the macroeconomic environment, market opportunities, policy towards free enterprise and competition, policy towards foreign investment, foreign trade and exchange controls, taxes, financing, the labor market and infrastructure.



Score: 73,7/100

World Rank: 23

Regional Rank: 16

On the ranking of economic freedom Czech Republic occupies 23rd place with score of 73,7 points. Among other 44 European countries this is 13th place.

Strengthens and advantages include economic stability, pro-EU and pro-business policy, improvements in property rights and implementing tax reforms to facilitate entrepreneurial growth, attracting global investment.

Business environment ranking

The business rankings model examines ten separate criteria or categories, covering the political environment, the macroeconomic environment, market opportunities, policy towards free enterprise and competition, policy towards foreign investment, foreign trade and exchange controls, taxes, financing, the labor market and infrastructure to measure how attractive the environment in the country for running business.

Score: 7.31 World Rank: 28/82

On the basis of theoretical sources and own analysis the following gradation of risks is received.

Table 10: Graduation risks on terms of application and degree of their influence severity

| By extent of risk influences | | By terms of risk manifestation | |
|------------------------------|------------|--------------------------------|------------|
| Name | Risk value | Name | Risk value |
| High (Hv) | 1 - 0,5 | Short-term (St) | 1-0,7 |
| Medium (Mv) | 0,5-0,3 | Medium-term (Mt) | 0,7-0,4 |
| Low (Lv) | 0,3-0,1 | Long-term (Lt) | 0,1-0,3 |

Source: Created by the author

For each possible risk the empirical scale according to risks which can be applied at quantitative risk estimates is formed below.

Table 11: The relationship of risk and the degree of importance of their impact on the company

| Risk Dimension | Risk factors | Risk assessment | |
|----------------------------|--|------------------------------|--------------------------------|
| | | By extent of risk influences | By terms of risk manifestation |
| Technical | Failures in work of electric and telephone systems | Lv 0,1 - 0,2 | Mt - Lt 0,1 - 0,5 |
| | Failures in computer networks | | |
| | Failures in work of the transport organizations | | |
| | Condition of infrastructure | | |
| | Injury for the user of service | | |
| Political | Geopolitical situation | Mv - Lv 0,3 - 0,4 | Mt - Lv 0,2 - 0,3 |
| | Refusal situation | | |
| | Changing in regulation | | |
| | Possibility of being involved in a terrorist incident, war and national riots, and the target of terrorist organizations | | |
| Social/socio-psychological | Providing service for special target consumers | | |
| | Fast-moving demand on the service | | |
| | Do not meet the needs of selected purchase groups | | |

| | | | |
|------------------------|--|---------------|----------------------|
| | Emergence of the customer conflict | Hv 0,5 - 1 | Mt - St 0.1 - 0,6 |
| | Loss of image: the product won't meet customer's expectations | | |
| | Difficulties with staff recruitment | | |
| | The conflicts between the staff of agency | | |
| | Insufficient salary level | | |
| | Conflicts with participants of travel business | | |
| Financial | Risk of currencies course change (currency) | Hv 0,5 - 1 | Mt - St 0,1 - 0,6 |
| | Risks on credits | | |
| | Non repayment of the loan and % on it | | |
| | Risks on inflation | | |
| | Deterioration of financial stability | | |
| Enterprise and Service | Fierce competition: products are already sold by major competitors | | |
| | Emergence of obligation violations by contractors | | |
| | Various malicious actions | | |

| | | | |
|------------|---|-----------------|---------------------------|
| | Emergence of the personnel errors | Mv 0,3 - 0,4 | Mt - Lt 0,3 - 0,6 |
| | The product use will be too long, and customer has to choose other alternatives | | |
| Commercial | Emergence of demand instability | Hv 0,5 - 1 | Lt - Mt - St 0,3 - 0,8 |
| | Understanding of the competitor prices | | |
| | After the conclusion of the contract change in price for service | | |
| | Customer refusal to pay for the tour | | |

Source: Created by the author

As a result of the conducted researches it is revealed that risks which can tourist face, influence risk of financial stability deterioration and loss of image.

4.11.9. Strategies of development.

Sightseeing tour operator Superb hop on hop off intends to create own niche in this industry and populate new philosophy of travel. Within 5 years the company is planning to establish itself as a leader among other tour operators in Prague and expand company to other cities and countries. We differentiate ourselves as we focus on our clients and their satisfaction, not the bigger profits.

Our strategy for now is to create a reputation of quality and client-oriented service, one year after - to expand service in the region and Czech Republic, in the long term - to be among major worldwide players in the industry.

Growing and Expanding. Next few years we are planning to grow our company internally (hiring new members and adding buses to our fleet) as well as externally from local to regional level, expanding as the need and resources allow.

Trainings. Training will be a regular occurrence to give our staff greater knowledge of customer service and how to meet their expectations. To ensure rapid growth we need to be convenient that we have right internal environment and recruit the right persons.

Special Interest Tours. We intend to develop series of tours for special occasions to showcase the diverse cultural aspect of the city.

Also we intend to raise costs on advertising as the company grows and profits to attract new customers and to maintain interest of locals following up their expectations.

4.11.10. Results

Conducted research shows it is true that there is a demand for sightseeing service in Czech Republic and Prague as well. In the high season existing tour operators cannot handle with intense tourist flow that causes numerous negative reviews on TripAdvisor and other sources and leaves bad throwbacks. Our goal is to make up this shortfall on the market. The carried-out evaluation indicates that Superb hop on hop off will achieve about 33 million Czech korunas in its first year of operation with 3 double-deckers and 2 mini buses.

The assumption is that the company will capture about 129,000 customers out from the 10 million of visitors of Prague, that is 240 customers per day. The demand for tours is enough to operate new tour operator. Superb hop on hop off will expand as the expected profits will be achieved. On the first year net profits are expected to be over 70% of sales.

The conservative projection given in Break-even Analysis shows that even in worst case scenario the expected gross margin will be achieved in short terms as costs of sales are much lower than revenues. This analysis is based on running costs written in Start-up Summary, listed in fixed (salaries and wages) and variable costs (rental, fuel, promotional campaign).

Net Present Value calculations for three scenarios (negative, close to reality and positive) with a different discount rate shows that cash inflow (or the value of revenues) is much greater than the cash outflows (costs). Basing on these measurements we can consider that investment is achieving a target yield at a given initial investment. Capital Asset Pricing Model shows the interrelation between risk for potential investor and the profit for both business owner and lender. It is revealed that Superb hop on hop off should be getting at least 9.4% returns on investment.

The concept of the company wrapped with strong media exposure will lead us to the highest positions in tour market of the region in a matter of time. Our goal is to maximize the pleasure of our customers combining quality, fun and informativeness in one. With the analysis we foresee a rapid growth of net profits and plan to increase expenses on advertising to ensure we are known on the market.

5. CONCLUSION

The aim of this thesis is to write a business plan for Superb hop on hop off tour operator based on theoretical part.

Superb hop on hop off is a sightseeing tour provider located in Prague that differentiates itself from rivals by customer-care service and unique tours offered and it is going to start operation in March. The owner of the company will serve as a member manager. He has few years of experience in the Prague tourism industry working for City Sightseeing tour operator. Author was involved in different operations such as administrative issues, scheduling and planning, guiding and many other, so he has gain baggage of experience to run a successful sightseeing company.

Tickets sales will be provided online or onboard of the buses. The company will design special routes with own bus stops locations that travelers can find on google maps, our tour brochures or web-site. It is important to note that the company does not have physical office as the owner sees no need for it. Moreover, customers will save time during their trip as they can buy tickets right from the places of departure.

One of the strengths of the company is diversified client base and big variety of service provided. The potential customers are divided mainly on locals and foreigners. For the first audience we offer special tours and fun activities such as city quest games, while for the second there is tours across Prague with professional tour guides and carefully designed program that help our guests to have a brief overview on the city and its culture. The need in such service is proven in competitor analysis. The analysis of local rivals shows that lots of customers were left unsatisfied because of bad service provided, indifferent staff members and boring excursions on the board. SWOT Analysis identifies strengths of the company: highly trained and few language speaking staff, variability of services, focus on customer satisfaction and unique proposals. There are some weaknesses

and threats as rough competition and difficulties in expanding downtown and points of interest, probability that competitors will start to offer similar products quickly, and dependence on legal reforms.

PEST analysis shows a positive result for the businesses running namely in Czech Republic, because Czech Republic is considered to be one of the most political stable countries with a growing travel industry sector.

The company staff will consist of 15 members for the beginning with the plan of expanding its size up to 30 workers. There are member and business development managers who will work on developing on business strategy and control of its current state, marketing and sales associates who work on social media promotion, market analysis and pricing strategy, as well as working with customers collecting reviews for further implementation. There are drivers and tour guides five positions each for now. But their amount will increase with the company growth. Contract workers aside, we will outsource certain services and aspects of our business.

Marketing Mix shows prices conducted by analyzing Czech tourism market, booking.com and competitor official sites. Promotion plan will mostly be oriented on online marketing (web-site, booking.com, social media), since an organization believes that social networking is powerful tool in engaging and keeping lively interest of clients.

Financial plan sets start-up expenses at 65,500 CZK including registration of the company, aggressive promotional campaign and creating company's website. Staff costs equal to 321,000 CZK within a month, and other costs such as bus rental and fuel expenses are 2,268,280 CZK. Calculation of cash flow statement shows profit (after VAT and Income Tax) of 33,126,608 within one year. Finally, the company shows positive cash flow with payback period of less than 2 years.

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