

Czech University of Life Sciences Prague
Faculty of Economics and Management

Department of Economics



Bachelor Thesis

**Drawing up a business plan: the case study of opening a
book store in Hanoi**

Dinh Le Ngoc Ha

BACHELOR THESIS ASSIGNMENT

Le Ngoc Ha Dinh

Economics and Management
Economics and Management

Thesis title

Drawing up a business plan: the case study of opening a book store in Hanoi

Objectives of thesis

The main aim of the present Bachelor thesis is to draw up a realistic business plan in accordance with actual requirements imposed on creating a business plan for a book store in the Socialist Republic of Vietnam.

To achieve this goal the following research questions will be raised, discussed and gradually answered:

1. What economic, marketing, management and legal aspects should be studied and taken into account prior to launching own business?
2. What is the structure of a business plan and the content of its main parts?
3. How can the business of a book store be briefly characterized?
4. What are the pros and cons of running such a business in Vietnam?
5. What are the short and long-term goals of the business?

Methodology

The theoretical part of the Bachelor thesis will rest on the analysis and synthesis of relevant literature comprised of selected books, scientific articles, legal documents and electronic sources.

Having collected all the necessary information and data, the Methodology, mainly based on descriptive and comparative techniques plus the calculation of main economic and financial indicators, will be applied to answer the stated research questions. SWOT and PESTEL analyses will help to shed the light on both the external and internal environment of the prospective business. The results of the conducted analysis along with the discussion will constitute the Practical part of the Bachelor thesis.

Based on the theoretical findings and outcomes of the Practical part of the Bachelor thesis, the conclusion and recommendations will be framed.

The proposed extent of the thesis

40-60

Keywords

Vietnam, Business plan, Book store, Distribution, SWOT analysis, PESTEL analysis.

Recommended information sources

- RICKETTS, M J. *The economics of business enterprise : an introduction to economic organization and the theory of the firm*. Cheltenham, UK ; Northampton, MA, USA: Edward Elgar, 2002. ISBN 1-84064-524-5.
- RICHARDSON, B. – RICHARDSON, R. *Business planning : an approach to strategic management..*
- SVOBODOVÁ, E. – SRNEC, K. – ČESKÁ ZEMĚDĚLSKÁ UNIVERZITA V PRAZE. INSTITUT TROPŮ A SUBTROPŮ. *Formal and informal microfinance sector in Vietnam [rukopis] : lessons learned from Khanh Hoa province: PhD. Thesis*. Dissertation thesis. Praha: 2012.
- VERSTRAETE, T. – JOUISSON-LAFFITTE, E. *A business model for entrepreneurship*. Cheltenham ; Northampton: Edward Elgar, 2011. ISBN 978-0-85793-904-3.

Expected date of thesis defence

2020/21 SS – FEM

The Bachelor Thesis Supervisor

Mgr. Elena Kuzmenko, Ph.D.

Supervising department

Department of Economics

Electronic approval: 28. 11. 2020

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 30. 11. 2020

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 14. 03. 2021

Declaration

I declare that I have worked on my bachelor thesis titled "Drawing up a business plan: the case study of opening a book store in Hanoi" 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 on date of submission

_____15.03.2021_____

Acknowledgement

I would like to thank Mgr. Elena Kuzmenko, Ph.D., for their advice and support during my work on this thesis.

Drawing up a business plan: the case study of opening a book store in Hanoi

Abstract

The business environment in Vietnam brings a lot of opportunities and challenges to entrepreneurs. The subject of this bachelor thesis is creating a business plan for a bookstore in Hanoi, Vietnam. The plan is supposed to provide usefull and necessary data and information for a specific business, a books and stationeries distribution, about the market and the own business in a developing country.

The aim of this work is evaluate the business plan in terms of what is necessary to implement and orientate business development within 3 years. This plan shows the business project feasible and beneficial.

Keywords: Vietnam, Business plan, Book store, Distribution, SWOT analysis, PEST analysis

Vypracování obchodního plánu: případová studie otevření knihkupectví v Hanoji

Abstrakt

Podnikatelské prostředí ve Vietnamu přináší podnikatelům mnoho příležitostí a výzev. Předmětem této bakalářské práce je vytvoření obchodního plánu pro knihkupectví ve vietnamském Hanoji. Plán má poskytnout užitečná a nezbytná data a informace pro konkrétní podnik, distribuci knih a papírnictví, o trhu a vlastním podnikání v rozvojové zemi. Cílem této práce je vyhodnotit podnikatelský plán z hlediska toho, co je nezbytné k implementaci a orientaci rozvoje podnikání do 3 let. Tento plán ukazuje, že obchodní projekt je proveditelný a prospěšný.

Klíčová slova: Vietnam, podnikatelský plán, knihkupectví, distribuce, SWOT analýza, PEST analýza

Table of Contents

1 Introduction	12
2 Objectives and Methodology	13
2.1 Objectives.....	13
2.2 Methodology	13
3 Literature Review.....	14
3.1 Business.....	14
3.1.1 Definition of Business.....	14
3.1.2 Objectives of Business	14
3.1.3 Form of Business	15
3.1.4 Distribution Channel	16
3.2 Business plan.....	17
3.2.1 Definition of Business plan.....	17
3.2.2 Benefits of Business plan.....	17
3.2.3 Structure of Business plan.....	18
4 Practical Part.....	24
4.1 Executive Summary	24
4.1.1 Objectives.....	25
4.1.2 Mission.....	25
4.1.3 Keys to success	25
4.2 Company and Organizational Summary	26
4.2.1 Company Onwership.....	26
4.2.2 Operation Process	26
4.2.3 Bookstore	27
4.2.4 E-shop	29
4.2.5 Organization Structure	30
4.2.6 Company History	31
4.3 Products and Services.....	31
4.3.1 Book.....	31
4.3.2 Stationery:	32
4.3.3 Naoki's goods	32
4.4 Market Analysis	32
4.4.1 Environment – PESTLE.....	32
4.4.2 Customers - Target groups.....	34
4.4.3 Competitors.....	38

4.4.4	Company - SWOT	39
4.4.5	Market Analysis Conclusion.....	41
4.5	Marketing Plan	42
4.5.1	Value Propositions	42
4.5.2	Marketing Mix	43
4.5.3	Advertising plans	45
4.6	Finacial Plan.....	46
4.6.1	Expense Budget	46
4.6.2	Sale forecast.....	48
4.6.3	Multi – Product Break-even analysis.....	49
4.6.4	Projected Cash Flow	51
4.6.5	Payback period.....	53
5	Results and Discussion.....	54
5.1	Business plan.....	54
5.2	Naoki business	54
5.3	Business environment in Vietnam	55
6	Conclusion.....	56
7	References	57
8	Appendix.....	59

List of Figures

Figure 1.	Operation Process of Naoki bookstore for imported goods	27
Figure 2.	Naoki's organization Structure	30
Figure 3.	Book&Action's research about popular types of books in Vietnam	37
Figure 4.	Naoki's research about popular types of books in Hanoi	37
Figure 5.	Naoki's survey about Important reasons why customers choose a bookstore.....	38
Figure 6.	Fake book Phenomenon is getting worse	41
Figure 7.	Sale forecast in first year of Naoki book store	49
Figure 8.	Sale mix ratio and Weighted contribution.....	51

List of pictures

Picture 1. The hierarchy of objectives in a business	15
Picture 2. Channels of Distribution.....	17
Picture 3. SWOT Analysis	19
Picture 4. PESTLE Analysis	20
Picture 5. Market Segmentation.....	21
Picture 6. Marketing Mix 4Ps	22
Picture 7. Operation Process of Naoki bookstore for Naoki's goods	27
Picture 8. Naoki's logo	28
Picture 9. KiotViet - application used in bookstore	29
Picture 10. Similar product of Naoki's book covers	32
Picture 11. Naoki's primary group target	35
Picture 12. Naoki's secondary group target.....	35

List of tables

Table 1. Business Overview.....	24
Table 2. Bookstore overview	27
Table 3. Naoki's PESTLE Analysis	33
Table 4. Index of the publication in Vietnam 2019	36
Table 5. Big brand bookstores in Hanoi	38
Table 6. Naoki's SWOT Analysis	39
Table 7. Naoki's SWOT Analysis strategies	40
Table 8. Discount campaign occasions in Vietnam	44
Table 9. Naoki's One-time Cost	47

Table 10. Naoki's Monthly fixed cost.....	47
Table 11. Naoki's Variable cost first time.....	48
Table 12. Naoki's Variable cost regular month.....	48
Table 13. Sale forecast of a typical month of Naoki bookstore.....	49
Table 14. Naoki Break-even point analysis	50
Table 15. One-year Projected Cash Flow of Naoki Bookstore.....	52
Table 16. 3 year Projected Cash Flow off Naoki bookstore.....	53

List of abbreviations

LLC - Limited liability company

CEO - Chief executive officer

POS - Point of Sale

KPI - Key Performance Indicator

RPC - Revenue per client

CRR - Client Retention Rate

CLTV - Customer Lifetime Value

PC - Personal Computer

1 Introduction

The subject of this bachelor thesis is creating a business plan for a bookstore in Hanoi, Vietnam. The plan is supposed to provide usefull and necessary data and information for a specific business, a books and stationeries distribution, about the market and the own business in a developing country, Vietnam. The author of this article has experience in the book retail industry and desires to develop the reading habits of Vietnamese people.

The works is divided into two parts: theoretical part and practical part.

The theoretical part of the Bachelor thesis will rest on the analysis and synthesis of relevant literature comprised of selected books, scientific articles, legal documents and electronic sources.

Practical part of the Bachelor thesis includes all collected necessary information and data, the Methodology, mainly based on qualitative method and quantitative method sush as descriptive, comparative techniques and questionnaire plus the calculation of main economic and financial indicators, will be applied to answer the stated research questions. SWOT and PEST analyses will help to shed the light on both the external and internal environment of the prospective business.

2 Objectives and Methodology

2.1 Objectives

The main aim of the present Bachelor thesis is to draw up a realistic business plan in accordance with actual requirements imposed on creating a business plan for a book store in the Socialist Republic of Vietnam.

To achieve this goal the following research questions will be raised, discussed and gradually answered:

- What economic, marketing, management and legal aspects should be studied and taken into account prior to launching own business?
- What is the structure of a business plan and the content of its main parts?
- How can the business of a book store be briefly characterized?
- What are the pros and cons of running such a business in Vietnam?
- What are the short and long-term goals of the business?

2.2 Methodology

The theoretical part of the Bachelor thesis will rest on the analysis and synthesis of relevant literature comprised of selected books, scientific articles, legal documents and electronic sources.

- Practical part of the Bachelor thesis includes all collected necessary information and data, the Methodology, mainly based on qualitative method and quantitative method such as descriptive, comparative techniques and questionnaire plus the calculation of main economic and financial indicators, will be applied to answer the stated research questions. SWOT, Marketing Mix 4Ps, PEST analyses and Multi-Product Break-Even Analysis will help to shed the light on both the external and internal environment of the prospective business.

Based on the theoretical findings and outcomes of the Practical part of the Bachelor thesis, the conclusion and recommendations will be framed.

3 Literature Review

3.1 Business

3.1.1 Definition of Business

"Business is not financial science, and it's about trading—buying and selling."

Anita Roddick

From past to present, business is a vital subject that surrounds us and affects us every day. When defined as an activity from the Cambridge dictionary, business is *"The activity of buying and selling goods and services"* (Cambridge University, 2019). Section – 28 of The Income-tax Act, 1961 states that *"Business means any trade, commerce or manufacture or any adventure in the nature of trade, commerce or manufacture."* (India Income Tax Department, 1961)

As an entity, it is an organization, *"a particular company that buys and sells goods and services."* (Cambridge University, 2019)

In general, it can be concluded that business can be an activity or an organization, including trading goods or services. Moreover, when it comes to business, activities must involve money, but organizations can be profit or nonprofit.

3.1.2 Objectives of Business

According to Murad Rattani from Oxford College of London, business or corporate objectives are *"the targets that must be achieved to fulfill the corporate aims"* (Rattani, 2016).

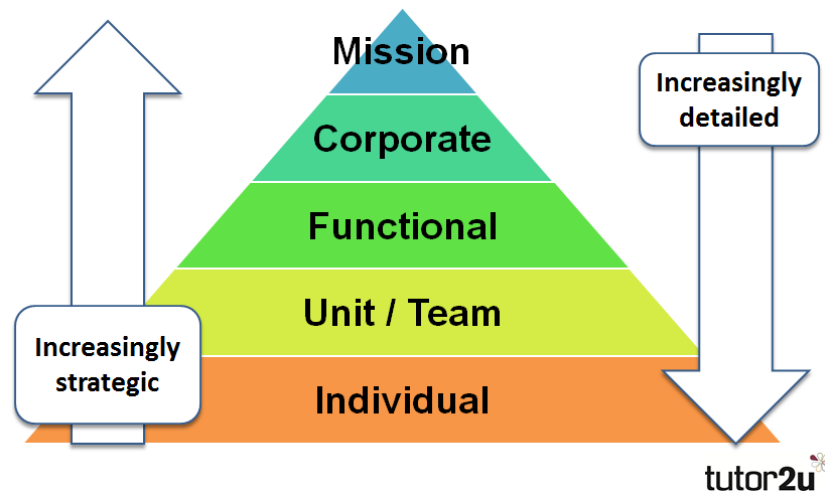
There are many ways to classify objectives in a business. Some business can set 2 types of objectives:

Monetary objectives vs. Non-monetary objectives

Strategic (long term) vs. Tactical (short term)

Some businesses set them in a hierarchy, from Mission to Corporate to Functional to Unit then Individual.

The hierarchy of objectives in a business



Picture 1. The hierarchy of objectives in a business
source: tutor2u.net

Besides that, all objectives should be created in SMART principles. It is mentioned in an article for The Society for Industrial and Organizational Psychology by Professor Robert S. Rubin.

S – Specific: The objectives should be specifically, clearly projected and easy to understand.

M – Measurable: The objectives need to be tied to numbers. They must be able to measure or count.

A – Attainable: Feasibility is an important factor when setting a goal or objective. People have to consider their abilities before setting a very far-fetched target.

R – Relevant/Realistic: The objectives are designed should not be too far from reality and aligns with other relevant goals. Monetary and Non-monetary objectives should not be contradictory.

T - Time-Bound: The set goals should be implemented within the committed time limit.

3.1.3 Form of Business

Registration of legal forms for a business is like creating a birth certificate for humans. It affects some aspects of the company, such as the tax it needs to pay, the company's legal liability, the cost of formation, etc. So choosing the suitable form helps you reduce the

charge from taxes, formation, even operational cost. On the other hand, form of business determine how legal responsibilities the owners have to take. There are four major types of form of business that can be divided into two groups.

- Formal business structures like LLCs and corporations offer liability protection because it is legally separated from its owner.
 - LCC (limited liability company): is a lightweight business entity with one or not more than 50 members. Limited liability companies in Vietnam can issue bonds.
 - Corporation: is a business legal entity owned by one or more shareholders. Corporation has a separate legal entity from the owner. Shareholders are only responsible for their shareholdings, responsible for their money invested in shareholdings they own.
- Informal business structures like sole proprietorships and partnerships
 - Sole proprietorships: A sole proprietorship is business legal entity owned by an individual and is solely responsible for all of its assets for all business activities.
 - Partnerships: A partnership is a business legal entity owned by one of two or more owners. All members of the partnership are personally responsible for all debts of the business.

3.1.4 Distribution Channel

Distribution Channel is an important term in business, especially for a bookstore business because it is a distribution company. According to Corporate Finance Institute, a distribution channel is *"the flow that a good or service follows from production or manufacturing to the final consumer or buyer"* (Distribution Channel, 2018)

There are four levels of distribution channel:

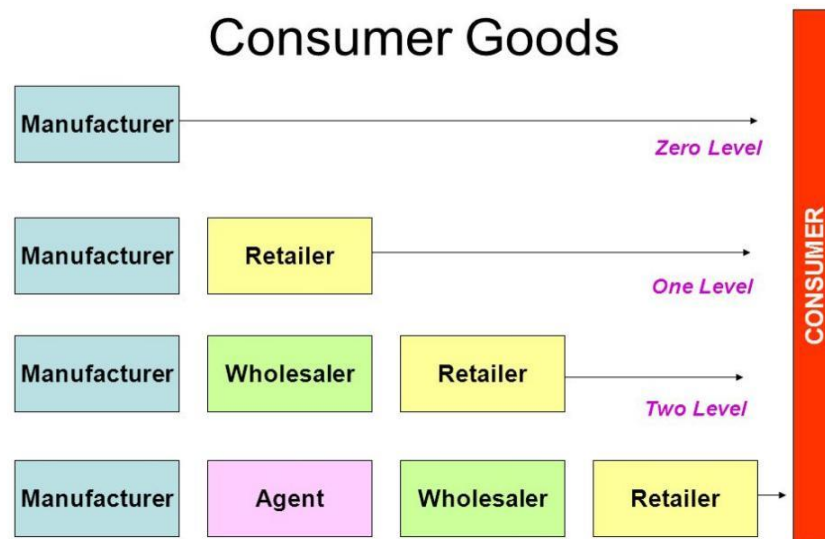
Level 0: From Manufacturer to Customer

Level 1: From Manufacturer to Retailer to Customer

Level 2: From Manufacturer to Wholesaler to Retailer to Customer

Level 3: From Manufacturer to Agent to Wholesaler to Retailer to Customer

Channels of Distribution - Levels Consumer Goods



Picture 2. Channels of Distribution
Source: Alison Sparks

3.2 Business plan

3.2.1 Definition of Business plan

From the opinion of Collin Barrow, a business plan is a *“selling document that conveys the excitement and promise of your business to potential backers and stakeholders.”* (Barrow, 2012). It is the records required for new businesses or a reorganization, in which business plans for significant changes in operations. The plan can explain how the company will *“use the bank loan, plus its management and profitability goals for the next three or five years.”* (sotaytaichinh.com, 2018)

3.2.2 Benefits of Business plan

2009 A Harvard Business Review article reports that only half of the 287 high-performing companies surveyed could be attributed to distinguishable practices or features of the organizations themselves. Having a good business plan with detailed market research and solid financial planning is the first step of a successful business to understand your own

business and the market needs. According to Linda Pinson, a business plan has two main benefits:

- As a guide for your business
- As documentation for financing

Besides that, if the business wants to expand market globally, a business plan also “provides a standard means of evaluating your business potential in a foreign marketplace” (Pison, 2008)

According to M.V. Novikov, also helps:

- to define functioning of the enterprise strategy and explain its economic feasibility;
- formation working personnel of the enterprise
- to define sources of funding (financial resources);
- calculation of the estimated results of the company (profit, return on capital, etc.);
- realization of investment project (M.V. Novikov, T.C. Bronnikova, 2001)

3.2.3 Structure of Business plan

There are some ways to determine the structure. The structure below is the ownership structure in which was collected and redesigned by the author of this work.

❖ Executive Summary

The executive summary is one of the most critical parts of the business plan. It includes 3 parts of the business:

- Objectives
- Mission
- Key to Success

They are the first things investors, angles or lenders notice. So the executive summary needs to provide amount of general and usefull information in just one or two pages.

❖ Company and Organizational Summary

The second part shows the information about:

- Company Overview
- Company Ownership

- Organization Structure
- Company history

The information is all about the business organization. It answer these questions: Who the business belongs? How it works? What kind of form it is? Sole proprietorship or Corporation? Or where is it located? etc.

❖ **Products and Services**

Products and Services is one of most important part the business has to look out. Because after all, products and services are the core value of a business. It is not just provide quality goods but also needs to choose the suitable one for the segment market.

❖ **Market Analysis**

In order to sell the right products and services and create a good marketing plan, first of all, the business needs to have a detailed analysis about the specific market. There are some types of analysis help to figure out this process.

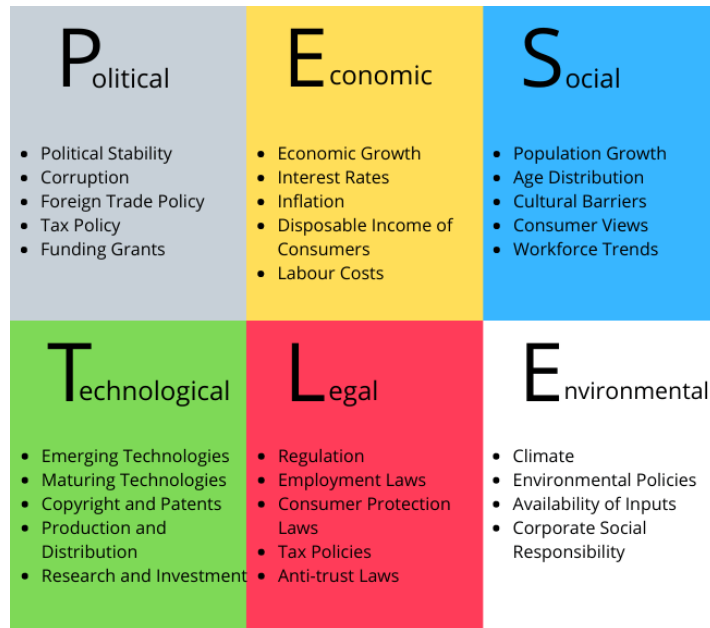
- SWOT analysis provides overview information about Strengths, Weaknesses, Opportunities and Technical of the business.



Picture 3. SWOT Analysis
Source: corporatefinanceinstitute.com

- PESTLE analysis focuses on environment of the business:

- Political environment
- Economical environment
- Social and cultural environment
- Technological environment
- Legal environment
- Environmental environment



Picture 4. PESTLE Analysis
Source: boycewire.com/

- Segmentation

“Not everyone likes the same cereal, restaurant, college or movie.” Philip Kotler
According to Mark Anthony Camilleri, a market segment is “a group of individuals, groups or organisations who may share the same interests, traits and characteristics” (Camilleri, 2018). Meanwhile, market segmentation is “the actual process of identifying segments of the market and the process of dividing a broad customer base into sub-groups of consumers consisting of existing and prospective customers” (Camilleri, 2018).

Marketer divided the market into four segments:

- Geographic
- Demographic
- Psychographic
- Behavioral



Picture 5. Market Segmentation
Source: Oberlo

- Target group

After research about the environment of business and other aspects, the business needs figure out who is the target group. It includes:

- Primary Group: A primary target market is a specific group of consumers that the business wants to attract to your product or service
- Secondary Group: The secondary target market is the next market that most appeals to the company for its promise and potential.

Then the business uses the segmentation market with these objects to understand its customers.

❖ Marketing Plan

According to Kogan Page, marketing planning is “the method of applying marketing resources to achieve marketing objectives”. (howto writing marketing plan) Then marketing plan definition is a document, which describes a plan for marketing products and services, according to J. Westwood (2002).

Marketing MIX is a type of marketing plan that includes set of marketing tools used by a business to achieve its marketing goals in the market.

Marketing MIX 4Ps is the marketing mix with 4 P factors:

- Promotion
- Price
- Place
- Product



Picture 6. Marketing Mix 4Ps
Source: yourfreetemplates.com

❖ Financial Plan

Fernández-Guerrero et al. (2012) team considered that the business plan can help predict and control the financing. *“A good plan will outline the idea itself, detail any supporting market research, describe operational and marketing activities, and give financial predictions”* (DK, 2014). So that a Financial Plan is the indispensable part. The structure of a financial plan is designed according to the needs of the author. Below are some of the essential information sections of the plan

- Initial Budget

$$\text{Initial Budget} = \text{One-time cost} + \text{Fixed cost} + \text{Variable cost}$$

- Sale forecast
- Multi-Product Break-Even Analysis

$$\text{BEP} = \frac{\text{Total fixed costs}}{\text{Unit contribution margin}}$$

in units	=	Weighted average CM per unit
----------	---	---------------------------------

BEP	=	Total fixed costs
in CZK		Weighted average CM ratio

- Projected Cash Flow

Projected Cash Flow is the financial document that *“used for internal planning and estimates how much money will flow into and out of a business during a designated period of time, usually the coming tax year”* (Linda Pinson, 2008)

- Payback period

Payback period =	=	Initial Investment
		Yearly Cash FLOW

4 Practical Part

4.1 Executive Summary

“Reading in Heaven” – Naoki’s slogan.

Naoki, LLC (Naoki) is a distribution company that provides books, stationery and related goods. The company is located in Hanoi, the capital of Vietnam. The purpose of this business is to bring knowledge to citizens with a unique and fresh experience.

In the context of many e-commerce platforms and bookstores abetting pirated books and reading is considered an uninteresting activity for the young Vietnamese generation. In 2017, the Vietnamese Prime Minister approved the project to develop a reading culture in community-oriented to 2030. Following that, many projects to promote and improve the habit of reading of Vietnamese people are launching. As a book distributor, Naoki is established to provide both fiction and non-fiction books in limited genres with good quality for youth. It has a bookstore located in Hanoi and an e-shop for shopping online.

Table 1. Business Overview

Name	Naoki
Form	Limited liability company
Size	Micro
Initial budget	2 164 902 CZK (=2 164 902 000 VND)
Company’s financing	Owners own capital
Payback period	1 year 3 months
Opening on	June, 2021
Location	16/3 Nguyen Tri Thanh Street, Hanoi
Bookstore address	
E-shop address	Naoki.vn

Products	<ul style="list-style-type: none"> - Books: Literary, Soft skill, Business, Science, Anthology, Science fiction, Romance, Poetry, Art, Magazine for Youth, Self-help, and Young adult. - Stationeries - Naoki's self-produced goods - Drinks
Target group	Young generation who living in Hanoi with from middle level of income and upper

Source: author's

4.1.1 Objectives

- Payback period ends in September 2022
- Maintain a Gross Income of 15% – 20%
- Reach 168000 CZK in profit in September 2021
- Maintain the traffic at the website at least 28 000 hits monthly
- At least 85% positive feedbacks (4.2 stars) on internet (google and other books forum)
- Open the second bookstore after 2 year operating

4.1.2 Mission

Naoki's mission is to offer the young generation a book-friendly environment to improve the community's reading habits. Naoki bookstore encourages youth's reading hobby with a novel and well-designed space and makes itself an interesting place to buy and read books. Our guiding principles are to provides quality goods, pleased environment and dedicated services. Besides, the business also prevents scaling of pirated books in Vietnam.

4.1.3 Keys to success

- Guaranteed quality books and goods
- Convenient location

- Unique bookstore space and continuous concept innovation every month
- Catch the trend about books and related contents
- Provide usefull and markable service
- Effective promotions
- Dedicated services online and offline

4.2 **Company and Organizational Summary**

Naoki is headquartered in Nguyen Chi Thanh street, Dong Da, Hanoi. It fuctions as a multi members limited liability company (LLC). It is operated by its three founding members.

4.2.1 **Company Onwership**

Naoki, LLC is a business legal entity, an organization as an member-managed LLC. It was established by three primary owners are the following:

- D.L.N.H – CEO ~ General manager – 58% initial budget
- T.T.D – Marketing & Creative manager – 21% initial budget
- D.L.N.H – Finacial & Supply Chain manager – 21% initial budget

The three members have at least 3 years of experience in book retail, marketing and accounting.

Additional ownership is reserved untill expanding second bookstore or there is changing in co-founder team.

4.2.2 **Operation Process**

Opeation process of Naoki bookstore has 2 systems:

- With imported goods, such as: books, stationeries and drinks.

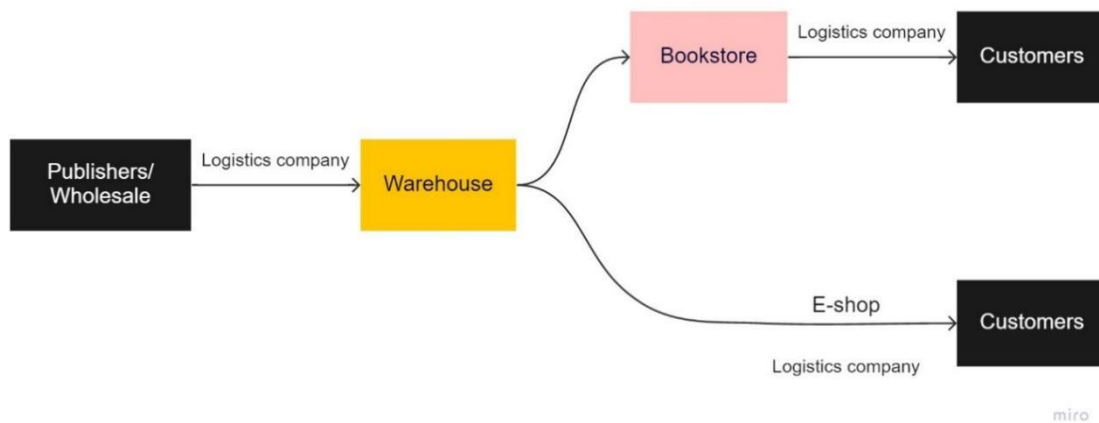
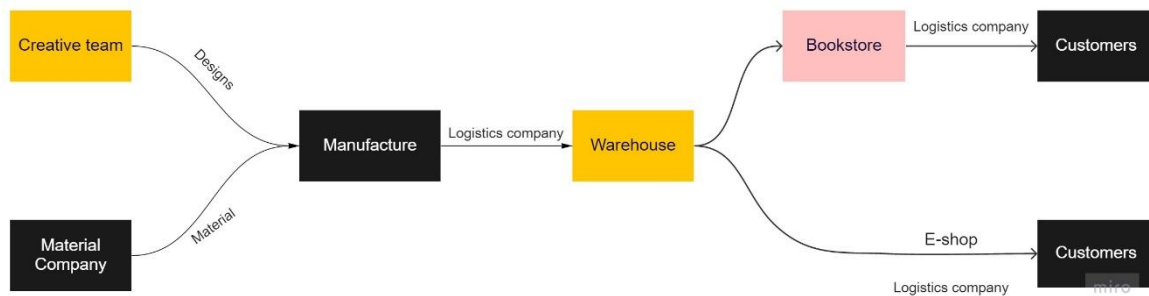


Figure 1. Operation Process of Naoki bookstore for imported goods
Source: author's

- With Naoki's own goods



Picture 7. Operation Process of Naoki bookstore for Naoki's goods
Source: author's

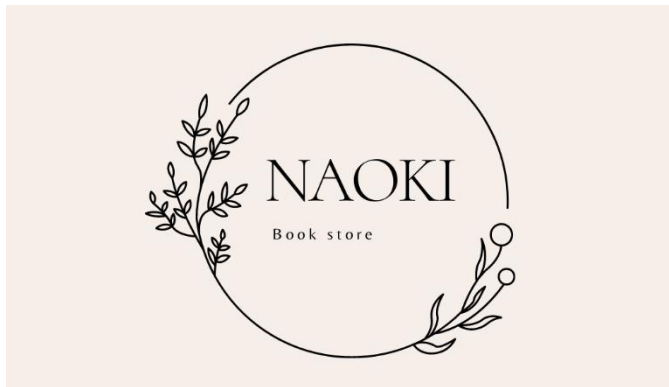
4.2.3 Bookstore

Table 2. Bookstore overview

Name:	Naoki bookstore
Address:	16/3 Nguyen Tri Thanh Street, Hanoi
Area:	112 m ²
Floors	3 floors with 1 warehouse
Open hour:	Monday – Friday: 8AM – 10PM Saturday – Sunday: 9AM – 11PM

- | | |
|----------|---|
| Product: | <ul style="list-style-type: none"> - Books - Stationeries - Naoki's goods - Drinks |
| Staffs: | <ul style="list-style-type: none"> - 6 staffs (8AM – 3PM)/(3PM – 10 PM)
Monday – Friday - 6 staffs (9AM – 4PM)/(4PM – 11 PM)
Saturday – Sunday - 3 security guards |

Source: author's



Picture 8. Naoki's logo
Source: author's

The bookstore is located in Nguyen Tri Thanh street, Dong Da, Hanoi, where many students, office workers, and a well-educated population live. Though the bookstore is not on the main road but has a spacious frontage. The road in front of the door is 6m wide, not including the sidewalk. It opens seven days per week like other bookstores in Hanoi. The bookstore's distinctive feature is the European-style store, with layers of glass in Mucha's art style with Heaven concept. The interior design with primary colors is warm tones with a pleasant atmosphere. With the motto "Reading in Heaven", Naoki bookstore brings the most comfortable experience to customers.

Naoki bookstore serves books with these genres: Literary, Soft skill, Business, Science, Anthology, Science fiction, Romance, Poetry, Art, Magazine for Youth, Self-help, and Young adult, stationeries from Vietnamese and foreign companies and drinks suitable for

Vietnamese taste. Especially, Naoki also produces their goods, includes: tote bags, mugs, cold cups, hot bottles and book covers.

- Application

The application used for Naoki bookstore business is KiotViet.

- Cost: 250.000 vnd (\approx 250Kc)
- Function: Business intergration
 - Warehouse tracking
 - Provide point of sale system (POS) for stores
 - Tracking sale
 - Be able to access in Mobile application and PC



Picture 9. KiotViet - application used in bookstore
Source: KiotViet

4.2.4 E-shop

Naoki develops its own website for online shopping with the address:

<https://www.naoki.vn>

The website is created by Naoki with third-party (SAPO company).

Books, stationeries and Naoki's goods are sold at popular e-commerce sites in Vietnam and Naoki's fan page on social media platforms.

- Platforms for online shopping: [shopee.vn](https://www.shopee.vn), [tiki.vn](https://www.tiki.vn), [lazada.vn](https://www.lazada.vn)
- Social media: Facebook and Instagram fanpages

4.2.5 Organization Structure

❖ Structure

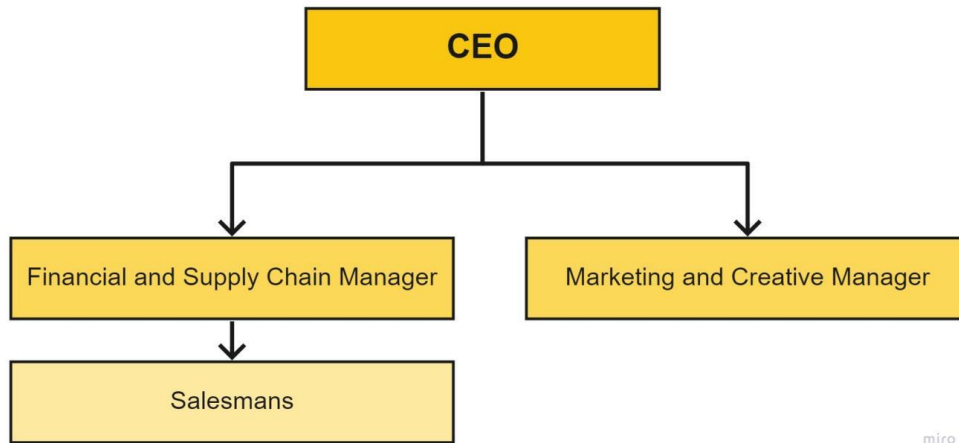


Figure 2. Naoki's organization Structure
Source: author's

❖ Role of Managers and Staffs:

- 3 Security guards alternating.
- 6 Full-time staffs (Mon to Fri) & 6 Full-time staffs (Sat-Sun)
 - Direct sale in store
 - Receive orders online
 - Support logistic agency
 - Record the daily sale volume
 - Perform other jobs as assigned by the manager
- Financial and Supply Chain manager:
 - Track wholesale orders from receiving orders, tracking and accelerating delivery units.
 - Manage import and export warehouse, make statistics on the system.
 - Delivery coordination.
 - Track sales and make weekly / monthly / quarterly reports.

- Handling arising between stock item availability / ordering and delivery.
- Implement inventory and supply chain management software
- Perform other jobs as assigned by the General manager
- Marketing & Creative manager:
 - Determine KPIs and set up dash board
 - Manage content on eshop, social media
 - Developing, implementing and executing strategic marketing plans: promotions, campaigns,...
 - Support production progress
 - Perform other jobs as assigned by the General manager
- General manager: Managing business activities.

4.2.6 Company History

Expected: enter service in June 2021.

4.3 Products and Services

4.3.1 Book

- Fiction books:

Main partners: Literary Publisher, Global Publisher, Young Publisher.

Genres: Literary, Anthology, Science fiction, Romance, Poetry, Art, Magazine for Youth, Self-help, and Young Adult

Volume: 8000 – 9000

- Non-fiction books:

Main partners: Knowledge Publisher, Global Publisher.

Genres: Soft skill, Business, Science and others.

Volume: 4000 – 5000

4.3.2 Stationery:

Products: paper, envelopes, writing implements, continuous form paper, and other office supplies

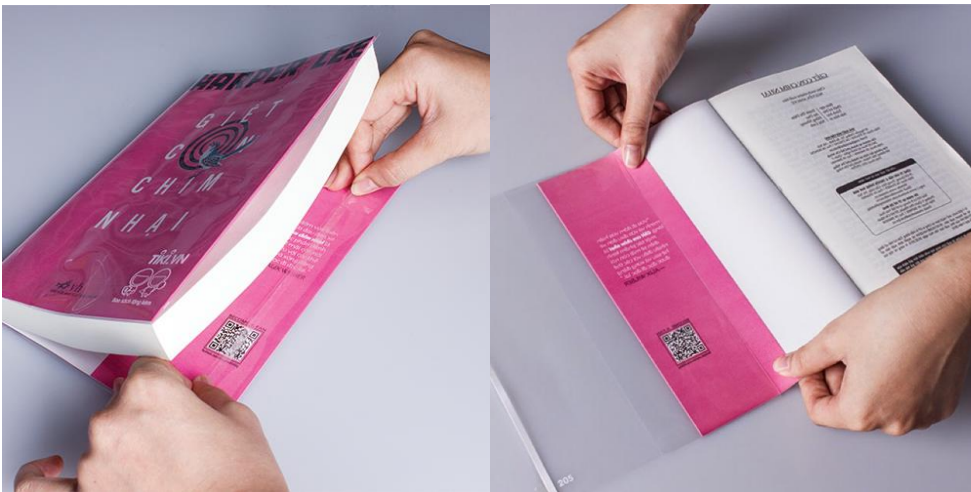
Main partners: Hong Ha Stationery Company, An Nhien Stationery Company

4.3.3 Naoki's goods

Products: tote bags, mugs, cold cups, hot bottle and book covers.

Material suppliers: Xuong Gom Viet company.

Manufacture: QUAF, Ltd.



Picture 10. Similar product of Naoki's book covers
Source: anlocviet.com

- Drinks

Products: Egg coffee, White coffee, Ice-Blended Coconut coffee, Vietnamese Milk iced coffee, etc.

Main suppliers: Trung Nguyen Coffee, Vinacafe Bien Hoa

4.4 Market Analysis

4.4.1 Environment – PESTLE

Table 3. Naoki's PESTLE Analysis
Source: author's

POLITICAL & LEGISTATION	ECONOMICS
<ul style="list-style-type: none"> • Political system: single-party socialist republic <ul style="list-style-type: none"> ➤ Political stability: high ➤ Corruption level: high CPI: 36/100 (in 2020), ranks 104/180 (The Global Coalition Against Corruption, 2020) ➤ Government intervention in free market: high Government regulates the macroeconomy through its economic, fiscal, and monetary policies and spending programs • Legislation: <ul style="list-style-type: none"> ➤ Protection of intellectual property: weak ➤ Support new small and medium businesses Corporate income tax exemption for the first 2 years, 50% in next 2 years. 	<ul style="list-style-type: none"> • Economic development: stable GDP Growth Rate: <ul style="list-style-type: none"> ➤ 2018 – 2019: 7.1% - 7% ➤ Q1,2,3,4 2020: 3.18% - 0.36% - 2.62% - 4.48% (Trading Economics) • Inflation: stable 2019: 1.79% • GDP per capita: low 2019: \$2715,3 • Unemployment rate: low 2017 – 2020: 2.05% - 1.99% - 2.01% - 2.02% • Total retail sale: increasing 2019 – 2020: ↑ 2,6% • Real estate in Hanoi: high Up to \$7,344 per square metre • ICOR: increasing due to COVID pandemic <ul style="list-style-type: none"> ➤ 2016-2019: 6.13% ➤ 2020: 14.28% (Vietnam General Statistics Office)
SOCIAL	TECHNICAL
<ul style="list-style-type: none"> • Population: populous Vietnam: 97.58 million (2020), ranks 15th Hanoi: 7 millions 	<ul style="list-style-type: none"> • Innovation Index: improving 2014 – 2018: ranks 71th → 45th • Infrastructure deficiencies

<ul style="list-style-type: none"> • Population structure: young <ul style="list-style-type: none"> ➤ diverse culture ➤ updates trends quickly • Literacy rate: high <ul style="list-style-type: none"> ➤ Vietnam: 95% ➤ Global: 86% • Reading culture: initially undeveloped, developing in 7 past years <ul style="list-style-type: none"> ➤ Children’s reading habit in Hanoi: <ul style="list-style-type: none"> 41%: < 30 min/day 32%: 30 – 60 min/day 24%: > 1 hour/day (Nguyen Nhu Ngoc, 2018) ➤ Government promotes strongly: sets Vietnam Book Day on April 21, invests and develops public libraries, ect ➤ Paper books are always the most popular ➤ Do not have strong habit of borrowing books <ul style="list-style-type: none"> > 50% buy books from traditional bookstores • Book piracy rate: high in both digital and physical books. Campaign: “<i>Reading pirated books is killing ones</i>” 	<ul style="list-style-type: none"> • Start to apply modern technology in the process of buying and ordering goods at bookstores • Publishing: developing quickly <ul style="list-style-type: none"> ➤ 2017 – 2019: 317 – 426 million copies ➤ 58 publishers, 300 units engaged in publishing association activities, 1,900 printing establishments and 14,000 publishing establishments <div style="background-color: #FFD700; text-align: center; padding: 5px;">ENVIRONMENTAL</div> <ul style="list-style-type: none"> • Climate: tropical climate + monsoon season • Temperature: high, big difference by seasons: (10°C - 40°C) • Air humidity: high • Hours of sunshine per year: 1,450h
---	--

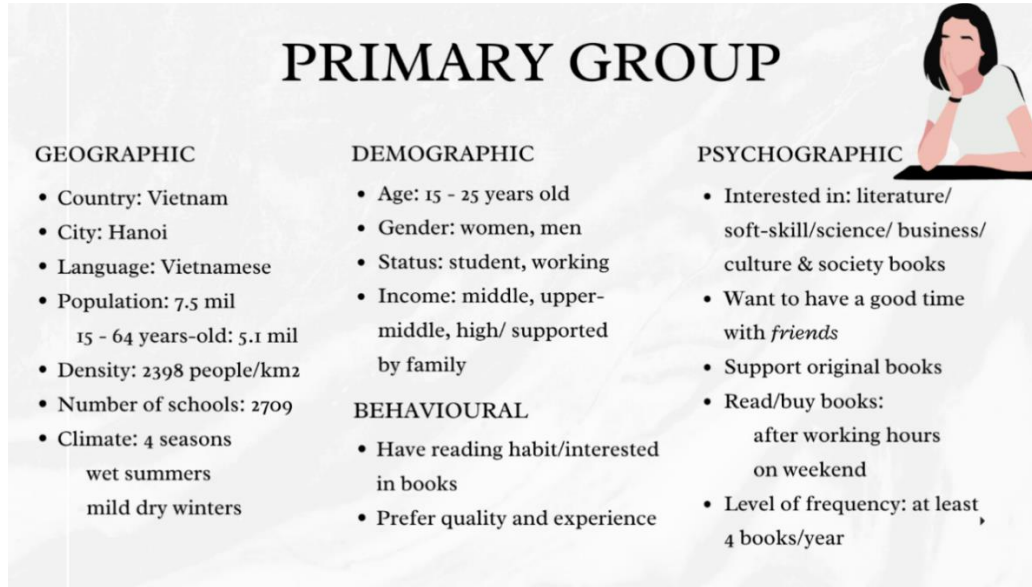
4.4.2 Customers - Target groups

Naoki bookstore serves everyone and focus on 2 group of customers:

- Primary: young people: 15 – 25 years old

- Secondary: mature people: 26 – 40 years old

❖ Primary target group

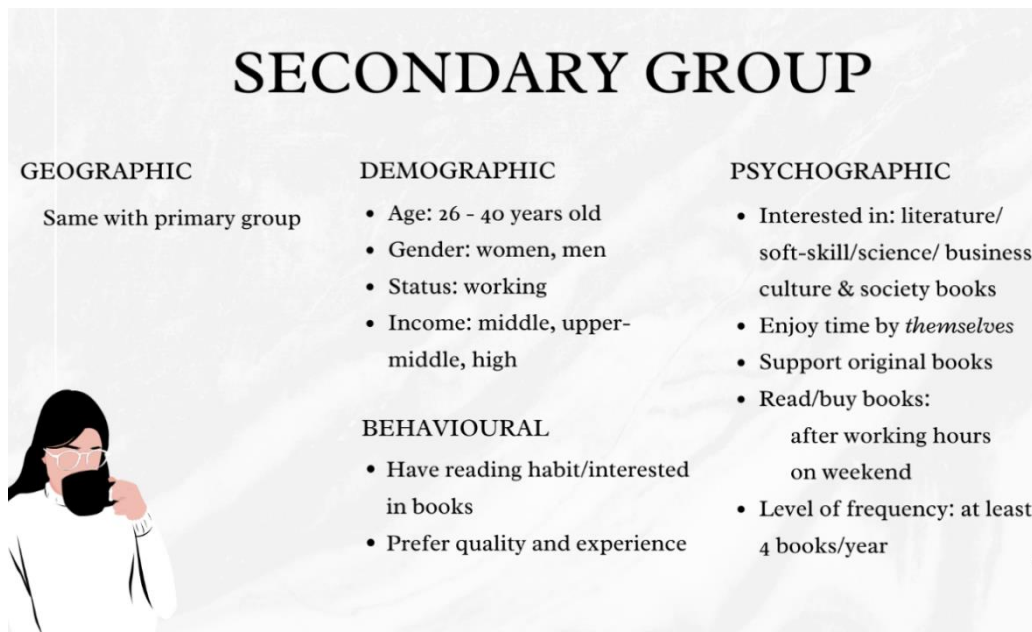


PRIMARY GROUP

<p>GEOGRAPHIC</p> <ul style="list-style-type: none"> • Country: Vietnam • City: Hanoi • Language: Vietnamese • Population: 7.5 mil 15 - 64 years-old: 5.1 mil • Density: 2398 people/km2 • Number of schools: 2709 • Climate: 4 seasons wet summers mild dry winters 	<p>DEMOGRAPHIC</p> <ul style="list-style-type: none"> • Age: 15 - 25 years old • Gender: women, men • Status: student, working • Income: middle, upper-middle, high/ supported by family <p>BEHAVIOURAL</p> <ul style="list-style-type: none"> • Have reading habit/interested in books • Prefer quality and experience 	<p>PSYCHOGRAPHIC</p> <ul style="list-style-type: none"> • Interested in: literature/ soft-skill/science/ business/ culture & society books • Want to have a good time with <i>friends</i> • Support original books • Read/buy books: after working hours on weekend • Level of frequency: at least 4 books/year
--	---	---

Picture 11. Naoki's primary group target
Source: author's

❖ Secondary target group



SECONDARY GROUP

<p>GEOGRAPHIC</p> <p>Same with primary group</p>	<p>DEMOGRAPHIC</p> <ul style="list-style-type: none"> • Age: 26 - 40 years old • Gender: women, men • Status: working • Income: middle, upper-middle, high <p>BEHAVIOURAL</p> <ul style="list-style-type: none"> • Have reading habit/interested in books • Prefer quality and experience 	<p>PSYCHOGRAPHIC</p> <ul style="list-style-type: none"> • Interested in: literature/ soft-skill/science/ business/ culture & society books • Enjoy time by <i>themselves</i> • Support original books • Read/buy books: after working hours on weekend • Level of frequency: at least 4 books/year
---	---	--

Picture 12. Naoki's secondary group target
Source: author's

❖ Customer tastes

In the latest years, when the young Vietnamese generation's reading habits improve, there is a change in the proportion of books' topics. In 2015, literary and art books were on no.1 in the number of copies, and the second place belonged to textbooks. But in 4 years later, technical science book has climbed to the top with 699 million copies. Science and literature are two genres that have the biggest sale volume in the Vietnamese book market.

Table 4. Index of the publication in Vietnam 2019

346 Chỉ số phát triển về xuất bản Index of the publication

	2015	2016	2017	2018	% Sơ bộ Prel. 2019
SÁCH - BOOK					
Đầu sách - Title	102,4	103,6	95,5	118,0	112,3
Triệu bản - Mill. copies	98,3	92,1	93,9	118,5	114,8
Phân theo loại sách - By topics of book					
Sách quốc văn - Books in Vietnamese					
Đầu sách - Title	102,9	103,6	95,5	117,0	111,4
Triệu bản - Mill. copies	98,4	92,1	94,0	118,2	114,8
Chia ra - Of which:					
Sách giáo khoa, giáo trình - Text book					
Đầu sách - Title	161,4	100,5	96,8	106,8	113,9
Triệu bản - Mill. copies	103,5	97,4	90,2	106,8	108,0
Sách khoa học xã hội - Book on social science					
Đầu sách - Title	80,5	104,7	99,1	85,8	109,4
Triệu bản - Mill. copies	75,4	60,5	135,9	107,8	76,9
Sách khoa học kỹ thuật - Technical science book					
Đầu sách - Title	32,6	104,4	80,9	228,7	117,9
Triệu bản - Mill. copies	57,0	53,6	80,9	181,8	699,7
Sách thiếu niên, nhi đồng - Book for children					
Đầu sách - Title	135,2	102,1	95,6	144,2	98,6
Triệu bản - Mill. copies	82,0	75,3	113,9	253,7	96,1
Sách văn học, nghệ thuật - Literary and art book					
Đầu sách - Title	108,3	112,7	90,4	138,2	122,3
Triệu bản - Mill. copies	180,9	75,6	120,7	158,7	134,6

Source: General Statistics Office of Vietnam

On the other hand, according to Picodi's research in 2019, Vietnamese people do not have borrowing-book habits. Only 8% of people borrow books from libraries. 54% of respondents have purchased books at a traditional store and 29% have ordered books at an online bookstore. (Picodi, 2019)

Another research from sachvahanhdong.org (Books&Action), with 1200 students in high schools and universities, showed that two genres that they are most interested in are Literary Novels and Soft skills.

Popular types of books of young people in Vietnam

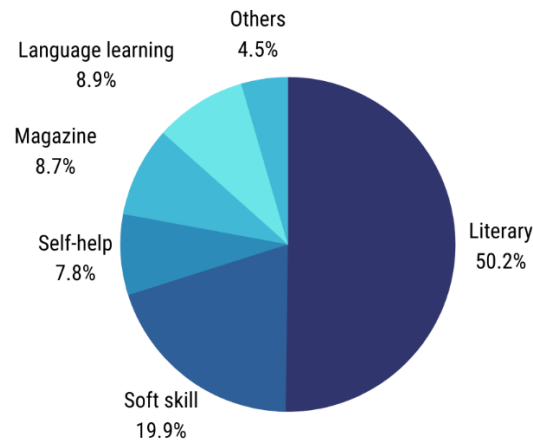


Figure 3. Book&Action's research about popular types of books in Vietnam
Source: Book&Action

The author of this work surveyed 200 people from 15 to 40-year-old in Hanoi has a similar result. In which, 37.2% people prefer Literary and 36.3% in Soft skill to other genres.

Popular types of books of young people in Hanoi

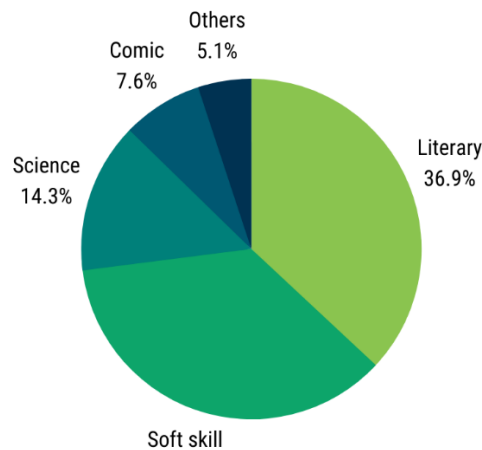


Figure 4. Naoki's research about popular types of books in Hanoi
Source: author's

The survey also pointed out the main reasons that influence consumers' decisions when choosing bookstores. The most important reason is the quality of books. Pirated books in Vietnam are problematic. And books may not be of a guarantee of quality on e-commerce

platforms or from non-reputable bookstores. The second reason for choosing a bookstore is the location. When people need to buy or read books, they usually have a demand for a bookstore near home or on the way to work to saving time.

Important reasons why customers choose a bookstore

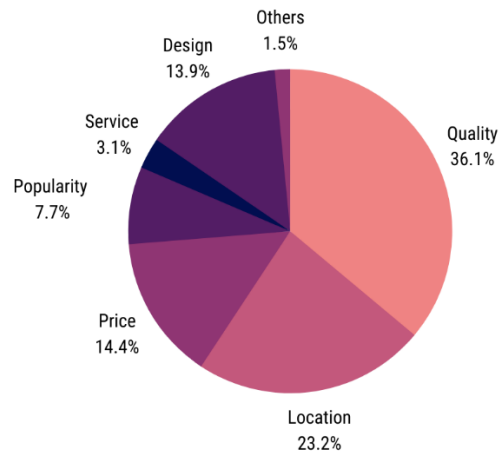


Figure 5. Naoki's survey about Important reasons why customers choose a bookstore
Source: author

4.4.3 Competitors

The most biggest threat of Naoki is competition from longtime well-known brands in Vietnam. There are about 210 bookstores in the city. In which, top 3 biggest bookstores are Nha Nam, Phuong Nam and Fahasa.

Table 5. Big brand bookstores in Hanoi
Source: author's

Bookstore	Nha Nam	Phuong Nam	Fahasa
Number of bookstores	13	8	8
Store area	Small	Big	Medium
Distance from nearest store to Naoki	0,6 km	2,3 km	7,4 km
Focus items	Literary books books they self-published	All genres	All genres
Open hours	8AM – 10PM	9:30AM – 10PM	8AM – 10PM

Phuong Nam and Fahasa are big and medium bookstores. They target the mass market and provide books for everyone with all genres. They also invest in books and other items for children, such as comics, toys, and stationery. Meanwhile, Nha Nam focuses on young readers who love literature, with a small and lovely bookstore where they sell their self-published books.

Naoki has different target groups than Phuong Nam and Fahasa, but the same with Nha Nam. They are also near located close to each other. However, the area of Naoki's bookstore is larger with a different concept.

4.4.4 Company - SWOT

Table 6. Naoki's SWOT Analysis

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> 1. Quality books and goods guaranteed 2. Large area, the number of books is large and varied for target groups 3. Categories of books are suitable to target group's tastes 4. Unique and impressive concept -> Markable brand 5. Convenient location, close to university, office, residential 6. Having big warehouse at store 7. Professional and attentive service 8. Managers with experience in bookstore management, publishing and marketing 	<ol style="list-style-type: none"> 1. The initial cost and renting is high 2. Requires staff with good skills -> recruitment and training process is longer than normal 3. Few discount campaigns 4. Not diverse in customers
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. Government and other social organization encourage reading books and support original books 	<ol style="list-style-type: none"> 1. Intense rivalry: about 210 bookstores in Hanoi, compete with longtime adversaries.

<p>-> Demand is increasing for original books and relatives goods</p> <p>2. Income tax exemption in 2 first years -> Reduces costs, opening new branches quicker</p> <p>3. Income increasing -> Numbers of customers increasing</p> <p>4. Both online and offline shop -> Expand the market to customer living outside of Hanoi</p>	<p>2. High customer expectations for service quality</p> <p>3. Inventory risks: large inventory, environmental conditions affecting paper quality, etc.</p> <p>4. Pirated-book market.</p>
---	--

Source: author's

Table 7. Naoki's SWOT Analysis strategies.

S and W are considered to be internal factors, while O and T – are external ones

	STRENGTHS	WEAKNESSES
OPPORTUNITIES	<ul style="list-style-type: none"> • S1,2,3,6-O1,2,3: expand number of titles and related goods, maximize ability to serve. • S4,5-O3: make brand's mark impressively, loyal customer strategies, etc • S7,8-O4: effective marketing campaign strategies, enhance quality of services both at store and after-sales services to impress customers. 	<ul style="list-style-type: none"> • S1-O1,3: emphasize in quality of goods, service and experience. • S7,8-O2: methodical and careful training process, encourage and build employee loyalty with good treatment and shared vision and missions. • S2,3-O4: focus on target groups and maximize ability to serve.
THREATS	<ul style="list-style-type: none"> • S2,3,4,5-T1: make brand's mark impressively, expand market share by get more customers from surrounding areas 	<ul style="list-style-type: none"> • W1,3,4-T1: unique concept attracts specific customer segment • W2-T2,4: guaranteed service quality, limit job hopping

	<ul style="list-style-type: none"> • S7,8-T2,4: enhance quality of services. • S6-T3: carry out appropriate storage practices, carefully anticipate market demand. 	
--	--	--

Source: author's

4.4.5 Market Analysis Conclusion

The book market in Vietnam has many potentials and challenges. Especially young people, the generation quickly acquires diverse cultures from all over the world and is encouraged to develop reading habits. Hanoi is the second biggest city in Vietnam and is the cultural, educational, and political center of the country. With more than seven million people living and working there, that city is dynamic and changing from day to day. Young people make up a large proportion, creating a broad market for the book industry. The publishing industry is developing quickly, with 426 million copies in 2019. However, the government tried to tighten pirated books, but it was still not effective. They also support new small and medium businesses with tax-cutting policies.

“FAKE BOOK” PHENOMENON IS GETTING WORSE IN HA NOI (50%). IN OTHER PROVINCES, IT'S BETTER RECENTLY

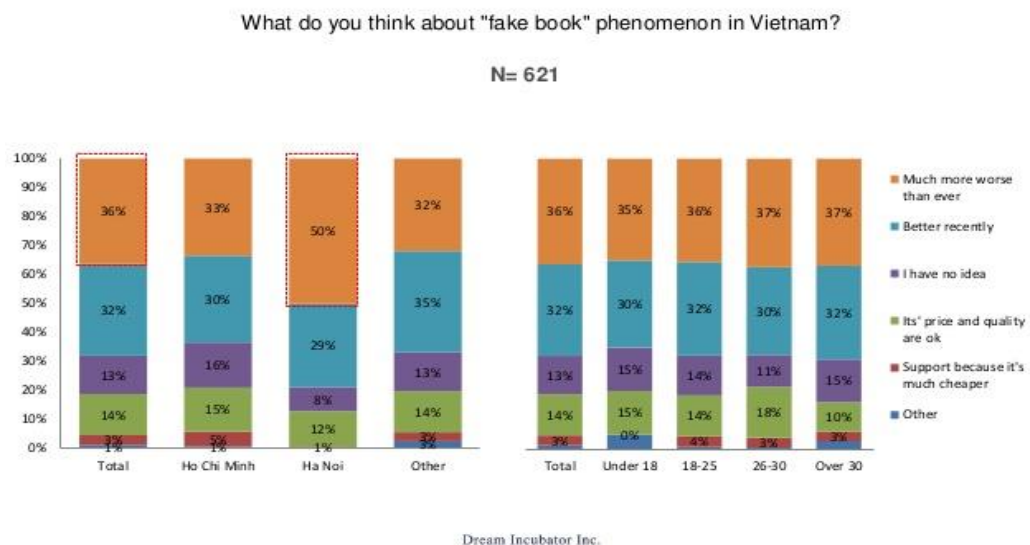


Figure 6. Fake book Phenomenon is getting worse
Source: Dream Incubator Inc.

Naoki bookstore is aimed at young customers, from 15 – 40 years old, with an average income or higher, interested in books, reading experience, and supporting original books. Meanwhile, cost-conscious people will choose to buy pirated books or buy them online at discounts at small, unreliable stores. They also don't matter the reading experience. Older people prefer to read books at home or in the park.

The strong point of Naoki is having a unique concept at the store, in which the glass space is designed in European style in a warm tone, inspired by Mucha's arts. The bookstore offers a large number of books that are suitable for taste and useful for the target groups. Naoki also brings customers an enjoyable reading experience with a beautiful and unique space and a comfortable atmosphere. It serves not only good books and related goods but also drinks and snacks with excellent services. The convenient location is another advantage.

4.5 **Marketing Plan**

The final ultimate goal of a marketing plan is to increase revenue of the business. Revenue of Naoki bookstore comes from the sales of books, stationeries and drinks.

Top 3 Key Performance Indicators that Naoki focuses:

- Revenue per client (RPC)
- Client Retention Rate (CRR)
- Customer Lifetime Value (CLTV)

4.5.1 **Value Propositions**

Many people believe that reading is studying and studying is dry and boring so reading books too. But Naoki bookstore will prove that it is wrong. People can learn, relax and feel good at the same time. They will have a perfect time and experience with books because Naoki's slogan is "Reading in Heaven".

Naoki bookstore's value gives these customers not only books quality, brand emotional value, seats, service staff, but also experience about Western culture, making them feel like they are in a European bookstore. They can enjoy the moments of comfort, reduce stress

with books and arts in the store with friends or by themselves after a long day or in their free time.

4.5.2 Marketing Mix

❖ Product

- Books & Stationeries

Young readers always have a demand for literary books and self-development books.

Naoki offers a large and rich variety of literature titles. Though big bookstores can sell with a bigger number of books, they have to divide their books into many genres.

Meanwhile, Nha Nam focuses on their self-publishing books. So that, those bookstores can not provide a rich volume of literary books. Besides, Naoki also brings a variety of books about soft-skill, language learning and science. The bookstore imports goods from reputable stationery companies.

- Related goods from Naoki

Naoki produces Naoki branded related seasonal goods, include: tote bags, mugs, cold cups, hot bottle and book covers with exclusive design.

- Mystery Book Monthly

A lot of people want to improve their reading habits when they see successful and famous people advise to read such as Bill Gate, Oprah Winfrey, etc. But this dynamic is short-lived as the dynamic of going to gyms. A mystery book set sent every month will remind people to read and increase their interest in books.

Customers can choose the best suitable option for themselves, depends on their genres and the number of books they want. Naoki's staff will select the recommended books and sent them to customers every month.

❖ Place

Naoki introduces products right inside its stores. The bookshelves and booths are reasonably designed for customers to have the best shopping and reading experience.

The first floor of the store displays literary books and other genres.

The second one has business and science books, stationery and drink area.

The checkout area of each floor displays Naoki's goods and stationery.

Naoki has a separate section for new and best-selling books for the month.

❖ Price

Naoki sells books and import as published price.

Products manufactured by Naoki in the from mid to high price range.

❖ Promotion

One of the Vietnamese market's special features is that the shops have a lot of discounts during the year. Unlike foreign stores where people offer seasonal discounts or special occasions like Black Friday or Christmas, Vietnamese stores offer every month for all kinds of goods and services for any reason.

Table 8. Discount campaign occasions in Vietnam

January	New year, January 1 th
February	Tet holiday, Valentine day, February 2 th
March	National Women's day, White Valentine's day, March 3 th
April	Hung Kings Commemoration, April Fool's Day, Easter, Liberation Day, April 4 th
May	Summer season, International Worker's Day, Mother's Day, May 5 th , etc.
June	International Children's Day, Vietnamese Family Day, Mid-year, June 6 th
July	Remembrance Day, July 7 th
August	August Revolution Commemoration Day, Hungry Ghost Festival, August 8 th
September	Independence Day of Vietnam, Mid Autumn Festival, Back to school season. September 9 th

October	Vietnamese Women's day, Halloween, October 10 th
November	Vietnamese Teacher's day, Black Friday, Single day (November 11 th)
December	Winter season, Christmas day, December 12 th

Source: author's

- Naoki's promotion plan does not focus on books discounts but on value added as gifts.
- Only Naoki's seasonal goods are discounted at the end of the season.
- Membership Card

Naoki's membership cards includes: information of customer and history orders.

The card is used to accumulate points according to the number of books purchased instead of the value of bills.

There are 3 level of the card with different preferential packages.

Detailed advertising and promotion plan is in the following section.

4.5.3 Advertising plans

❖ Marketing Communication Messages

"Take yourself to a higher place – Naoki, Reading in Heaven"

From the content of the slogan, Naoki focuses on the different factors that make Naoki bookstore's advantage over other brands such as Nha Nam or Fahasa:

- Emphasis on the quality of books and service. The bookstore is designed synchronously (bookshelves, furniture), in addition to the design characteristics associated with Western and Eastern culture.
Reading at Naoki feels so good as reading in Heaven.
- Highlight the affection and mission of Naoki, arouses a desire to learn and a sense of self-development together, makes customers feel they are getting better everytime they come to Naoki
- Highlight the variety of goods

❖ Marketing Channel

Naoki promotes the brand through 3 channels:

- Internet

Because of the book store and Vietnamese social network characteristics, Naoki does not promote the store through Google ads or Instagram ads. Instead, Naoki advertises through:

- content seeding: posts on major Facebook pages and popular Instagram account with lots of followers
- content seeding: review videos on big Youtube accounts
- content seeding in book readers forums
- Naoki's fanpages on Facebook and Instagram
- Magazine: hire writer to write articles in the magazines for young generations in Vietnam such as: Hoa hoc tro, 2! at the time of opening the bookstore.

4.6 Financial Plan

The financial plan depends on assumptions that:

- The company has moderate-growth economy
- There is no major recession
- The COVID pandemic does not affect businesses in Hanoi in next 3 years. (Business activities are normal in Hanoi in the moment when the author do this work, March 2021)

4.6.1 Expense Budget

A bookstore business needs larger amount of goods in the first time of importing. So the Variable cost of first month is different than regular month's.

There are 3253 titles of books, 14010 copies, stationeries, Naoki's goods and type of drinks at the opening moment. So that, the price and cost per unit are average value.

Other addition tables are in Appendix.

Currency rate: 1 CZK = 1000 VND

❖ One-time Cost Summary

Table 9. Naoki's One-time Cost

No	Name	Amount (CZK)
1	Registration	200
2	Website license	270
3	Renovation	227000
4	Equipment*	155560
5	Furniture*	228870
6	Deposit	144000
7	Marketing cost (opening period)*	63900
Total		819800

Source: author's

❖ Monthly fixed cost

Table 10. Naoki's Monthly fixed cost

No	Name	Amount (CZK)
1	Rent	72000
2	Salary*	95190
3	Marketing	6200
4	Website fee	120
5	Application	250
6	Utilities	5600
7	Logistic	8200
8	Union due (2% salary)	1620
9	Other	2000
Total		191180

Source: author's

❖ Variable cost first and regular month

Variable cost first time

Table 11. Naoki's Variable cost first time

No	Name	Amount (CZK)
1	Books*	993372
2	Stationeries	21400
3	Naoki's goods*	30850
4	Drinks	108300
Total		1153922

Source: author's

Variable cost regular month

Table 12. Naoki's Variable cost regular month

No	Name	Amount (CZK)
1	Books	276510
2	Stationeries	40020
3	Naoki's goods	42444
4	Drinks	164700
Total		523674

Source: author's

❖ Total cost

Initial budget	2164902
Cost monthly	693584

The total cost of the opening of Naoki bookstore is 2 164 902 CZK (2 164 902 thousands VND). In which, CEO, General manager takes 58%, Marketing & Creative manager takes 21% and Finacial & Supply Chain manager takes 21% in initial budget.

4.6.2 Sale forecast

Naoki bookstore does not provide textbooks or school-books, so the sale volume of books does not depend on season a lot. In which, months in summer season is the period having higher sale volume of books and drinks than a average month. In mid-summer and beginning of autumn, number of sold stationeries increases.

The sale forecast is created with assumptions that the company has moderate-growth economy.

The price per unit is average value.

The income do not include fee of card-payment.

❖ Sale forecast of a typical month

Table 13. Sale forecast of a typical month of Naoki bookstore

No	Name	Imported price (CZK)	Average price (CZK)	Profit (%)	Daily sale	Monthly	Amount (CZK)
1	Books	70.9	99	40%	120	3600	356400
2	Stationeries	46	65	41%	29	870	56550
3	Naoki's goods	39.3	84	114%	36	1080	90720
4	Drinks	45	89	98%	122	3660	325740
Total					307	9210	829410

Source: author's

❖ Sale forecast in the first year operating

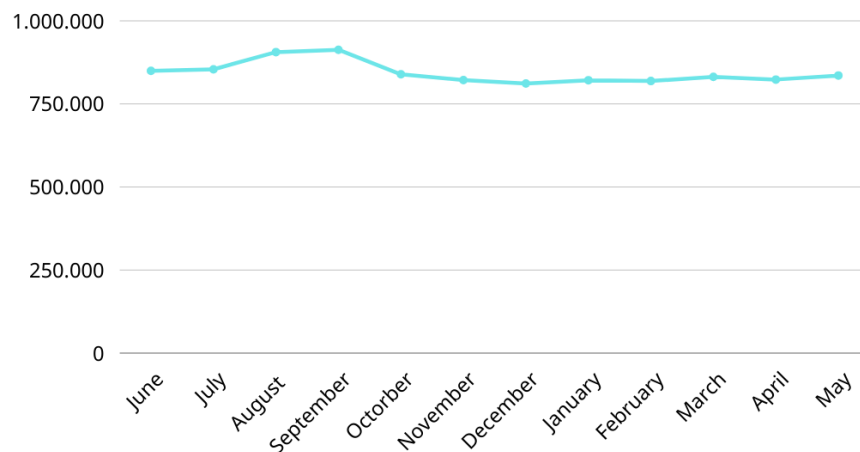


Figure 7. Sale forecast in first year of Naoki book store

4.6.3 Multi – Product Break-even analysis

Because Naoki bookstore is a retail business, the author does not use the Break-even point formula for one type of product, but use Multi-product Break-even formula.

Table 14. Naoki Multi-product Break-even analysis

	Books	Stationeries	Naoki's goods	Drinks
Selling price (CZK)	99	70.9	84	89
Variable cost per unit	70.9	46	39.3	45
Contribution margin per unit	28.1	24.9	44.7	44
Contribution margin ratio	28%	35%	53%	49%
Sale mix	39%	9%	12%	40%
Weighted contribution	11	2.4	5.2	17.5
Weighted average CM per unit	36.1			
BEP in unit	5301.3			
BEP in unit (each type)	2072.2	500.8	621.7	2106.7
Sales revenue ratio	43.00%	6.80%	10.90%	39.30%
Weighted CM ratio	12.00%	2.40%	5.80%	19.20%
Weighted average CM ratio	39.50%			
BEP in CZK	484500.2			
BEP in CZK (each type)	208191.2	33033.71	52994.13	190281.2

Source: author's

The monthly break-even point for Naoki bookstore is at 5302 unit, equal to 484500.2 CZK.

In which, sale volume of:

- Books is 2073 units (208191.2 CZK),
- Stationeries is 501 units (33033.71 CZK),
- Naoki's is 622 units (52994.13 CZK)
- Drinks is 2107 units (190281.2 CZK)

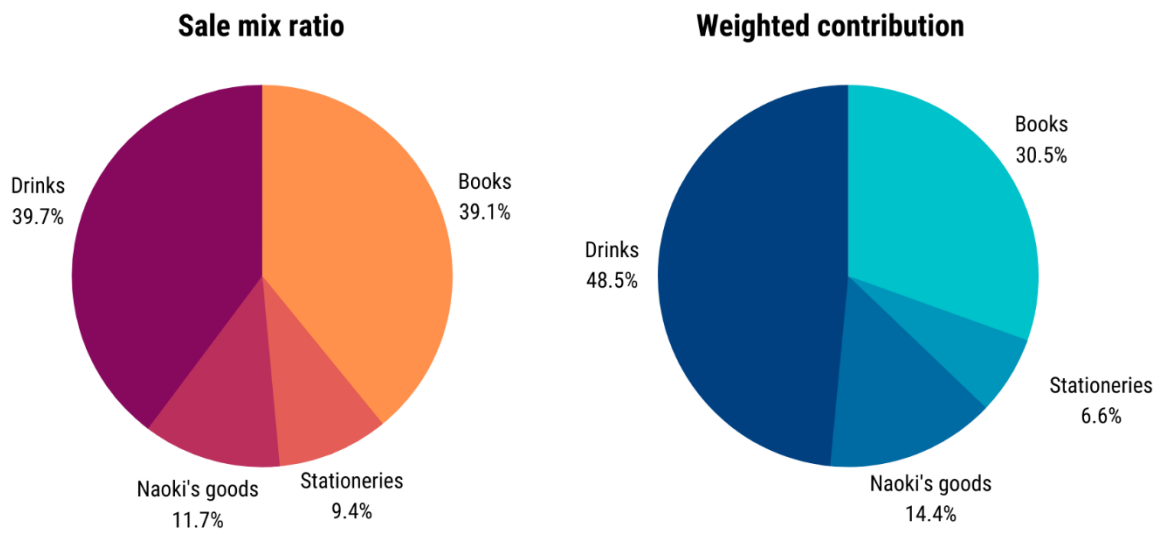


Figure 8. Sale mix ratio and Weighted contribution
Source: author's

4.6.4 Projected Cash Flow

❖ 12 months Projected Cash Flow

Table 15. One-year Projected Cash Flow of Naoki Bookstore
Source: author's

Naoki bookstore - Cash Flow Projection													
One year													
	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-18	Feb-18	Mar-18	Apr-18	May-18	
Cash on hand (beginning of month)	30,000	58,742	87,856	121,058	154,816	182,732	209,897	235,629	262,157	288,490	315,798	343,271	
Cash on hand (beginning of month)	58,742	87,856	121,058	154,816	182,732	209,897	235,629	262,157	288,490	315,798	343,271	370,923	
CASH RECEIPTS	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Total
Cash sales	679,528	683,296	724,776	730,416	671,144	663,528	648,984	657,064	655,088	664,976	666,648	668,464	8113912
Credit card payment	169882	170824	181194	182604	167786	165882	162246	164266	163772	166244	166662	167116	2028478
TOTAL CASH RECEIPTS	849,410	854,120	905,970	913,020	838,930	829,410	811,230	821,330	818,860	831,220	833,310	835,580	10142390
CASH PAID OUT	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Total
FIXED COST													
Rent	72000	72000	72000	72000	72000	72000	72000	72000	72000	72000	72000	72000	864000
Salary	95190	95190	95190	95190	95190	95190	95190	95190	95190	95190	95190	95190	1142280
Marketing	6200	6200	6200	6200	6200	6200	6200	6200	6200	6200	6200	6200	74400
Website fee	120	120	120	120	120	120	120	120	120	120	120	120	1440
Application fee	250	250	250	250	250	250	250	250	250	250	250	250	3000
Utilities	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	67200
Logistic expense	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	8200	98400
Union due	1620	1620	1620	1620	1620	1620	1620	1620	1620	1620	1620	1620	19440
Other	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000
Total fixed cost	191180	191180	191180	191180	191180	191180	191180	191180	191180	191180	191180	191180	2294160
VARIABLE COST													
Books	261395	262844	278800	280970	258170	255240	249645	252753	251993	255797	256440	257139	3121187
Stationeries	40985	41212	43714	44054	40479	40020	39143	39630	39511	40107	40208	40318	489382
Naoki's goods	43467	43709	46362	46723	42931	42444	41514	42031	41904	42537	42644	42760	519024
Drinks	168671	169607	179903	181303	166590	164700	161090	163096	162605	165059	165474	165925	2014024
Total variable cost	514519	517372	548779	553050	508171	502404	491392	497510	496013	503500	504766	506141	6143617
TOTAL CASH PAID OUT	705699	708552	739959	744230	699351	693584	682572	688690	687193	694680	695946	697321	8437777
PROFIT	143711	145568	166011	168790	139579	135826	128658	132640	131667	136540	137364	138259	1704613
Investor's profit (80%)	114969	116455	132809	135032	111664	108661	102927	106112	105333	109232	109891	110607	1363690
Company's profit (20%)	28742	29114	33202	33758	27916	27165	25732	26528	26333	27308	27473	27652	340923
Net cash flow (exclude Investor's profit)	58,742	87,856	121,058	154,816	182,732	209,897	235,629	262,157	288,490	315,798	343,271	370,923	
Net cash flow (include Investor's profit)	173711	319280	485290	654081	793660	929486	1058144	1190785	1322451	1458991	1596354	1734613	

❖ Three-Year Projected Cash Flow

Table 16. 3 year Projected Cash Flow off Naoki bookstore

Naoki bookstore - Cash Flow Projection			
Three-year			
	2021	2022	2023
Beginning of year (include Investor's profit)	30,000	1,612,862	3,466,634
End of year (include Investor's profit)	1,612,862	3,466,634	5,391,370
CASH RECEIPTS			
Cash sales	8,113,912	8,925,303	9,817,834
Credit card payment	2,028,478	2,231,326	2,454,458
TOTAL CASH RECEIPTS	10,142,390	11,156,629	12,272,292
CASH PAID OUT			
FIXED COST			
Rent	864,000	907,200	952,560
Salary	1,142,280	1,199,394	1,259,364
Marketing	74,400	78,120	82,026
Website fee	1,440	1,512	1,588
Application fee	3,000	3,150	3,308
Utilities	67,200	70,560	74,088
Logistic expense	98,400	103,320	108,486
Union due	19,440	20,412	21,433
Other	24,000	25,200	26,460
Total fixed cost	2,294,160	2,408,868	2,529,311
VARIABLE COST			
Books	3,121,187	3,433,306	3,776,636
Stationeries	489,382	538,320	592,152
Naoki's goods	519,024	570,926	628,019
Drinks	2,014,024	2,215,426	2,436,969
Total variable cost	6,143,617	6,757,979	7,298,617
TOTAL CASH PAID OUT	8,437,777	9,166,847	9,827,928
PROFIT			
Investor's profit (80%)	1,363,690	1,591,826	1,955,491
Company's profit (20%)	340,923	397,956	488,873
Net cash flow (exclude Investor's profit)	370,923	2,010,818	3,955,507
Net cash flow (include Investor's profit)	1,704,613	1,989,782	2,444,364
Depreciation	38443	38443	38443
EBIT	1,666,170	1,951,339	2,405,921
Tax (5%, 5%, 20%)	83,309	97,567	481,184
Net cash flow (after Tax)	1,582,862	1,853,772	1,924,736

Source: author's

4.6.5 Payback period

Initial Budget = 2 164 902 CZK

Average Net Cash Flow (3-year) = 1 787 123 CZK

Payback period = Initial Budget / Average Net Cash Flow = 2 164 902/ 1 787 123 =1.21

The payback period of Naoki bookstore is 1 year 3 months.

5 Results and Discussion

5.1 Business plan

The structure of a business plan is designed personally by its author. The most basic structure includes two parts: theoretical and practical.

In the theoretical part, the author needs to provide theoretical information that supports people to understand the business and the practical part later.

Meanwhile, the practical part presents the business itself with three parts: company organization, market analysis and marketing plan and financial plan. In the company organization, the plan answers the questions about the company's basic information, such as the name, the form of the business, organization structure, long-term and short-term objectives, operating process of the business, etc. Market analysis is the part that shows the result of the market research of the company. According to that, the company builds a marketing plan to achieve the objectives that have been set. Methods are used in this part can be PESTLE Analysis, SWOT Analysis, Marketing Mix, etc. The final component is the financing. These projected data and information helps the business insecure its funding. Initial budget, payback period and cash flow are some necessary parts of the financial plan.

5.2 Naoki business

Naoki is a small multi-members limited liability company in Hanoi, Vietnam, owned by three members. It provides books, stationery, drinks and its self-production goods. The core value of Naoki is books quality, unique concept, pleasant service staff and the experience of the comfortable atmosphere in the bookstore. They are sold in the physical bookstore on Nguyen Chi Thanh street, on the Naoki website and other e-commerce platforms.

In addition to the three founding members, Naoki has 12 employees: 9 salespeople and three security guards. Three out of 9 salespeople are not covered by health and social insurance.

This project's initial budget is approximately 2 164 902 CZK with a payback period is one year three months.

In the short term, the business objectives focus on financial and marketing objectives, such as: maintain a Gross Income of 15% – 20%, the traffic at the website at least 28 000 hits monthly, etc.

In the long term, Naoki's objectives are expanding the market, such as open 2nd bookstore in Hanoi after two years of operating and other social objectives such as improving the reading habit and preventing pirated books in Vietnam.

5.3 Business environment in Vietnam

In later years, opening a business in Vietnam has many advantages and has to face a lot of challenges. Over the past ten years, Vietnam's economy has developed relatively quickly but still in the first stages. The government has many policies to encourage people to establish businesses. Meanwhile, there are not many large and monopolistic corporations. Small and medium businesses are still given many favorable conditions for development. Besides, economic growth also increases the purchasing power of the economy. The economic development indicators are relatively stable.

However, legal gaps are still a significant problem. The level of corruption is high. Although there is a legal system of intellectual property rights and prohibitions on producing and trading counterfeit goods, it has not been implemented effectively and thoroughly. Infrastructure is still weak, failing to meet development needs. On the other hand, hot and humid weather makes products and infrastructure easy to degrade and makes storage difficult. There are frequent storms and floods every year.

6 Conclusion

A business plan is essential for new companies and the companies that prepare to renew. Especially with the Vietnamese market, there are different political institutions and trade cultures than other countries in the world. To understand and properly assess the market situation and customer tastes here, the author has used methods, mainly based on the qualitative method and quantitative method, to analyze the market and the company

The Naoki Bookstore is a project scheduled for June 2021. While the project may be hampered by future external conditions such as the COVID pandemic, the domestic business activities are still carried out normally in Hanoi. On the other hand, the rental price of the premises is decreasing in Hanoi. This business plan aims to help Naoki bookstore enter service and develop smoothly partly. Therefore, the business not only help contribute to the economic development of the country but also improve people's knowledge.

7 References

Barrow, Colin. 2012. Writing up the business plan. *Business Start Up For Dummies*.
místo neznámé : Wiley, 2012.

Cambridge University. 2019. Cambridge Dictionary. *Cambridge Dictionary*. [Online]
Cambridge University Press , 2019.
<https://dictionary.cambridge.org/dictionary/english/time>.

Camilleri, M. A. 2018. Market Segmentation, Targeting and Positioning. *Travel
Marketing, Tourism Economics and the Airline Product* . Springer : autor neznámý, 2018,
4, stránky 69-83.

Distribution Channel. *Corporate Finance Institute*. [Online]
<https://corporatefinanceinstitute.com/resources/knowledge/other/distribution-channel/>.

DK. 2014. *The business book*. New York : DK Publishing , 2014. isBn: 978-1-4654-1585-
1.

India Income Tax Department. 1961. Section - 28, Income-tax Act. *Income Tax
Department*. [Online] 1961. https://www.incometaxindia.gov.in/_layouts/15/dit/pages.

Linda Pinson. 2008. *Anatomy of a Business Plan*. 2008. ISBN 0-944205-35-6.

M.V. Novikov, T.C. Bronnikova. 2001. [autor knihy] T.C. Bronnikova M.V. Novikov.
Разработка business плана проекта учебное пособие. 2001.

Nguyen Nhu Ngoc. 2018. *IMPROVING READING CULTURE OF PRIMARY SCHOOL*.
Hanoi : s.n., 2018.

Picodi. 2019. Khảo sát thói quen đọc sách của người Việt. *Vietnamnet* . [Online] 2019.
<https://ictnews.vietnamnet.vn/cuoc-song-so/khao-sat-thoi-quen-doc-sach-cua-nguoi-viet-chuong-sach-giay-hon-ebook-hay-audio-the-loai-yeu-thich-nhat-la-tieu-thuyet-hu-cau-vien-tuong-30897.html>.

Pison, Linda. 2008. Business Plan consideration. *Anatomy of a Business Plan*. 2008.

Rattani, Murad. 2016. Corporate Aims, missions and goals. *Slideplayer*. [Online] 2016.
<https://slideplayer.com/slide/5789535/>.

sotaytaichinh.com. 2018. Business plan. *So Tay Tai Chinh*. [Online] 2018.
<https://sotaydoanhtri.com/thuat-ngu/business-plan-2733/>.

The Global Coalition Against Corruption. 2020. CORRUPTION PERCEPTIONS INDEX 2020. *Transparency International*. [Online] 2020.
<https://www.transparency.org/en/cpi/2020/index/vnm>.

Trading Economics. Vietnam GDP Annual Growth Rate. *Trading Economics*. [Online]
<https://tradingeconomics.com/vietnam/gdp-growth-annual>.

Vietnam General Statistics Office. SOCIO-ECONOMIC SITUATION IN THE FOURTH QUARTER AND THE WHOLE YEAR 2020. *General Statistics Office*.
[Online] <https://www.gso.gov.vn/en/data-and-statistics/2021/01/socio-economic-situation-in-the-fourth-quarter-and-the-whole-year-2020/>.

8 Appendix

Equipment Cost

No	Name	Number	Price	
1	POS set (Screen, Scan, printer)	3	13500	40500
2	Card payment terminal	3	1750	5250
3	Dual System for Shop Anti-theft	1	2990	2990
4	Security Camera	8	790	6320
5	Coffee machine	1	82000	82000
6	Other equipments	1	18500	18500
				155560

Furniture Cost

No	Name	Number	Price	Amount
1	Bookshelf	26	5200	135200
2	Coffee shelf	2	4300	8600
3	Table set (drink area)	9	2630	23670
4	Table set (reading area)	8	2200	17600
5	Bookshelf (in warehouse)	10	3100	31000
6	Other furnitures	1	12800	12800
				228870

Books cost

No	Name	Number of title	Number of copies	Amount
1	Books (Young Publisher)	1126	5424	371184
2	Books (Global Publisher)	602	2243	176450
3	Books (Literary Publisher)	745	3025	223500
4	Books (Knowledge Publisher)	348	2070	139870
5	Other Publishers	332	1248	82368
		3153	14010	993372

Naoki's goods

No	Name	Number	Price	Amount
1	Tote	60	85	5100
2	Cold cup transparent	125	66	8250
3	Hot bottle	100	155	15500
4	Bookcare	500	4	2000
		785		30850

Advertising cost

No	Name	Number	Price	Amount
1	Hoahoctro Magazine	1	10000	10000
2	2! Magazine	1	11000	11000
3	Facebook pages seeding	4	2000	8000
4	Facebook group seeding	2	500	1000
5	Youtuber review	2	3000	6000
6	Instagram	5	4000	20000
7	Others	1	2000	2000
				58000

Opening event cost

No	Name	Number	Price	Amount
1	Red carpet	11	40	440
2	Lion Dance	2	1500	3000
3	Banger	1	350	350
4	Mascot	1	500	500
5	Bandroll	2	55	110
6	Balloon	100	5	500
7	Others	1	1000	1000
				5900

Salary

No	Position	Number	Basic salary	Total basic salary	Health & Social insurance (21.5%)	Gross Salary
1	Saleman (Mon-Fri)	6	8000	48000	10320	58320
2	Saleman (Sat-Sun)	6	2500	15000	0	15000
3	Security	3	6000	18000	3870	21870
Total		15		81000	14190	95190
			union due (2%)	1620		

