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Title of the Master's Thesis:

**Business plan – Utilizing the appeal of
contact with farm animals as a source of
sustainable business in the tourism industry**

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D e c l a r a t i o n o f A u t h e n t i c i t y

I hereby declare that the Master's Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree program.

Martin, Slovakia

August 25, 2016

Signature

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Business plan – Utilizing the appeal of contact with farm animals as a source of sustainable business in the tourism industry

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Abstract:

The goal of this thesis is to develop a sustainable and realistic business plan for the development of a tourist attraction based around the contact between visitors and farm animals.

The thesis consists of the evaluation of tourism and agrotourism in Slovakia and in the region of Liptov, followed by the secondary research on agrotourism attractions.

The selection of target groups, followed by primary market research and its evaluation, analysis of strategic partners and location, as well as the operations, marketing, and forecasted financials are presented in this thesis.

The data presented prove that the business idea of creating a tourist attraction featuring farm animals is a viable tourist platform to build a business upon.

The contingencies and risks are also analyzed resulting in a complete and viable business plan.

Key words:

Agrotourism, business plan, tourism, farm, animals, attraction, Liptov, Slovakia

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Introduction

“Agrotourism offers the ability for people to connect with nature, to use its resources in a sustainable manner in order to protect it for future generations. It is the return to traditions, fresh air, clean water and food, to the activities of our grandfathers and grandmothers”.

- František Mach (Mach a kol., 1995)

The goal of this thesis is to develop a sustainable and realistic business plan for the development of a tourist attraction based around the contact between visitors (customers) and farm animals. As the inflow of tourism to the region of Liptov increases, the room for creation of new tourist attractions grows, providing attractive possibilities for the inception of new businesses. The agrotourism business platform is quite underdeveloped in the region of Liptov and that is why the authors decided to assess the possibility of creating a tourist attraction based on this platform.

The first part of the thesis is theoretical and aims at first defining tourism and its various forms and introduces agrotourism. Later, the analysis of the appeal of agrotourism as a viable tourist platform is presented. It is continued by the analysis of the growth of tourism in Slovakia as a whole, as well as the tourism environment of the Liptov region in Slovakia. This analysis is supported by historical data, as well as forecasts for tourism inflow in 2016, where available. It continues by summarizing the marketing data gathered from secondary (desk) market research about the attractions utilizing agrotourism as their business platform, as well as sums up the main assumptions the business model is based on. The thesis also introduces the Osterwalder business model canvas as an assessment tool for business model creation.

The second part of the thesis discusses the methods and sample used for primary market research, and introduces the target groups, as well as the questionnaire that is to be used in the analysis.

The third part of the thesis is practical, where the author describes the results of the primary market research, and proposes the interpretation of these results. Similar tourist attractions, and possible competition are also discussed. The management team and the key employees for the venture are introduced, following by the introduction of key strategic partners of the venture. The location of the venue and its layout are also discussed and explained.

The gathered data is used for when the Osterwalder business model canvas is revisited and applied to the business model of the venture. Marketing activities and partners are introduced, followed by the financial plan. Revenue streams and expectations,

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as well as capital and operating expense expectations are discussed and assessed. The practical part is concluded by the financial plan being added to the business plan. Possible contingencies and risks, as well as their mitigations are discussed.

The fourth part of the thesis concludes by summing up the assumptions, outcomes and other significant parts of the thesis and assessing the feasibility of the business idea.

THEORETICAL PART

1. Introduction of agrotourism

1.1 Definition of tourism

Tourism is a set of activities aimed at fulfilling the needs of connected with traveling and the stay of individuals or groups of individuals away from the place of their permanent residence, especially in a person's free time. The goal of these individuals or groups of individuals is to enjoy down-time, rest, attain knowledge and explore new places, improve their health, find distraction from everyday life, have fun, find cultural or sports entertainment, or to have an experience during a business trip. (Gučík, 2006) The tourism industry aims at providing complex and fulfilling experience for a visitor during his/her visit. Tourism industry is classified as non-production activity and is included in the "services" sector of industries. Tourism aims at improving and extending the options for spending the free time of individuals.

Tourism is an **inter-industrial industry** which directly influences and is influenced by the state of the economy, trade and services, access to finances, transportation, regional development, culture, healthcare, education, sports, environmental protection authorities, land and water management, employment authorities, as well as regional and state governments. (Ministerstvo Dopravy, 2016)

The United Nations World Tourism Organization defines the tourism industry as "a driver of **economic growth, inclusive development and environmental sustainability.**" (UNWTO, 2016)

Further, the United Nations World Tourism Organization defines tourism "*as the activities of persons identified as visitors. A visitor is someone who is making a visit to a main destination outside his/her usual environment for less than a year for any main purpose [including] holidays, leisure and recreation, business, health, education or other purposes. This scope is much wider than the traditional perception of tourists, which included only those travelling for leisure.*" (UNWTO U. N., 2011)

Tourism is an economic activity which is able to create growth and employment opportunities in the EU, while adding to economic and social development and integration, especially in regard to rural and mountain areas, coastal regions, islands, and remote areas. The tourism industry in the EU is comprised of approximately 1,8 million, mainly mid- and small-sized businesses, **employing approximately 5,2% of overall labor force** (approximately 9,7 employment opportunities with large proportion of young people), **creates more than 5% of EU's GDP**, and keeps growing YoY. Tourism industry is thus the third largest socioeconomic activity after sales and distribution and construction industries. The growth of employment in tourism industry in the last 10 years represents the biggest growth among all other industries of the economy. (Ministerstvo Dopravy, 2016)

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Tourism industry as a whole can be subdivided into particular product groups and product lines within these groups as seen in Table 1.

Table 1 – Subdivision of the tourism industry (SACR, 2013)

Product group	Product line (theme)	Products and services
Summer tourism	Water and fun	Waterparks, thermal pools, rafting, adrenaline centers, golf courses
	Mountains and hiking	Hiking and mountain climbing, caves, cycling, car-camps
Winter tourism	Winter sports	Skiing, cross-country skiing, ski-alpinism, winter hiking
	Winter fun	Waterparks, winter adrenaline activities, apreski and ski resort events, Christmas markets
Spa and health tourism	Health	Spas, Medical tourism
	Wellness	Wellness centers, Relax hotels, Waterparks
Cultural and city tourism	Cultural heritage	UNESCO, castles, galleries, museums, folklore and traditional architecture
	Cultural events	Festivals, concerts, religious pilgrimages, markets
	Town tourism	Architecture, city-breaks, shopping
	Gastronomy	Regional specialties, wine festivals, food festivals
Congress tourism	MICE	Congresses, event agencies, special events, convention bureaus
Rural tourism and agrotourism	Rural beauty, peace and connection to nature	Stays at farms, farmsteads, ranches, folklore events, traditional gastronomy, hiking and cycling

1.2 Definition of Agrotourism

Agrotourism offers the ability for people to connect with nature, to use its resources in a sustainable manner in order to protect it for future generations. It is the “return to traditions, fresh air, clean water and food, to the activities of our grandfathers and grandmothers. (Mach a kol., 1995)

“Agrotourism gives farmers the ability to educate visitors about the life of the farmer, proper farming practices, as well as to share the cultural heritage with the visitors.” (Lamb, 2010)

“The term agrotourism is used to describe touristic and recreational facilities, offered exclusively by farmers and farming enterprises, which are offered in addition to the everyday farming practices.” (Hubáček, 2003)

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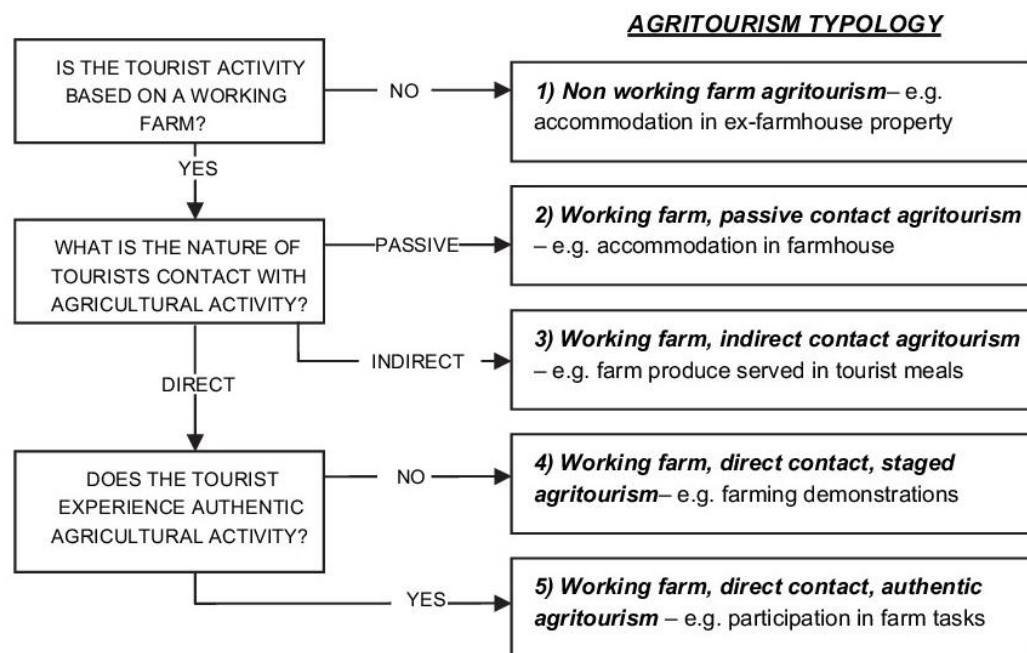
Agrotourism is understood as a narrow section of rural tourism, where the agricultural facilities are taken advantage of and the potential of the farming sector is used for the purpose of tourist activities.” (Babinsky, 2004)

Agrotourism can be found in the last product group of the tourism industry and contrary to the rest of the product groups aims at satisfying the needs of a very specific group customers. Customers, who are looking to get away from the business of life, to escape the crowds of traditional tourist attractions and resorts, and to experience life as it once was, in connection with nature.

While many of these experiences can be attained at a remote hotel hidden in the mountains, agrotourism also aims at educating visitors about farming and its practices, the process of food production and animal husbandry, as well as other natural phenomena.

The term agrotourism encompasses many different approaches to tourism mixed with agricultural activity and since the literature is not consistent on what can and what cannot be defined as an agrotourism activity, the following typology helps us clarify this problem. This typology is shown in Figure 1 below.

Figure 1- Agrotourism typology (Phillip, 2010)



In the 21st century, many city-dwellers have lost contact with how their food is sourced and made. Most people in the developed world are used to purchasing their food from the supermarket or other specialty stores for the higher-end products. Much of the food that can be purchased these days is either processed to the point where it is virtually impossible to decipher the ingredients used in its preparation, or is processed to the point where it no longer resembles the original source.

Taking milk as an example, milk is usually sold in bottles or milk cartons. Typical long-lasting milk can be kept up to 6 months and immediately after milking, it undergoes a process called UHT treatment (ultra-high temperature treatment), where its heated to

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146°C for a time of 4 seconds. (Datta, 2003) This milk is then stored in milk cartons that prevent air and light from entering the container. Such milk is then sold at stores in packaging such as the Figure 2.

Figure 2 - Packaged milk (Tami, 2016)



Packaging like this does not give the consumer any idea that this milk comes from a real cow, but depicts a farm with a plow and in a sea of grass. Many people these days, and especially children, no longer make a connection between an actual cow and the milk they pour in their glass in the morning. The same applies for other food, such as eggs, honey, meat, and many others.

Various sources tend to define agrotourism differently, but much of the available literature suggests that **agrotourism can be encompassed by the following activities:**

- Fun activities (cornfield maze, harvest festival, etc.)
- Outdoor leisure activities (riding, photographing wild animals in their habitat, fishing, hunting)
- Direct marketing outside the farm (special events, food markets, national, regional, local fairs etc.)
- Direct marketing from the farm ("pick it yourself", retail stalls on the roadside etc.)
- Educational experiences (cooking classes, wine tasting, herd cattle, farm work, tour of preserves factories, farms tours, etc.)
- Accommodation and gastronomy (renovation of the craft under the guidance of a specialist; leisure stay on the farm, ranch leisure stay, tours with guide, etc.) (Marin, 2015)

Agrotourism is an important alternative for farmers with regard to their use of land, as well as the development of non-agricultural activities in the rural areas. Since agricultural production in rural areas has a downward-sloping tendency, agrotourism is an alternative way of helping farmers improve their economic status and support social development in these areas. (Juráňová, 2010)

The role of agrotourism in the farming business can be described as following:

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- A way of using empty premises and underused recreational facilities in agriculture.
- It offers the possibility to temporarily, or permanently create employment in the region, and to improve the qualifications of the employees.
- It supports the sales of agricultural products meant for preparation of finished meals for visitors
- It improves the standards of living of the service providers.
- It increases the amount of services provided in rural areas via the use of folklore programs, the use of local craftsmen for various tasks, and by doing so indirectly creates further employment opportunities.
- It solidifies the look of the village, by focusing on traditional architecture, as well as by keeping the tourist areas clean and orderly.

In regard to economy in the region, agrotourism has the following impacts:

- Growth of GDP
- Increase in earnings
- Creation of employment opportunities
- Sales of own products
- Growth of small and mid-sized businesses
- Improvements in infrastructure
- Growth of travel agencies
- Increase in tax revenues (Babinský, 2004)

Agrotourism, however, also creates the following social impacts, as well:

- Increase in services provided
- Cultural exchange
- Increase in cultural identity of locals
- Slow-down of emigration
- Creation of local patriotism
- Recreation possibilities (Babinský, 2004)

One of the aims and appeals of agrotourism is to educate the visiting tourists about where their food come from and what preceding steps need to be taken before it makes its way onto their plates. All of this need to be packaged in an entertaining and interesting format, while making the visitor feel welcome and comfortable during their stay.

The portfolio of services agrotourism offers encompasses the **satisfaction of a wide scale of needs**. These can be divided into **basic needs** and **secondary needs**. (Papcunová V., 2007) The products and services satisfying the basic needs include:

- **Accommodation services**, which include either newly-built, or older reconstructed premises which serve for accommodation of guests. It is important that they maintain a “rural feeling”, as well as adhere to the traditional architecture of the area, make use of natural materials and local sourcing of these materials. These premises should also invoke the feeling of “getting back to the roots”, meaning that modern technologies and

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amenities should be used sparsely. It is, however, important to have highly trained and welcoming staff on site. (Juráňová, 2010)

- **Gastronomy services**, which satisfy the basic need for food and include traditional methods and ingredients of cooking, presentation of own products of the particular agricultural activity of the service provider (e.g. a dairy farm offering agrotourism opportunities should offer its own milk or dairy products, a vegetable farm should offer its own produce for the visitors to try.) It is very important that the service provider makes use of local sourcing for ingredients used in cooking.

Aside from only satisfying the basic needs, **agrotourism also aims at satisfying the secondary needs of a visitor**. These needs include the spending of a visitor's free time, the enjoyment of his/her stay, as well as the need to create a special experience that cannot be experienced in the ordinary course of the visitor's life. The satisfaction of secondary needs is what makes the visitor's stay memorable and contributes to the overall memory of the visit. The satisfaction of both the basic and secondary needs also leads to **future returns of the visitors**, as well as additional visitors due to the **word-of-mouth references**. (Papcunová V., 2007)

Activities aimed at satisfying the secondary needs of a visitor range widely depending on the character of the farm or agricultural institution. These activities can come in the form of observing a farming or agricultural practice, such as planting, growing, harvesting and processing an agricultural commodity or animal husbandry. They can also come in the form of hands-on experience, where visitors get to perform some of these activities themselves. Taking the previously mentioned example of a dairy farm, observing visitors would get a chance to watch the feeding, milking, milk processing and other parts of animal care, whereas the "hands-on" visitors would get a chance to do all of these activities by themselves, or ideally with the help of an employee of the farm, who is trained in this practice.

The examples of pre-requisites for a successful agrotourism venture are:

- Engaging visitors in attractive farming activities in vegetable production (e.g. grapes picking, harvesting, etc.)
- The use of sheepherding as a platform for guided tours, as well as tasting of milk products
- Special offers in wine regions
- The use of horse-drawn carriages as alternative means of transportation
- The use of local craftsmen for production of souvenirs (blacksmiths, carpenters, etc.)
- The creation, restoration and use of fishing ponds for fishing
- Satisfying the needs of game hunters, especially in forest regions
- Offering fire-powered outdoor grilling, roasting, cooking venues while serving the appropriate foods

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- The use of folklore traditions, museums, living museums, organization of markets, or grape-pickings
- Offering other products and services specific for the region in order to attract local and foreign tourists (Paška, 2014)

2. Analysis of agrotourism as a viable tourist platform

Agrotourism is not by any means a new trend in tourism and dates back as far as the nineteenth century, where the first travel associations, such as the English Alpine Club, the French Alpine Club, and the French Touring Club began to focus on providing tours to tourists interested in exploring the mountainous regions of the world, mainly the Alps. Due to the lack of existing accommodation at the time, visitors were made to rely on accommodation provided by the local people in villages spread around the mountains being visited. At this time, rural tourism and agrotourism was performed with a relatively low degree of organization and visitors mainly relied on personal connections and references, as well as searching for accommodation on an ad-hoc basis directly after arriving to a particular village. (Chiran, 2016)

One of the attributes that sets rural tourism and agrotourism apart from other forms of tourism is its location, which is mostly located in remote areas, where mass tourism does not usually reach. Staying in nature and experiencing the peace and tranquility of being away from the masses play a big role in the value proposition of agrotourism.

“The discovery, in the Swiss Alps, of a wonderful world, where cows graze on the pastures upstream torrents of mountain waters, led to the arrival of a growing number of visitors, who wanted to enjoy this world and to live with people that could offer such attractive conditions.” (Chiran, 2016)

The following part of this thesis is aimed at analyzing agrotourism as a viable tourist platform by looking at the situation of agrotourism in various countries across Europe.

2.1 Agrotourism in Austria

The beginning of agrotourism in this country dates back more than 150 years and is related to the geographical position of Tyrol. Having resources attractive to visitors, the development of the region was not only strong but also fast. Austrian agrotourism currently encompasses about 10% of its 19,000 farms. Agrotourism is considered a tradition in Austria.

An Austrian agrotourism offer is usually composed of the following aspects:

1. **Originality** – with the high number of competing agrotourism locations, service providers need to offer an experience unique to their location or attraction
2. **Promoting the rustic values**, rural of each area
3. **Huge investment efforts** in properly equipping agrotourism structures
4. **Preponderance of small units** and their family character. (Ciolac, 2015)

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Austrian agrotourism tourism is represented by two most prevalent models: "recreational tourist village" and "rest resort". The concept of "recreation tourist village" includes tourist settlements with a predominantly peasant nature, where the tourist can spend holidays in isolation and tranquility. During the visitors' stay, however, they are given the ability, or are even encouraged to make contact with the customs and the cultural and folklore richness of the local communities. "Rest resorts" differ by the larger numbers of visitors, broader features and higher pricing, representing a higher level and standard in the category of these types of tourism places. Currently, farmers offer many cultural and entertainment activities, such as: horseback riding, bread making, weaving, etc., in addition to accommodation and high quality food. (Chiran, 2016)

2.2 Agrotourism in Germany

Rural tourism in Germany is practiced in more than 2/3 of the rural area. The birth of official agrotourism in Germany dates back to the year 1965, when two major organizations representing farmers were set up: The German Agricultural Society (D.L.G.) and The Organization for Boosting Public Opinion (I.M.A.). (Ciolac, 2015)

At first, holidays were held in houses located in villages closer to cities, accommodation was provided in nearby smaller hotels or rooms at the headquarters of farms were rented out to tourists. Later, I.M.A. began to identify those farms that were declared ready to receive tourists, and, in 1965, it began to certify those farms which fulfilled the conditions for receiving tourists. First major marketing efforts aimed at promoting these farms were also made.

The D.L.G. organization, on the other hand, assists farms to prepare and adapt their working structure in order to be able to receive tourists on their premises. This organization has been performing numerous controls and certifications on the quality of services offered in farms, assigning the brands "Urlaub auf dem Bauernhof" (Holiday on the farm) or "Landurlab" (Holiday in countryside). (Chiran, 2016)

2.3 Agrotourism in Switzerland

Agrotourism in Switzerland has the one of the longest traditions in the world in this sector of tourism. Due to the appeal of the Swiss Alps, the topography of the country, the prevalence of small villages and their ratios to big cities, as well as the social pro-environmental consensus in the country, sustainable nature-oriented business activities are encouraged both by the government, as well as the society as a whole. Despite the decline in the number of farms and farmers of the course of the last century, 53 500 farms in Switzerland still remain in production. (FSO, 2016)

Approximately 20% of these farms open their doors to tourism. (Fagioli, 2014) Agrotourism in Switzerland takes many various forms, including hiking tours, farm-stays, cycling tours, as well as mountain climbing tours with guides. At <http://www.kuehe-mieten.ch/> (mieten, 2016), people can even adopt a cow, come visit it at its respective farm, sleep in the same premises as your adopted cow, milk it, and make your own cheese with

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this fresh milk. Interested persons have the option of choosing a monthly adoption, or they can adopt the cow for a whole season.

Agrotourism in the aforementioned countries is not expected to grow significantly in the coming years, but should show signs of stabilization and slight decline due to saturation of the market. (Fagioli, 2014)

2.4 Agrotourism in developing countries

As a part of this thesis, it is important to mention that agrotourism as a part of the tourist industry is not unique to Europe, or even to developed countries, but enjoys exciting growth in developing countries, as well. Due to the lack of resources, many of these attractions are not as well known. The small amount of examples of local livestock breeds or plant varieties becoming an attraction for tourists, also prevents the particular tourist attractions from growing very big.

In **Costa Rica**, the Criollo horses are a special local breed and attract tourists for their characteristic horseback riding holidays offered in the area. In Southern Africa, tourists visit for the possibility to experience a ride on the Lesotho ponies.

Using a region's particular agro biodiversity to attract tourists is often only one of the elements of the projects put in place in a certain area. The “seed markets” held in the highlands of **Peru and Bolivia**, attract tourists for the promise of being able to purchase varieties of potatoes and other crop plants bred by the local women from the area. In the oases of the Maghreb in **Morocco**, for example, focuses on conserving the diversity of date palms through participatory use and the preservation of plant genetic resources.

Agrotourism aspects in developing countries can also found in adventure or culture parks. “In **Malaysia**, an “agricultural park” measuring over 1,000 hectares has been opened, showing visitors how Malaysian agriculture has developed. There is an arboretum with native fruit varieties. Small demonstration plots are reserved for the cultivation of traditional plant species and varieties. A large part of the park is used for agro forestry.” (Gordean, 2009)

3. Tourism in Slovakia – facts and figures

Tourism is without a doubt one of the most promising and fastest growing sectors of the Slovak economy. The position of Slovakia in the heart Europe at an intersection of travel routes, with rich cultural and historical heritage, as well as reasonable climate conditions create great potential for the development of tourism in the country. The potential of tourism is truly large and encompasses almost all forms and types of tourism opportunities. (SARIO, 2007)

Regional division of Slovakia help to better understand the conditions for tourism in the country.

Northern Slovakia is ideal for mountaineering activities, winter hikes and walks, while southern Slovakia offers opportunities for holidays near bodies of water and thermal streams, which offer plenty of options for spa-goers and waterparks. Practically across all of

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Slovakia, visitors can find scattered cultural, historic and natural attractions, which can be exploited for the purpose of tourism. Due to these fact, a plethora of accommodation and catering premises have been built, but the current amount of options does not meet the full potential of the tourism industry. The structure of visitors to Slovakia shows that Slovakia is a target country for the middle-class, as well as less-demanding visitors, majority of whom are quite price-conscious. (SARIO, 2007)

Since the movement of tourists within Slovakia is difficult to capture, the records of the Statistical Office of Slovakia keep numbers of visitors based on the reports from various accommodation facilities, such as hotels, hostels, bed-and-breakfast establishments, mountain cabins, and more.

The limitation of these statistics is that these numbers do not include tourists who are visiting Slovakia and staying with their families, staying in their summer/winter cabins, wild-camping, couchsurfing, using other forms of alternative accommodation, but also those, who stay in official facilities, owners of which do not register the visitor in order to avoid paying taxes born by providers of accommodations. They are, however, the best available data on the market and therefore the author based his assumptions on these figures.

Table 2 shows the amounts, as well as the YoY growths and declines of tourism in Slovakia between the years 1998 and 2015. From Table 2, we can note that **both local and foreign tourism has been steadily on the rise up to the year 2009**, where it took a major dive down. The most important factors, which influenced the growing trend of tourism in Slovakia were the introduction of the EURO as the official currency of Slovakia in 2009, as well as the impact of the global financial crisis, which had impact on all economies in the world, the so-called “debt crisis”. Another problem that Slovakia suffered from was the Russian-Ukrainian struggle, which led Slovakia to so-called “gas crisis”, when it got cut off from the supply of natural gas from Russia for a period of time with high uncertainty of the outcome. The combination of these factors changed the consumer behavior in the tourism industry and led consumers to be more careful about their spending.

Due to the introduction of the EURO, many services became cheaper for Slovak consumers, which led to a reduction of holidays spent in the country. On the other hand, services in Slovakia became more expensive for visitors from abroad, especially from the Czech Republic, Poland, Hungary, which caused the holidays of nationals in these countries to become more expensive. As a result, many would-be-tourists to Slovakia opted for a different destination. The increase in the price of services was also caused by the official EURO exchange rate that was set at 30.126 SKK (Slovak crowns), while the market value was around 36 SKK. This had a big impact on exports. The combination of these causes resulted in lower demand for vacationing in Slovakia.

Since 2011, tourism began to rise steadily again, reaching pre-crisis levels in 2013, experiencing an 8% drop in 2014, only to reach the highest historical levels in the most recent year 2015. The amount of incoming tourists at **4,330,249 in the year 2015** is the

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highest amount of tourists Slovakia has experienced as far as the records go, outreaching the pre-crisis numbers. (SACR S. A., 2016)

Some sources attribute the rise in tourism in Slovakia not only to the appeal, location, and offer of Slovakia, but also to the fact, that Slovakia managed to remain mostly untouched by the migrant crisis of 2015 (BBC, 2015), as well as the recent upsurge of terrorist attacks on various targets across Europe and the rest of the world. Slovakia is seen as a safe country to visit or stay in during holiday (for Slovaks), and the authors believe that much of this increase can be contributed to this fact.

Table 2 - Visitors in Slovakia

(SACR S. A., 2016)

	1998	YoY growth/decline	1999	YoY growth/decline	2000	YoY growth/decline
Visitors from Slovakia	1,762,619	0%	1,823,321	3%	1,741,000	-5%
Foreign visitors	896,100	0%	975,105	9%	1,052,700	8%
Total	2,658,719	0%	2,798,426	5%	2,793,700	0%
	2001	YoY growth/decline	2002	YoY growth/decline	2003	YoY growth/decline
Visitors from Slovakia	1,941,649	12%	2,047,702	5%	1,986,749	-3%
Foreign visitors	1,219,099	16%	1,398,740	15%	1,386,791	-1%
Total	3,160,748	13%	3,446,442	9%	3,373,540	-2%
	2004	YoY growth/decline	2005	YoY growth/decline	2006	YoY growth/decline
Visitors from Slovakia	1,843,296	-7%	1,913,103	4%	1,972,071	3%
Foreign visitors	1,401,189	1%	1,514,980	8%	1,611,808	6%
Total	3,244,485	-4%	3,428,083	6%	3,583,879	5%
	2007	YoY growth/decline	2008	YoY growth/decline	2009	YoY growth/decline
Visitors from Slovakia	2,093,000	6%	2,316,116	11%	2,083,279	-10%
Foreign visitors	1,684,526	5%	1,766,529	5%	1,298,075	-27%
Total	3,777,526	5%	4,082,645	8%	3,381,354	-17%

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	2010	YoY growth/decline	2011	YoY growth/decline	2012	YoY growth/decline
Visitors from Slovakia	2,065,722	-1%	2,110,732	2%	2,246,562	6%
Foreign visitors	1,326,639	2%	1,460,361	10%	1,527,500	5%
Total	3,392,361	0%	3,571,093	5%	3,774,062	6%
	2013	YoY growth/decline	2014	YoY growth/decline	2015	YoY growth/decline
Visitors from Slovakia	2,378,557	6%	2,252,693	-5%	2,609,056	16%
Foreign visitors	1,669,948	9%	1,475,017	-12%	1,721,193	17%
Total	4,048,505	7%	3,727,710	-8%	4,330,249	16%

The statistical records show that **majority of tourism in Slovakia comes from visitors from within Slovakia**, who in 2015 amounted to a significant 60.25% of total tourists within Slovakia. The remaining 39.75% of visitors come from abroad.

It is no surprise that the **biggest group of visitors come from the Czech Republic**, due to the historical and geographical proximity to Slovakia, as well as the fact that the Slovak and Czech cultures and inhabitants foster positive feelings for one another. In the year 2015, close to 30% of all foreign visitors are Czech, 9,8% came from another neighboring country, Poland, 9,2% came from Germany, 4% of visitors were of Hungarian origin, 4,7% from Austria, and about 1,7% of visitors came from Russia. The number of visitors from the rest of the world amounted to 16,25%. (SACR S. A., 2016) An overview can be seen in Table 3 below.

Table 3 - Percentage of nationalities visiting Slovakia

source: SACR

Sending country	Number of visitors in 2015	Percentage of Total
Slovakia	2,609,056	60.25%
Czech Republic	509,700	11.77%
Poland	168,358	3.89%
Germany	158,857	3.67%
Austria	81,589	1.88%
Hungary	69,563	1.61%
Russia	29,664	0.69%
Rest of the world	703,462	16.25%
Total	4,330,249	100.00%

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In 2015, **tourism in Slovakia represented approximately 3% of total GDP** of Slovakia. The incoming and outgoing payments, as well as their balance is shown in Table 4.

Incoming payments represent active tourism, thus tourism that came, or remained in the country. Outgoing payments represent passive tourism, this spending of tourists leaving Slovakia and going abroad.

The Balance of Payments is calculated as Incoming Payments minus Outgoing payments. A positive balance means that more money stayed in Slovakia, negative balance means that more money left Slovakia. (SACR S. A., 2016)

Table 4 - Spending on Tourism – incoming and outgoing (SACR S. A., 2016)

	2000	2001	2002	2003
Incoming payments (Active tourism) in millions of EUR	468.1	712.8	768.6	764.9
Outgoing payments (Passive tourism) in millions of EUR	320.3	320.1	469.4	507.2
Payment Balance Incoming-Outgoing in millions of EUR	147.8	392.7	299.2	257.7

	2004	2005	2006	2007
Incoming payments (Active tourism) in millions of EUR	725.9	972.4	1207.7	1472.8
Outgoing payments (Passive tourism) in millions of EUR	600.1	679.8	841.6	1116.6
Payment Balance Incoming-Outgoing in millions of EUR	125.8	292.6	366.1	356.2

	2008	2009	2010	2011
Incoming payments (Active tourism) in millions of EUR	1762.6	1674.5	1684.7	1722.7
Outgoing payments (Passive tourism) in millions of EUR	1467.3	1504.1	1470.7	1566.8
Payment Balance Incoming-Outgoing in millions of EUR	295.3	170.4	214	155.9

	2012	2013	2014	2015
Incoming payments (Active tourism) in millions of EUR	1789	1924.5	1940.5	2129.8
Outgoing payments (Passive tourism) in millions of EUR	1666.3	1782	1859.8	1917.2
Payment Balance Incoming-Outgoing in millions of EUR	122.7	142.5	80.7	212.6

Figure 3 - Incoming/Outgoing Payments in Slovak Tourism

(SACR S. A., 2016)

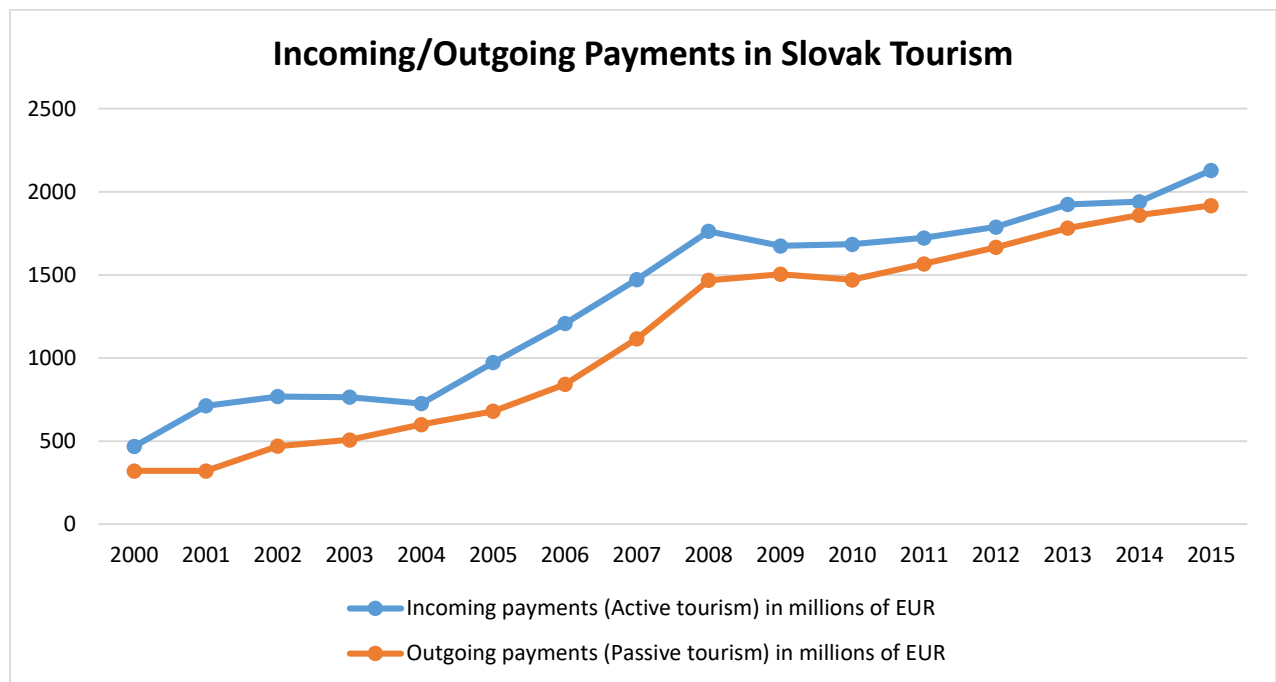
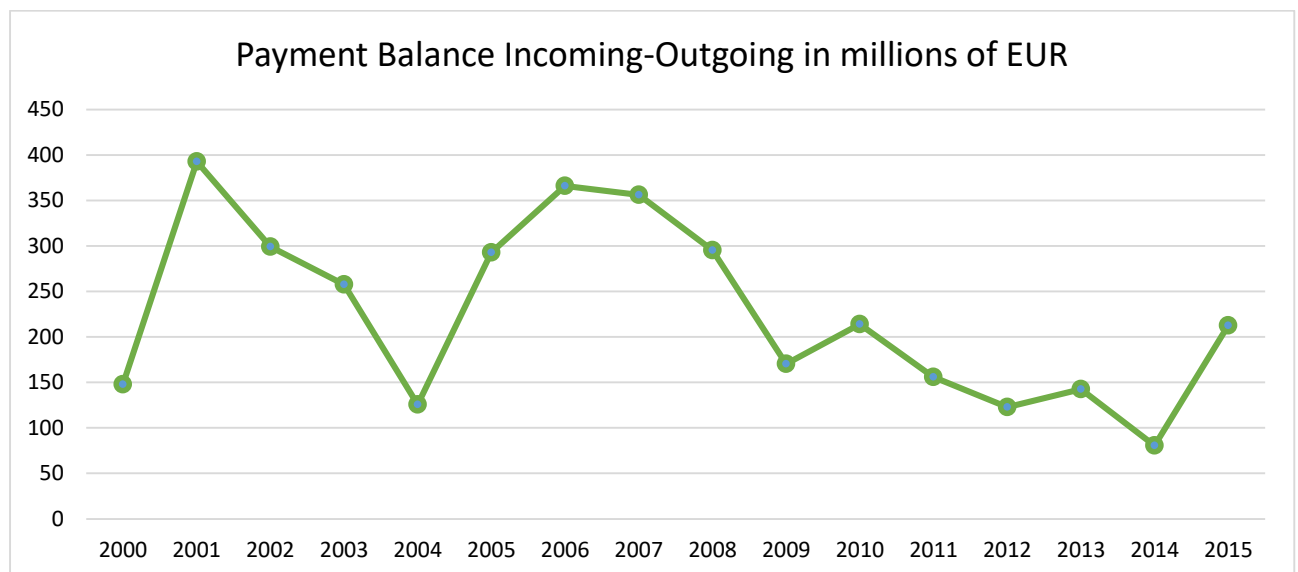


Figure 4 - Payment Balance Incoming-Outgoing in millions of EUR

(SACR S. A., 2016)



From Figure 3 and Figure 4, we can see that the balance of incoming-outgoing tourism has been quite volatile and has had an overall rising tendency. Between the years 2000 and 2015, the money spent on incoming tourism has quadrupled and the amount spent on outgoing tourism has increased almost six-fold.

The Payment Balance between incoming and outgoing tourism between 2000 and 2015 has been quite volatile, as well. After its peak in 2001, it had a declining tendency until 2004. In 2005 and 2006, it kept rising, again, only to drop between 2007 and 2009. A

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culmination of the crises and the introduction of the EURO mentioned earlier is to blame for this. Since 2010, we can again see a declining tendency in the Payment Balance, hitting its all-time low in 2014 at 80,8 million EUR.

The year 2015 saw the greatest number of visitors to Slovakia since the official records began and the Payment Balance rose to 212.6 million EUR, a 163% YoY growth compared to the year 2014.

3.1 Rural tourism and agrotourism in Slovakia

As of the time of writing this thesis, the most recent data found on rural tourism and agrotourism in Slovakia comes from the time period between the years 2005 and 2014. No more up-to-date data was available at this time.

Table 5 shows two sets of important data for rural tourism. First, it is the number of visitors, who visited and spent a night at an establishment considered to be a part of rural tourism. Secondly, the number of nights spent is an important factor, as well, as it directly affects the spending of tourists, since longer stays equal more money spent in tourist attractions or amenities. (SACR S. , 2015)

Table 5 - Rural tourism in Slovakia

(SACR S. , 2015)

	2005	YoY growth/decline	2006	YoY growth/decline	2007	YoY growth/decline
Number of visitors	205,139	0%	211,876	3%	220,885	4%
Number of nights spent	75,752	0%	79,194	5%	88,820	12%

	2008	YoY growth/decline	2009	YoY growth/decline	2010	YoY growth/decline
Number of visitors	251,361	14%	194,684	-23%	194,603	0%
Number of nights spent	102,254	15%	78,929	-23%	80,130	2%

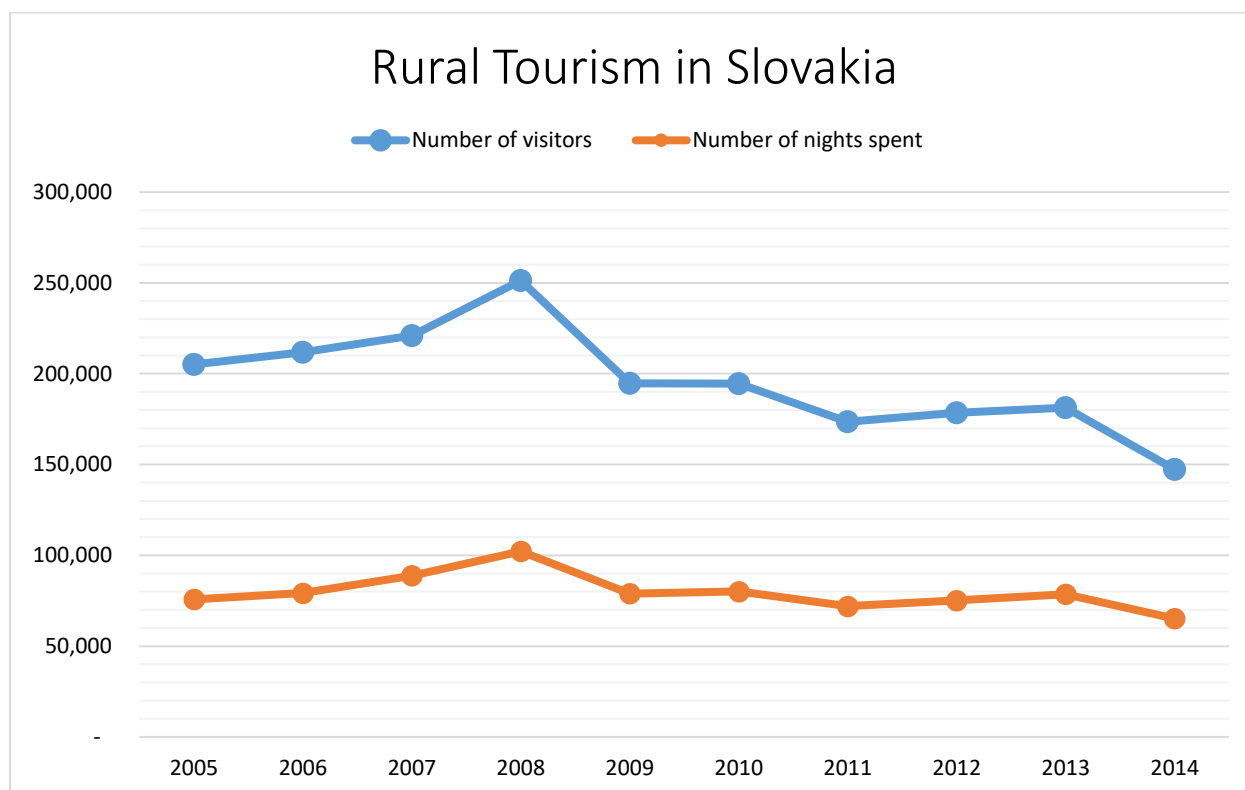
	2011	YoY growth/decline	2012	YoY growth/decline	2013	YoY growth/decline
Number of visitors	173,603	-11%	178,574	3%	181,300	2%
Number of nights spent	71,966	-10%	75,126	4%	78,624	5%

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	2014	YoY growth/decline
Number of visitors	147,217	-19%
Number of nights spent	65,213	-17%

Figure 5 - Rural Tourism in Slovakia

(SACR S. , 2015)



From the data gathered, we can see that contrary to tourism as a whole, rural tourism had a rising tendency up to the year 2008, when it peaked, followed by a declining tendency since 2009 until 2014. As the number of visitors declined more sharply than the number of nights spent in rural tourism establishments, we can deduce that the slower decline in nights spent is partially mitigated by longer stays of tourists.

The data for 2015 were, unfortunately, not available. Data for spending in rural tourism were also not discovered by the author.

4. Tourism in the Liptov Region – facts and figures

The region of Liptov is found in the northern part of Slovakia and touches the Slovak-Polish border in the northeast of its area. It covers the area of 1 970 km², 50% of which is comprised of forests. With total population of approximately 133 000 inhabitants, it is comprised of 81 settlements, 3 of which have earned the statute of “town”. These three

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towns are Liptovský Mikuláš, Liptovský Hrádok and Ružomberok, the remaining settlements are, what can be best described as villages. (Liptov, 2016)

Figure 6 - Region of Liptov in present-day Slovakia (Wikipedia, 2016)



Liptov Region is currently the most sought-after region of Slovakia regarding tourism. The region offers a great variety of sightseeing, as well as experiential opportunities.

Since the time of Austria-Hungary empire, the beauty of Liptov has interested the highborn class of the society resulting in a number of mansions, castles, and summer palaces in the region.

Natural beauty is abundant in Liptov, as the region is located in so-called Liptov Valley, encircled by the Tatra Mountain Range, namely the Low Tatras, the West Tatras, and the Choc Mountains. The western part of the region also touches the Big Fatra Mountain Range. All of the aforementioned mountain ranges are located within their respective national parks or protected natural reserves named after these mountain ranges. Hiking, climbing, and nature walking opportunities are thus vast.

The Liptov cave system is also an attraction that draws large groups of tourist to the area. Demanovska Cave of Liberty and Demanovska Ice Cave have since 1924 been opened to public and remain a major tourist attraction in the area. (Slovak Cave Maintenance Service, 2013)

The region also contains the biggest body of water, the Liptovská Mara dam, with area of 22 km² which was built between the years 1965-1975 as a dam aimed at production of electricity, but has since its construction become a center for recreation and water sports for tourists visiting the region. (Mara, 2016)

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Figure 7 - Views of Liptovská Mara, West Tatras and Choc Mountains (Liptovský Mikuláš, 2016)



Museums, galleries, castles, and other historic and cultural places are abundant in the region and add to the number of things that incoming visitors can see and experience while visiting. A complete list of these would take away from the focus of the thesis, so the author will not go much deeper into the details of these attractions.

The Liptov region lies on top of a reserve of hot mineral waters, the existence of which has in the early to mid-1900s led to the creation of many spas and mineral baths. The most recent trend has brought about the creation of a series of waterparks, the most prominent of which are “Aquapark Tatralandia” and “Thermal Park Gino Paradise Bešeňová”. (Tatralandia, 2016)

Winter tourism is also very prevalent in Liptov. In case of low avalanche risk, winter hiking is very popular in the region. The biggest ski resort, “Jasná”, can also be found here, along with 6 other ski resorts, as well as 3 ski slopes operated by local villages. (Liptovský Mikuláš, 2016)

Tourism in Liptov is in large part operated by a large tourism enterprise “Tatry Mountain Resorts” (TMR), which owns and operates many of the large tourism resorts and attractions in Liptov, as well as in other regions in Slovakia, including Jasná ski resort, Tatralandia and Gino Paradise waterparks, Tatranská Lomnica ski resort in the High Tatras, as well as owns multiple hotels and accommodation facilities. A visiting tourist has the ability to purchase a “Gopass” (Gopass, 2016), allowing him/her to take part in all of these with a single ticket.

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In an effort to expand the network of tourism facility providers, as well as promote cooperation, TMR in collaboration with the municipality created a destination management organization “Cluster Liptov”. Cluster Liptov is a tourism cluster organizing many tourism service and facility providers under one roof, allowing them to share in the benefits of providing information to a tourist in the region from a single source, allowing the providers to take advantage from the economies of scale provided by shared marketing activities. The payments towards the cluster are made on per-visitor basis for private sector, and on per-staying guest basis (accommodation tax paid to the municipality) on the municipality side. (Klaster Liptov, 2016)

Table 6 shows the historical data of amounts of incoming tourists in the Liptov region. Data for the year 2015 for Liptov alone were not available at the time this thesis was written.

Table 6 - Liptov visitors (Zilina regional tourism office, 2015)

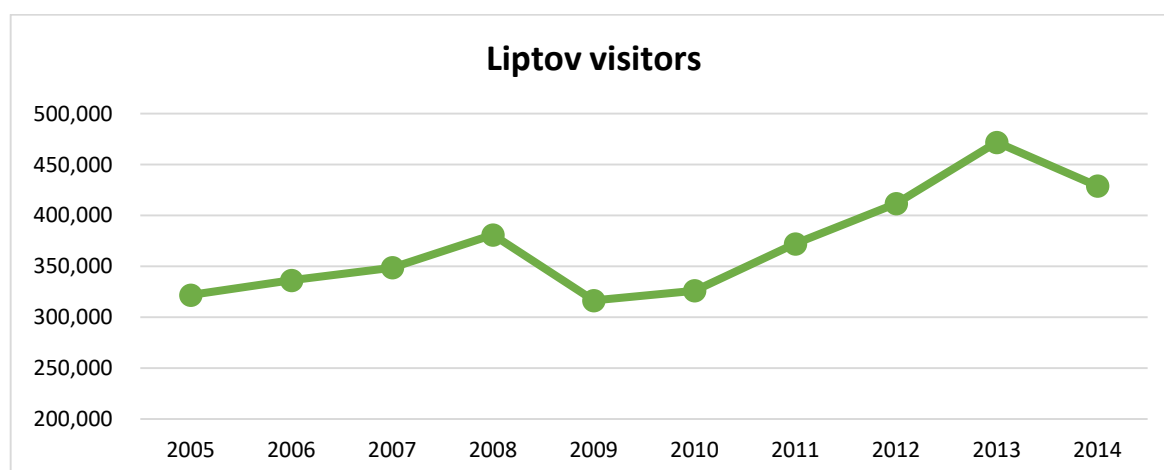
	2005	YoY growth/decline	2006	YoY growth/decline	2007	YoY growth/decline
Liptov visitors	321,758	0%	336,299	5%	348,593	4%

	2008	YoY growth/decline	2009	YoY growth/decline	2010	YoY growth/decline
Liptov visitors	380,834	9%	316,408	-17%	325,964	3%

	2011	YoY growth/decline	2012	YoY growth/decline	2013	YoY growth/decline
Liptov visitors	372,037	14%	411,633	11%	471,783	15%

	2014	YoY growth/decline
Liptov visitors	428,805	-9%

Figure 8 - Liptov visitors



The information from Table 6 and Figure 8 show that in comparison with the rest of Slovak tourism, the region of Liptov was more resistant to the crises of the past. Just like the rest of Slovakia, it has experienced growth up to the year 2008, fall in 2009, but since 2010 has been showing constant growth, unlike the rest of Slovakia. The fact that it experienced a drop in visitors in 2014, however, shows that it is not completely immune to the situation in the rest of the country. As noted before, an upward spike in 2015 and 2016 is to be expected, as a result of the recent migrant crisis, as well as the recent terrorist attacks across the globe, as Slovakia and Liptov are seen as a “safe destination”.

5. Secondary market research

Secondary market research is aimed at discovering functional agrotourism enterprises, or ventures in Slovakia that support the hypothesis that agrotourism and contact with animals are indeed viable platforms for the development of tourism. This part of the thesis will provide information and analysis of existing agrotourism ventures. Ventures, which focus on catering their services to families with children are also included as an important part of the agrotourism industry.

5.1 Biofarma Príroda Stupava Salaš – Organic Farm “Nature” Stupava

This farm is as much of a farm, as it is a tourist attraction. Located in the town of Stupava, Slovakia, 20 kilometers north of the capital of Slovakia, Bratislava, it is a place for city-dwellers to get in touch with natural practices. The farm consists of a herd of 120 sheep, a herd of goats, horses, shepherd dogs, cats, donkeys, rabbits, guinea pigs, ducks, geese, chickens, pigeons, wild boars, and pigs. The farm is a project created in partnership with two major restaurants located in Bratislava – Slovak Pub and Flagship restaurant, focused on offering premium traditional Slovak cuisine. With its 22-hectare property, the farm has enjoyed increasing interest from tourists and has been expanding annually in order to be able to accommodate more tourists.

The farm offers 4 main attractions:

1. Traditional Slovak restaurant “Koliba”

- This restaurant offers a variety of traditional Slovak foods prepared using the traditional methods and home-made ingredients and is quite popular even among gourmet restaurants.

2. Old bakery and cheese making

- The farm has renovated an old bakery, and offers freshly baked bread from a wood-burning oven, as well as offers bread baking classes and workshops. It appeals to visitors interesting in traditional cooking methods.

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- The farm also performs workshops on cheese making.

3. Farm life and animals

- The farm houses a variety of farm animals, as mentioned previously. It allows the visitors to pet, touch, and feed the animals, as well as offers guided tours and farming workshops.
- The farm also offers fireplaces for rent, where the visitors can either bring their own food to cook, roast and grill, or the visitors can purchase a cook-out pack from the farm itself, including meat and other food supplies.

4. Schools and kindergartens

- The farm prepared a children-specific program for schools and kindergartens that spans for 1 whole day, which encompasses an educational tour of the farm with “Uncle Juraj”, a walk through a small arboretum, as well as fire-starting and basic survival in nature workshops for children. (Biofarma Príroda, 2016)

5.2 Ranč u Bobiho Nový Tekov – Bobi’s Ranch, Nový Tekov

Bobi’s Ranch is a higher-end facility located in the village of Nový Tekov, which primarily offers accommodation and horseback riding to its visitors. It offers horseback riding lessons to both children and adults, as well as horse-drawn carriage rides. As a complete agrotourism attraction, in addition to housing, it houses a restaurant with both modern and traditional Slovak cooking.

The main target group for Bobi’s ranch is visitors looking for active holidays, and in addition to horses, it also offers ride on ATV vehicles (four-wheelers), bowling alleys, tennis courts, a mini golf course, as well as massages and a wellness center.

The reason why Bobi’s Ranch is included in this thesis is that it also houses one of its main attractions, which acts as a supportive attraction to its main activities. Under the slogan “here you can have fun and learn at any age”, a small farm yard is located in the center of the ranch. The farm yard is home to chickens, rabbits, pheasants, ducks, sheep, goats, donkeys, and miniature horses. Visitors, mainly families with children are allowed to pet and play with the animals, as well as feed them. The staff gives tours of the farm yard, explains details about the life of each animal, and organizes small workshops connected with animal husbandry.

The ranch also cooperates with schools, kindergartens, and summer camps. Schools and kindergartens come for 1 day trips, while summer camps make Bobi’s Ranch their base for 10-day summer camps. (Ranč u Bobiho, 2016)

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5.3 Czajlik Ranch

Czajlik Ranch is located in southern Slovakia, and offers similar attractions, products and services as Bobi's Ranch. Accommodation, restaurant, horseback riding, swimming pool, cycling, fishing, tennis, as well as a small farm yard are all present on the venue.

In its small farm yard, however, visitors can come in touch with not only farm animals, but also wild animals raised in captivity, such as deer and wild boars.

The ranch also offers a unique opportunity for its visitors to experience a traditional "pig slaughter", where the visitors get to observe the killing of a pig as done in the past in villages, as well the process of processing the meat and other parts of the animal into sausages, and other meat products. (Czajlik Ranč, 2016)

5.4 Detská Farma Gazdáčik, Banská Štiavnica – Children's Farm Gazdáčik, Banská Štiavnica

This farm was originally created as a permaculture farm in 2001 and began to offer accommodation in the year 2004. Its goal was to provide a getaway place in nature for artists, writers, herbalists, spiritualists, and other people searching for peace and quiet away from the business of cities. In the same year it began a project called "Horses are our friends", which was aimed at raising horses for hippo therapy (the use of horse riding as a therapeutic or rehabilitative treatment, for physically and mentally handicapped individuals). The farm keeps chickens, ducks, horses and ponies, sheep, goats, and other farm animals, many of which are rescue animals.

Currently, it serves as a place for seminars about permaculture, offers horseback riding lessons, offers animal therapy for kindergartens (use of contact with animals as a method for psychotherapy), sells farm products (cheese, meat, other products).

With regard to further promoting agrotourism, it organizes farming workshops for schools and kindergartens, where it teaches children about farming and animal husbandry, as well as organizes its own summer camps. Every summer, their offer includes four 8-day summer camps where children stay at the farm, and four 8-day summer camps, where children go home at the end of every day. Farming lessons, as well as trips, hikes, and exploring of nature in the area are a focal point of these summer camps. (Gazdáčik, 2016)

5.5 Travel agencies offering agrotourism-based summer camps

Agrotourism is not an activity exclusive to farms and farmsteads, but is also gaining popularity among travel agencies providing and organizing summer camps. Two of such camps will be briefly mentioned in the following section of this thesis.

5.5.1 Wachumba "Pura Natura" summer camp

This summer camp is organized by the travel agency "Wachumba" from Martin, Slovakia and is targeted at parents, who want their children to get in touch with nature, animals, and life away from the city and technological advancements.

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The summer camp offers pony riding, animal care-taking, lessons about birds, nest building and how to recognize bird calls, jam cooking, recycling and up-cycling workshops, and handmade candle-making.

This summer camp utilized the appeal of agrotourism to parents of children in the age range of 6 to 12 years old. (CK Wachumba, 2016)

5.5.2 Lobelka “Wandering Farmers” summer camp

This summer camp is organized by the travel agency “Lobelka” from Liptovský Mikuláš, Slovakia, and similarly to Wachumba’s “Pura Natura”, is aimed at parents, who are the key decision makers in regard to summer camps, who are interested in teaching their children about nature, farming, and animals.

Unlike Wachumba’s “Pura Natura”, in this summer camp, the children go home at the end of every day, and attend various agrotourism activities every day. A visit to a shepherd’s hut, a beekeeping workshop, bread baking class, and vegetable planting lessons are all a part of this summer camp. (Lobelka, 2016)

5.6 Secondary market research – a conclusion

The secondary market research presented shows that agrotourism is not only a viable tourism platform, but that with the correct approach and supplementary services, it can be a thriving business opportunity. It is important to offer multiple activities in a package, provide highly trained staff to include educational aspects in the agrotourism activity, as well as to give the visitors the ability to interact with and perform the various tasks themselves, rather than to just make a presentation of the work that needs to be done in order for a farm to function properly.

6. Osterwalder business model canvas

This part of the thesis is aimed at explaining the Osterwalder business model canvas that will be used in the practical part of this thesis.

The Osterwalder business model canvas (“the canvas”) was created by Alexander Osterwalder and Yves Pigneur with the help of 470 practitioners from 45 countries, who took part in the development and filling-out and testing of the canvas prepared by the authors. (Osterwalder, 2010)

The canvas aims to help a used develop the rational of **“how an organization creates, delivers, and captures value”**. (Osterwalder, 2010)

The canvas is composed of 9 main building blocks:

1. Customer segments
2. Value Propositions
3. Channels

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4. Customer Relationships
5. Revenue Streams
6. Key Resources
7. Key Activities
8. Key Partnerships
9. Cost Structure

1. **Customer segments** – this building block defines the different groups of people or organizations an enterprise aims to reach and serve. Since the customers are at the heart of the business model, it is necessary to define the customer segments.

Customer groups represent separate segments if their needs require and justify a distinct offer, they are reached through different Distribution Channels, they require different types of relationships, they have substantially different profitabilities, or if they are willing to pay for different aspects of the offer

Through analysis of customer segments, a company can arrive at the following segments of interest:

- **Mass market** – this segment does not distinguish between different Customer Segments.
 - **Niche market** – this segment caters to specific, specialized Customer Segments.
 - **Segmented** - a company can choose to serve multiple customer segments at the same time, all of which are intertwined and come from the same customer base
 - **Diversified** - a company can choose to serve multiple customer segments that are separate from each other
 - **Multi-sided platforms** - a company can act as both the provider of a service on one end of the business spectrum, as well as a customer on another side of the spectrum, or it can serve two completely different groups of customers
2. **Value proposition** – this building block describes the bundle of products and services that create value for a specific Customer Segment (Osterwalder, 2010)

The Value Proposition is the reason why customers choose one company over another. It is aimed at solving a customer problem or satisfying a specific customer need. Each Value Proposition consists of a certain bundle of products or services that is specific to a certain Customer Segment.

Value proposition can be achieved through various way, some of which include:

- **Newness** – an offer not previously seen on the market, satisfies a new set of needs of a Customer Segment
- **Performance** – this offer improves the quality or performance of an existing offer and by doing so creates value for the customer

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- **Customization** – this offer help tailor generic offers to a specific customer or a whole Customer Segment and creates additional value
- **“Getting the job done”** – this offer simply provides the customer with a sense of security that everything will go as planned thanks to the perceived reliability of the provider company
- **Design, Brand/Status, Price, Cost reduction, Risk reduction, Accessibility, or Convenience/Usability** can also be a valid value proposition of the company

3. **Channels** – this building block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition. (Osterwalder, 2010)

Channels encompasses a wide range of issues to be answered, mainly the way of delivering information about products and services to customers, helping customers evaluate the Value Proposition of a Company, as well as how to deliver the Value Proposition to customers.

Finding the right mix of Channels to satisfy how customers want to be reached is crucial in bringing a Value Proposition to customers. A company can choose to reach its customers through its own Channels, through partner Channels, or through a mix of both.

4. **Customer Relationship** – this building block describes the types of relationships a company establishes with specific Customer Segments. (Osterwalder, 2010)

Customer Relationship is comprised of how a customer is acquired, how to achieve customer retention and how to boost sales through upselling of offer to existing customers.

The following categories of Customer Relationships can either be applied and used independently, or they can coexist and be used simultaneously:

- **Personal assistance** – based on human interaction, each customer is assisted individually by a group of representatives
- **Dedicated personal assistance** – more in-depth, each customer is assisted by a dedicated employee
- **Self-service** – no direct interaction with customer, but all services are put in place to allow customer to get what he/she needs
- **Automated services** – similar to self-service, but includes more automation, aimed at making the purchase easier for the customers
- **Communities** – companies can choose to create customer communities to be able to engage with customers
- **Co-creation** – companies can invite customers to help them co-create the experience the customers want through their own efforts

5. **Revenue Streams** – this building block describes the cash a company is planning to receive from each of the Customer Segments (Osterwalder, 2010)

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When establishing the possible revenue streams, a company must try to establish the value that each of the customer segments is willing to pay for the product or service provided. Each Revenue Stream may have different pricing options, including fixed list prices, it may make use of bargaining or auctioning, it can be market- or volume-dependent.

Revenue streams can take a variety of forms, including **Asset sale, Usage fee, Subscription fee, Lending/Renting/Leasing, Licensing, Brokerage fees, or Advertising.**

6. Key Resources – this building block describes the most important assets required for a venture to make their business model work.

The Key Resources can take all forms, including physical assets, financial resources, intellectual property, or human resources. The Key Resources can be owned by the company, or they can be leased, rented, or acquired from a Key Partner.

7. Key Activities – this building block describes the most important activities the business has to perform in order to make its business model work. (Osterwalder, 2010)

The Key Resources can be categorized into the following categories:

- **Production**
- **Problem Solving**
- **Platform/Network** – this key activity is focused on building a platform or a network for other activities to take place on.

8. Key Partnerships – this building block describes the network of suppliers and partners that makes the business model work

Key partnerships can be organized based on the motivation of partners for creating these partnerships in the following categories:

- **Optimization and economy of scale**
- **Reduction of risk and uncertainty**
- **Acquisition of particular resources and activities**

9. Cost Structure – this building block describes all costs incurred by the venture in order to operate its business model. (Osterwalder, 2010)

Cost Structure assigns values to each one of the other building blocks and evaluates, whether or not the business model has the possibility to function.

The Cost Structure of various companies varies greatly and can be identified by the following classes:

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- **Cost-driven** – aims at minimizing costs wherever possible in order to be able to deliver a product with lower capital required
- **Value-driven** – aims at the value created, rather than minimizing costs. Premium offers, highly personalized services and high-end products fall into this category.

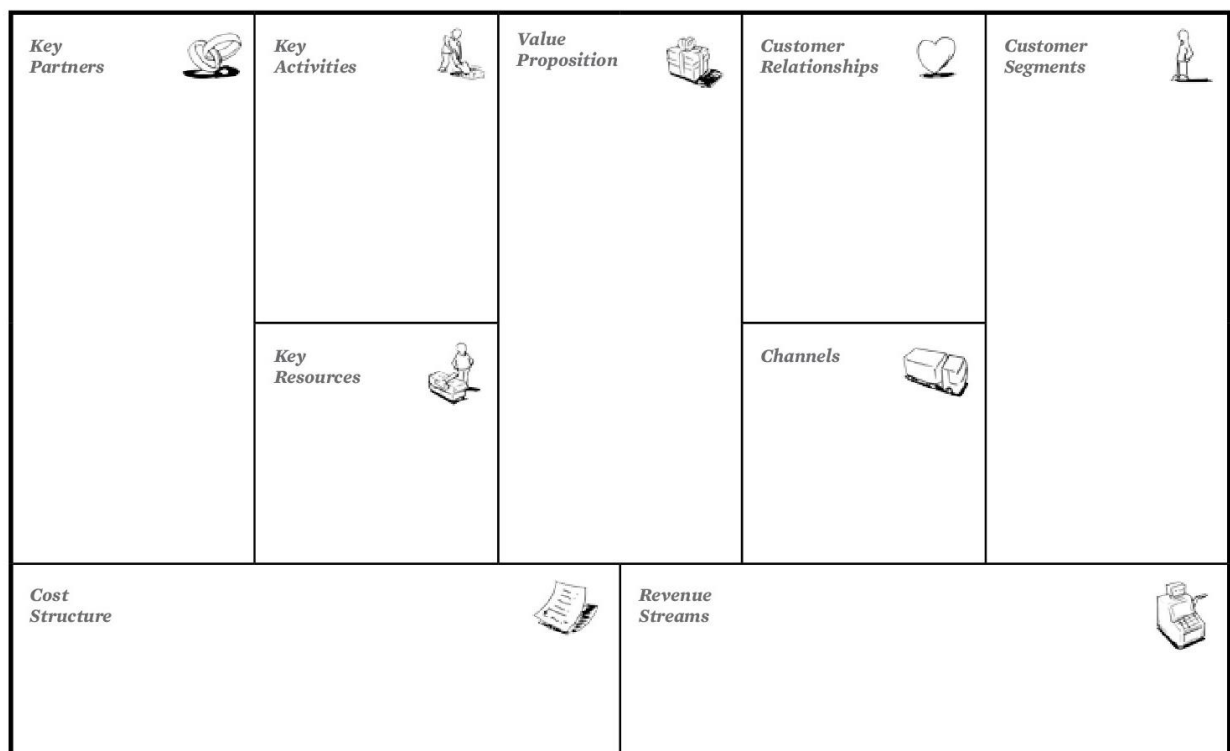
Cost structures can have the following characteristics:

- **Fixed costs** – costs remain the same despite the volume being produced
- **Variable costs** – costs vary with increasing/decreasing volumes being produced
- **Economies of scale** – marginal costs decrease as the output rises
- **Economies of scope** – costs, such as distribution channels can be shared among multiple product lines

The Osterwalder business model canvas puts all of these building blocks into a comprehensive form, depicted in Figure 9 below.

Figure 9 - Osterwalder Business Model Canvas (Osterwalder, 2010)

The Business Model Canvas



7. Business idea

7.1 Product introduction and description

The aim of this thesis is to introduce a business idea and present a business plan built around this idea.

The idea at hand is to **create a tourist attraction**, where visitors can come into **contact with farm animals, specifically sheep, in a natural setting, where tradition meets entertainment**, as well as to create a place to educate visitors about the necessities and requirements of animal husbandry and proper sheep herding practices, while providing a place for injured and ill animals meant for the slaughterhouse to regain their strength, get healthy, and allow as many of the animals as possible to return back to their farm herd after the end of the tourist season.

The idea is to create a product not available elsewhere, which would culminate in the creation of a farm entertainment park, allowing visitors to try-out sheepherding and become a shepherd for 10 minutes under the guidance of a “sheep master”, allow visitors to feed the sheep, as well as little lambs, to play farm-based games and activities, and to sell farm product, as well as refreshments in the venue.

This attraction was named “Ovečkoland” (Sheepland).

For this purpose, a game was invented. The game consists of an obstacle track, where the visitors’ job is to guide a group of 5 sheep through the track. The game is played for 10 minutes; the visitors’ get one point for every sheep that successfully passes through an obstacle. A group of sheep gets to play for 10 minutes, followed by at least 10 minutes break between games. After 2-3 games, the group of sheep gets swapped out for a fresh group of sheep and the original group goes to the pasture. In order to accommodate this, double the amount of sheep needed will be always present on the venue.

The sheep used for this activity will all be **rescue sheep** that were deemed as “unproductive”, meaning that they did not manage to get pregnant in the previous year, sheep that did not produce offspring and which thus did not produce any milk, resulting in a loss to the farm. The side-goal of this activity is to allow the sheep to be kept in above-standard conditions and to allow them to regain their health, thus sparing them from being killed for meat.

Another activity, which the visitors can take part in is to feed small lambs, as well as the sheep they played the game with. High quality, lamb-specific animal fodder will be sold to the visitors, while fresh water, hay, grazing areas, and vitamins and minerals will be provided for the animals by the business unit.

Small games, a jumping castle, as well as other activities will be located in the venue, available for the visitors to rent.

A snacks counter, offering snacks, draft beer, non-alcoholic beer and soft drinks, as well as quality cheeses will be located in the venue, as well to allow visitors to remain on the venue longer, allowing them to sit on the grass field, enjoying their time in nature.

Sale of souvenirs and other products and items will also be a part of the venue.

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Lastly, a number of small free-of-charge activities will be located in the venue enticing visitors to spend more time at the attraction, as well as get acquainted in the venue and give them more time to consider trying out the attractions provided by the business unit.

7.2 Target customers

The target customers will be tourists visiting the region of Liptov during the summer months (June, July, August), as well as local inhabitants of the region of Liptov looking for free-time activities in the summer. All of the target groups are connected by the fact that they are looking for summer entertainment for children connected with educational value.

The target groups can be divided in the following categories:

- **Slovak families with small children visiting the region of Liptov.**
 - This group includes families with children between the ages 4 to 9, meaning children, who are able to complete simple tasks with the help of their parents/guardians, are sufficiently aware of their surroundings and are sufficiently able to interact with animals. An example of this would be parents, who purchase a game for their children, but also for themselves and participate in the game as a family, rather than just being observers.
 - Parents of these children should generally fall into the age bracket of 30-40 years old, purchase their accommodation from the internet, or telephone, and tend to stay with more family-friendly accommodation providers, which allow their children more entertainment facilities. Since these children require more time and effort, accommodation premises with children's corners, obstacles, sandboxes and toy rooms are preferred.
 - Families with children between the ages 0 to 3 are not included in this group due to the author's perception that these children are not yet able to fully comprehend what is happening and mostly rely on the guidance of their parents, rather than their own impulses, desires and independent thinking.
 - We expect this group to encompass approximately 20% of all visitors to Sheepland.
- **Slovak families with older children visiting the region of Liptov.**
 - This group includes families with children between ages 9 and 13, meaning children, who respond to incentives, yet no longer need the full support of their parents/guardians, and are able to complete simple and more difficult tasks without any additional help. The parents of these children are present as guardians, and share, rather than create the experience for the children, as well as allow their children to have their own experiences. An example of this group would be parents, who purchase a game for their children, but do not participate in it by themselves.

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- Parents of these children should generally fall in to the age bracket of 35-45 years old, purchase their accommodation via the internet, catalogue, phone, or through a reference from a friend or acquaintance. These visitors look for accommodation with higher quality, as well as options for wellness and other holiday spending activities for adults.
- We expect this group to encompass approximately 20% of all visitors to Sheepland.
- **Local families with children**
 - Families living in the region looking for summertime activities. The spending of these families is limited due to the fact that they are not vacationing, thus less willing to “splurge” extra money on free time activities.
 - We expect this group to encompass approximately 7.5% of all visitors to Sheepland.
- **Czech and Polish families with smaller children visiting the region of Liptov.**
 - Similar to Slovak families with smaller children, thanks to the cultural and language proximity can be reached through the same marketing channels as Slovak visitors. When making a holiday in Slovakia, Czech and Polish families tend to be more trying new things and experiences, as their Slovak counterparts. The author believes that this is due to the fact that this group of visitors feels like they are on holidays away from home, where they can afford to spend extra on new activities, but still feel like they are acting within their comfort zone due to the language and cultural proximity. Simply said, they feel like they are home away from home.
 - We expect this group to encompass approximately 18% of all visitors to Sheepland.
- **Czech and Polish families with older children visiting the region of Liptov.**
 - Similar to Slovak families with older children, these visitors feel comfortable enough in Slovakia to approach Slovak tourist attraction in a similar way a Slovak native would. Due to the fact that the language barrier is virtually non-existent, these groups can be reached through the same marketing channels.
 - We expect this group to encompass approximately 18% of all visitors to Sheepland.
- **Other foreign families with children visiting the region of Liptov.**
 - Similar to the Slovak visitors with smaller children, however, these visitors find themselves in a new environment, looking to explore the destination country and try new things and experiences. Due to the language and cultural barriers, their children are completely dependent on their parents/guardians

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regardless of their age. These visitors are in no way acquainted with the Slovak culture and are thus more difficult to reach without marketing materials, as they are usually catered to by their individual tour providers or accommodation providers.

- We expect this group to encompass approximately 7.5% of all visitors to Sheepland.

All of these aforementioned groups can further be divided into two separate groups depending on their preference for active/passive holidays:

- **Visitors looking for active holidays** – these visitors are looking for activities, where they can engage themselves and seek new experiences actively, either through sports (hiking, cycling, etc.), adrenaline sports, or fun activities. They are more interested in exploring rather than relaxing.
- **Visitors looking for more passive spending of their free time** – more consumer oriented, willing to pay for an experience that does not require much physical or mental effort. They are interested in relaxing, rather than exploring.

The aforementioned groups are groups of individuals, who Sheepland plans to market its product to. However, institutional partners and organizations are also expected to be an important building block in Sheepland's target audience. They are:

- **Schools and school trips**
 - End-of-the-year school trips are of major interest to tourism providers in Slovakia, as they help attractions cope with the slow start of the summer tourist season in May and June. As schools are not yet out for summer breaks, tourism is only starting to pick up slowly in these months. Schools, however, are looking for places to take the children to during their end-of-the-year school trips.
 - These trips usually last between 1 to 3 days and are mainly focused on attractions and places of interest in the area a particular school is located in. Thus, schools especially in the Liptov region, as well as schools travelling to the region are another one target group for this business.
 - We expect this group to encompass approximately 3% of all visitors to Sheepland.
- **Summer camps**
 - In Slovakia, May and June are also the months where some schools go to "Škola v prírode" (School in nature), where they spend a week away from the cities, and learn about nature, protection and conservation, as well as animals and plants. Such events are now staffed by professional travel

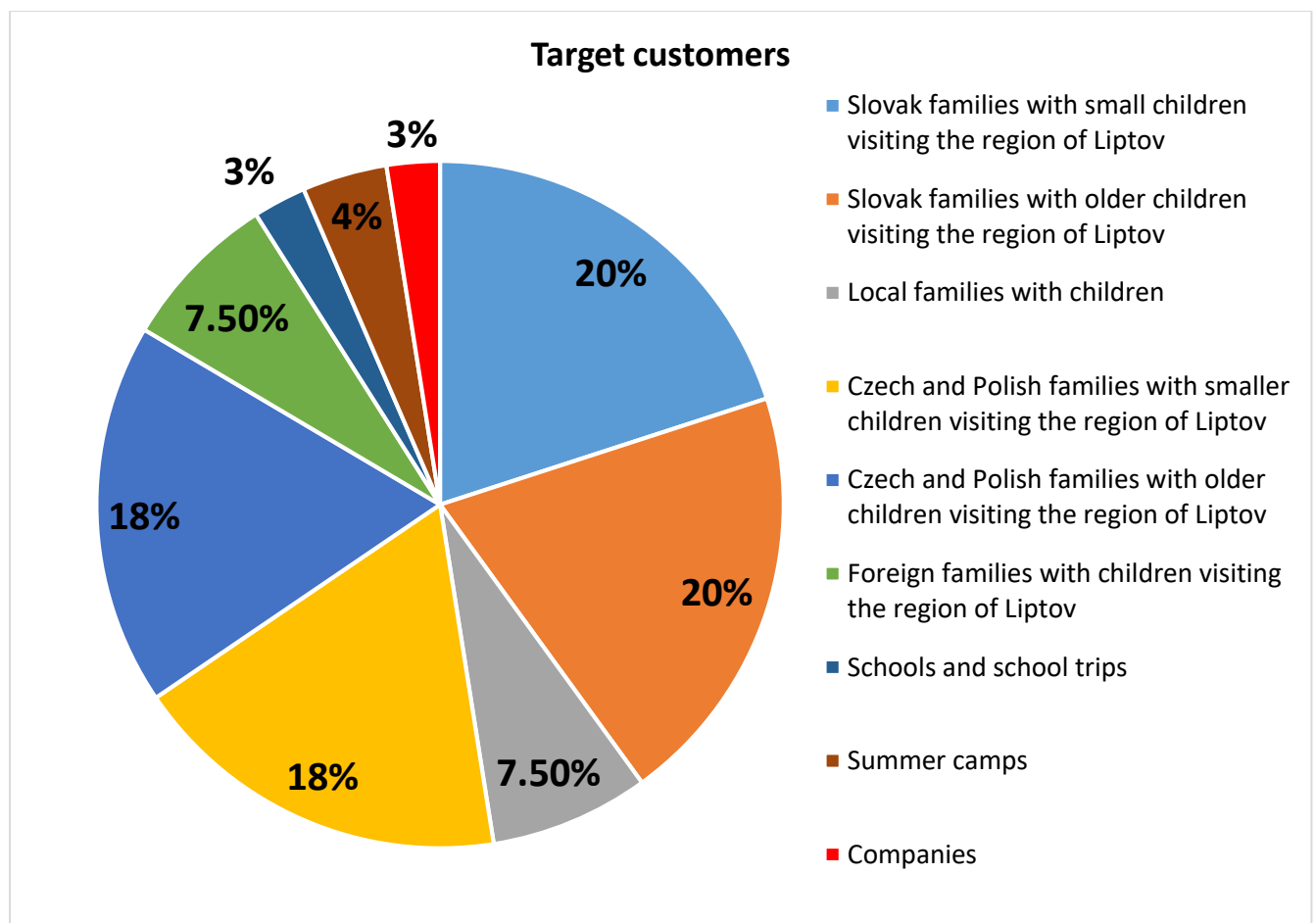
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summer camp agencies, but many of them also provide animation services for other events for children, as well.

- In the summer months, July and August, summer camps are also looking for activities to include in their programs.
 - We expect this group to encompass approximately 4% of all visitors to Sheepland.
- **Companies**
 - The attraction is also aimed at providing teambuilding activities for company teams, however, this target group is considered a very small part of the target audience.
 - Main customers are companies looking for a teambuilding venue, as well as event companies, who organize teambuilding events for other companies.
 - We expect this group to encompass approximately 3% of all visitors to Sheepland.

The expected composition of visitors can be seen in Chart 1.

Chart 1 - Target customers



7.3 Estimated market size

The market size estimation for the visitors to Sheepland can be an educated guess at best.

With the growing tendency of tourism to the region of Liptov, an estimate for the number of visitors to the region of Liptov can be estimated at roughly 400,000 to 450,000. For the purpose of being modest and not over-reaching, we decided to choose the **400,000 visitors** mark.

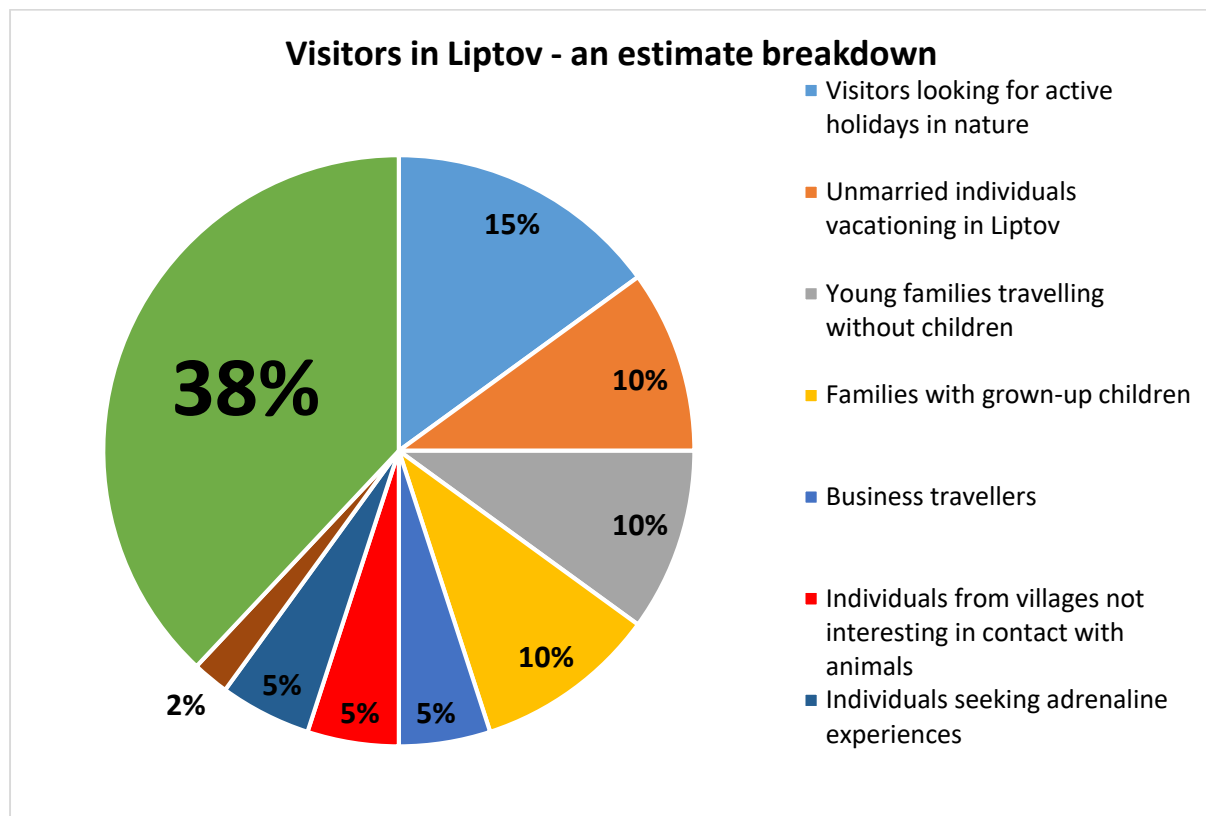
Due to the fact that numbers based on age, marital status and number of children are not available, we deduct that when we subtract the visitors looking for active holidays in nature (15%), the unmarried individuals vacationing in Liptov (10%), the young families travelling without children (10%), the families with grown-up children (10%), business travelers (5%), groups of young individuals (5%), individuals and families from villages; for whom contact with animals is not interesting (5%), individuals seeking adrenaline experiences (5%), and lastly, the elderly people (2%). This estimate breakdown can be seen in Chart 2.

The subtraction of the aforementioned groups leaves with the potential proportion of customers at **38% of the total market size**, resulting in **152,000 customers annually**. Further, we adjust for only a three-month season, but since most of the visitors come during the holiday season, we are taking 1/3 of the total number of potential annual customers. The number of potential market for Sheepland ends at **approximately 51,000 visitors**.

From discussions with owners of various tourist attractions in the region, the summer season slowly starts in June, climbs significantly in July, peaks in early August, begins to slowly slow down throughout August. On August 31st, there are still many visitors, but September 1st experiences a rapid drop in visitors. Season dwindles down and almost dies in the first week of September.

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Chart 2 - Visitors in Liptov – an estimate breakdown



8. METHODS AND SAMPLE FOR PRIMARY MARKET RESEARCH

8.1 Methods used for primary market research

For the purpose of marketing research, we need to perform a quantitative market research in order to analyze the feasibility and attractiveness of the business idea. The main goal of the research will be to discover, whether or not the appeal of contact with farm animals can be a viable tourist platform to build a business on.

The desired goal will be to collect 100 completed questionnaires from using 4 different target groups:

1. Kindergarten parents – 25 take-home questionnaires

- This group will be approached through the author's aunt, who works as a teacher in a kindergarten in Liptovský Mikuláš, Slovakia. 25 parents, chosen at random, will be asked to take the questionnaire, take it home, answer all the questions and return it back to the teacher.
- This will ensure that the target group of families with young children is present in the sample.

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- Due to the lack of access to official tourists to the region, these results will be used to evaluate the appeal of the attraction to this target group.

2. Elementary school parents – 25 take-home questionnaires

- This group will be approached through the author's cousins, who are 11 and 13 years of age, who will be asked to distribute the questionnaire among their classmates, while asking them to give it to their parents to answer all the questions, and return it back to the cousins.

3. Targeted face-to-face interview with tourist families in Liptov – 50 questionnaires

- This part of the data collection will consist of filling out the questionnaire directly under one of the most popular tourist attractions, the Bobsled Rail Ride in Fun Park Žiarce in the village of Pavčina Lehota, where Sheepland should be located.
- Other major tourist attractions in the region will be visited as well, and added to the results
- Only groups with children, appearing to be families will be approached in order to maximize the learnings obtained from the questionnaire.

In order to collect the data necessary for analysis, a questionnaire was created in Google Forms. Due to the inability to reach target groups via online media, a more demanding approach will be used in order to ensure that the target groups in question will be reached. The data obtained from the questionnaires will then be fed back into Google Forms in order to be able to analyze the data more easily.

The questionnaire will be prepared and administered both in English and Slovak in order to accommodate the non-English speakers.

The complete questionnaire can be seen in Appendix 1.

PRACTICAL PART

9. Primary research and its results: Customer perspective

9.1 Data collection

For the primary market research, the questionnaire shown in Appendix 1 was used to evaluate the appeal of the business idea to its potential customers.

For Target Group 1 - **Kindergarten parents**, 60 questionnaires were passed out in order to be able to collect at least 25 completed questionnaires. In the first round, 19 completed questionnaires, as well as 3 incompletely answered questionnaires were returned to us, resulting in a response rate of 36.60%. Due to the fact that the incomplete questionnaires were filled in in various lengths, and did not contribute towards reaching the goals of the primary market research, these 3 incomplete questionnaires were removed from the material used for primary research, resulting in the total response rate of 31.60%. In order to bring the total number of complete questionnaires for Target Group 1 to 25, we collected the remaining 6 complete questionnaires in a personal face-to-face interview when visiting the kindergarten during the time children pick-up their children after work. We believe that the length of the questionnaire was the reason for such a low response rate, as parents with small children have less time for free-time activities in comparison with their child-less peers.

For Target Group 2 - **Elementary school parents**, 60 questionnaires were passed out in order to be able to collect at least 25 completed questionnaires. In the first round, only 10 complete questionnaires and 5 incomplete questionnaires were returned back to us. The 5 incomplete questionnaires were removed from the primary market research, as they did not provide enough data. The response rate was 25% including the incomplete questionnaires and 16.67% taking only complete questionnaires into account. Following this, we decided to try to make the offer of filling out a questionnaire more attractive offering the questionnaire-takers 2 free drink vouchers for beer or soda once the attraction is open, this offering them 1 free game, as well as 2 free drinks once the attraction is open. We passed out 30 more questionnaires and managed to collect 13 more complete questionnaires, resulting in 43.3% response rate in the second round, making the total response rate 25.5%. As we were still missing 2 completed questionnaires, we used the same approach as in Target Group 1 and approached 2 parents at a personal face-to-face interview, bringing us to a total number of 25 completed questionnaires, which was the goal for this target group. We believe that the length of the questionnaire, as well as the lack of free time of working adults with children aged 11-13 contributed to the low response rate.

For Target Group 3 - **Targeted face-to-face interview with tourist families in Liptov**, we went to collect responses from 3 different locations:

1. Directly under one of the most popular tourist attractions, the Bobsled Rail Ride in Fun Park Žiarce (FUN PARK Žiarce, 2016) in the village of Pavčina Lehota, Slovakia,

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where Sheepland should be located. Here, we collected responses from 15 tourist families with children, and by doing so completed 15 questionnaires.

2. By the entrance/exit gate of Aquapark Tatralandia, in Liptovský Mikuláš, Slovakia, another one of the main tourist attraction in the area of Liptov, which annually draws tens of thousands of visitors to the region of Liptov. Here, we collected responses from 20 tourist families with children, and by doing so completed 20 questionnaires.
3. In the parking lot of Demanovska Ice Cave, a prominent natural wonder in Slovakia and one of the most visited places in the region of Liptov. Here, we collected responses from 15 tourist families with children, and by doing so completed 15 questionnaires. This last place of collection allowed us to bring the total number of completed questionnaires to 50, which was the goal of this Target Group.

Due to the fact that the last target group was approached directly in a face-to-face interview, the response rate was 100%.

9.2 Results

The following charts show the responses obtained from questionnaires. The interpretation follows after the results.

Chart 3 - Age groups of responders

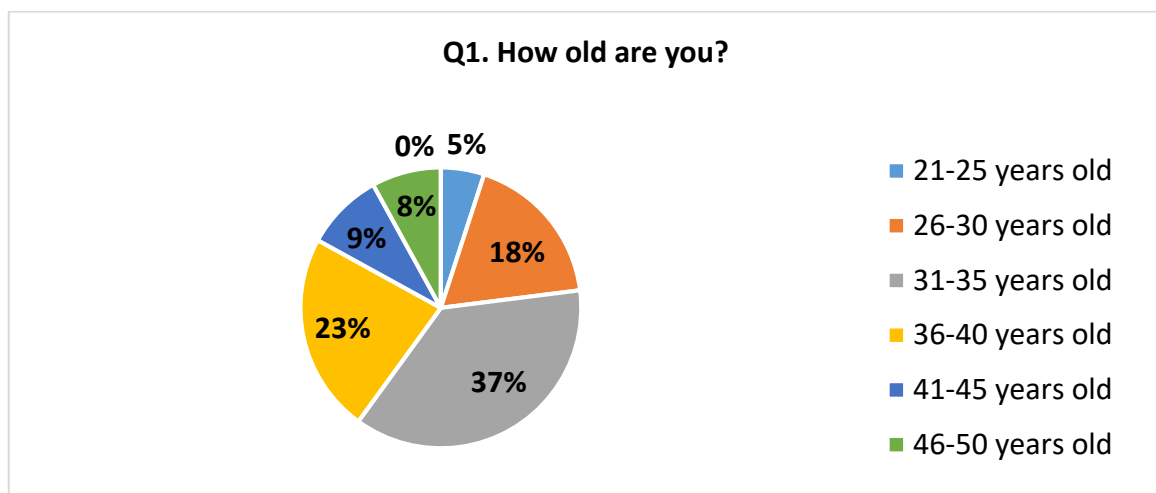


Chart 3 shows that most responders were in the age group of 31-35 years old (37 people), followed by 36-40 years old (23 people), and 26-30 years old (18 people). This is the average age for people having young children, and also the age group of people looking for holidays with adventure.

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Chart 4 - Gender distribution of respondents

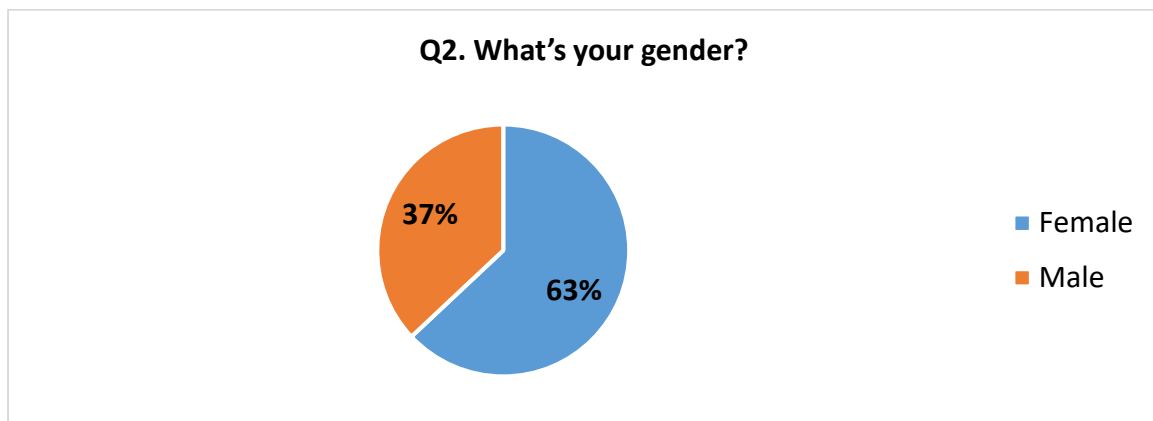


Chart 4 shows that 63 of the respondents were Female and 37 of the respondents were Male.

Chart 5 - Marital status of responders

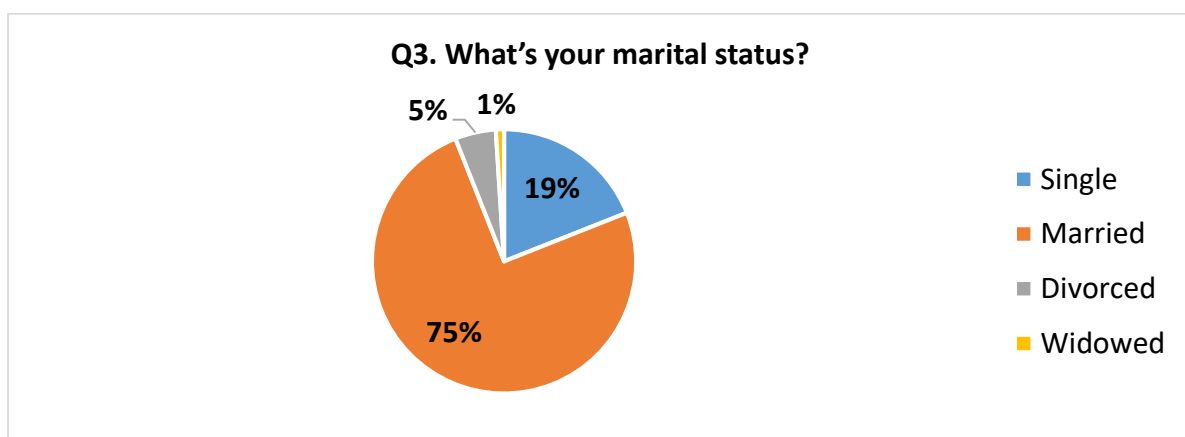
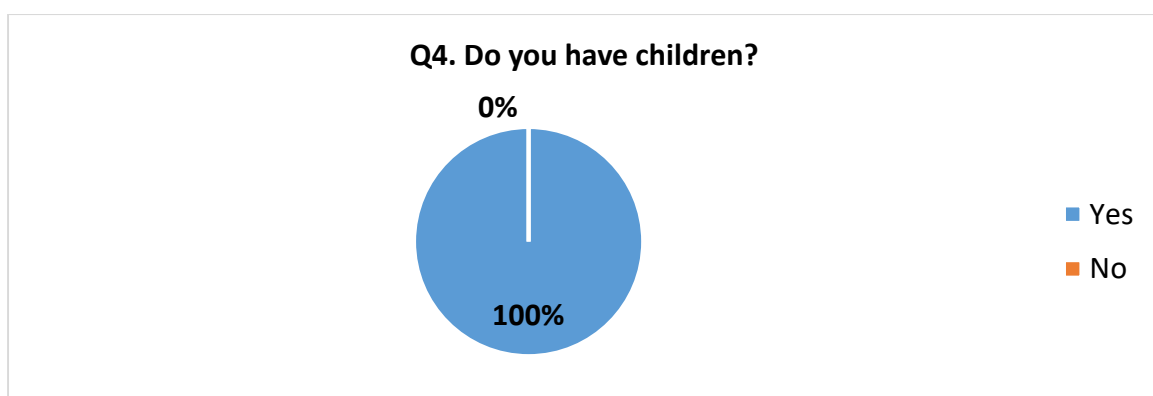


Chart 5 shows that 75 of the respondents were married, 19 were single, 5 were divorced people and 1 of the responders was widowed.

Chart 6 - Do responders have children?



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Chart 6 shows that all of the responders had children. This question was put in place in order to weed out the people, who in fact did not have children and were thus not the target group of Sheepland.

Chart 7 - Age of responders' children

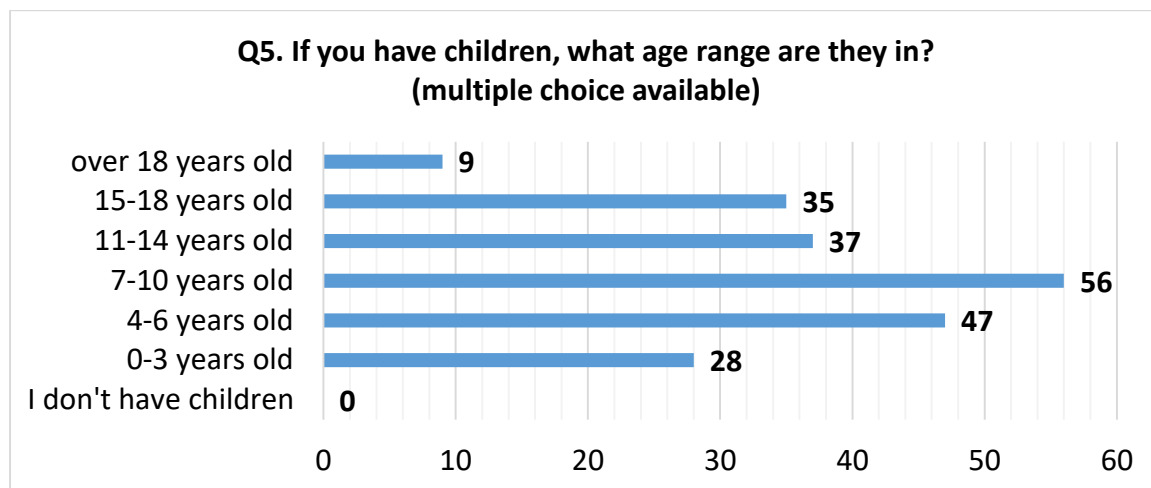
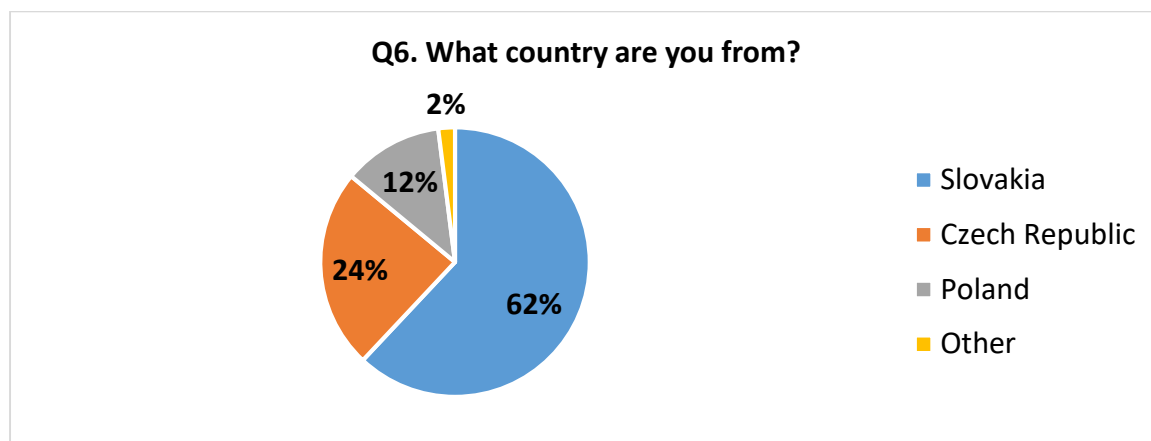


Chart 7 shows that majority of responders (56) had children between the ages of 7 to 10. 47 responders had children between the ages of 4 to 6 years old, 37 responders had children between the ages of 11 to 14, 35 responders between the ages 15 to 18 years old, 28 responders between ages 0 to 3 years, and only 9 had children over 18 years old.

Chart 8 - Responders' country of origin



Majority of responders were Slovaks, which comprised 62 of the responders. 24 answering responders were from the Czech Republic, 12 were from Poland, and only 2 were coming from other countries.

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Chart 9 - Locals vs. Visitors

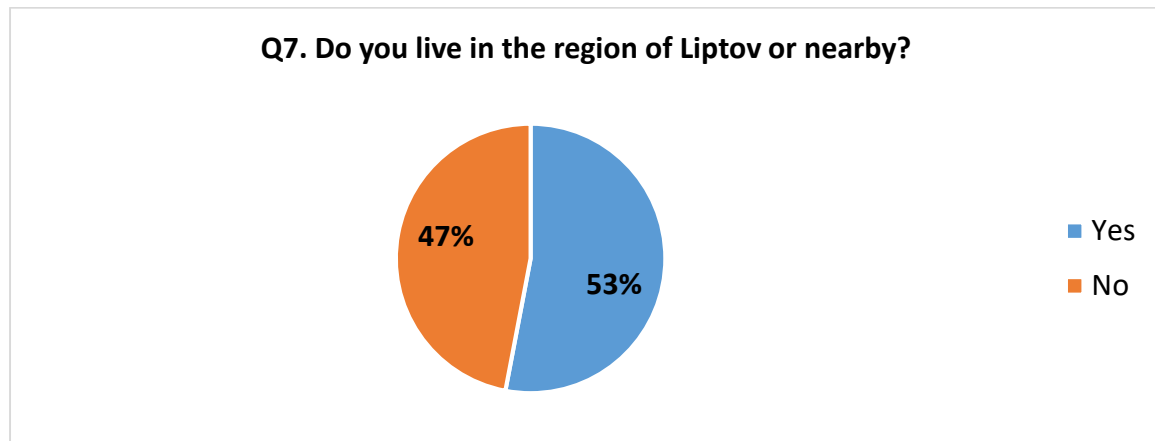


Chart 9 shows that out of 100 responders, 53 lived in the region of Liptov, while the remaining 47 did not.

Chart 10 - Responders vacationing in Liptov region

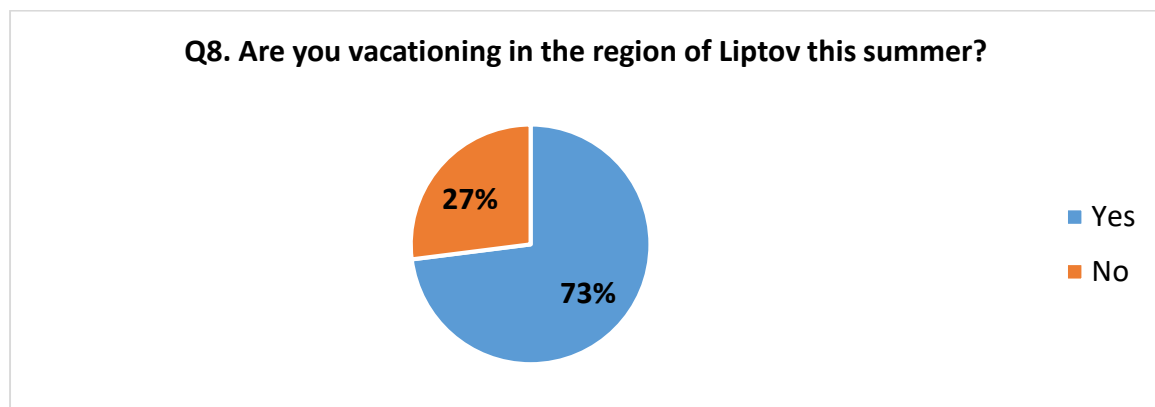
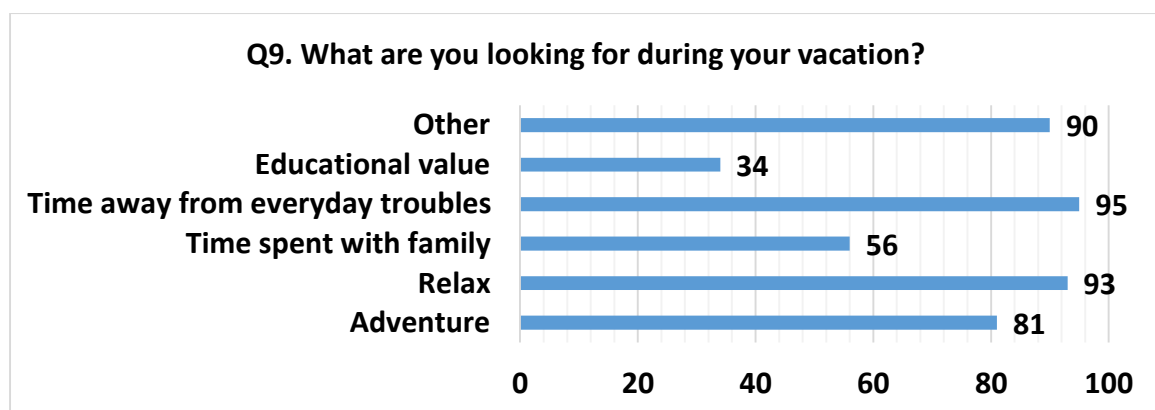


Chart 10 shows that 73% of all asked responders are vacationing in the region of Liptov.

Chart 11 - Aim of interest during vacation



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Chart 11 shows what responders are looking for during their holiday. Majority of them answered that they are looking for “Time away from everyday troubles”. This was chosen by 95 responders. 93 responders have answered that they are looking for “Relax”, 90 responders have chosen the answer “Other”, 81 responders are looking for “Adventure”, 56 of all answering answered “Time spent with family”, and 34 responders are looking also for “Educational value” during their vacation.

Chart 12 - Own search for entertainment and free-time activities

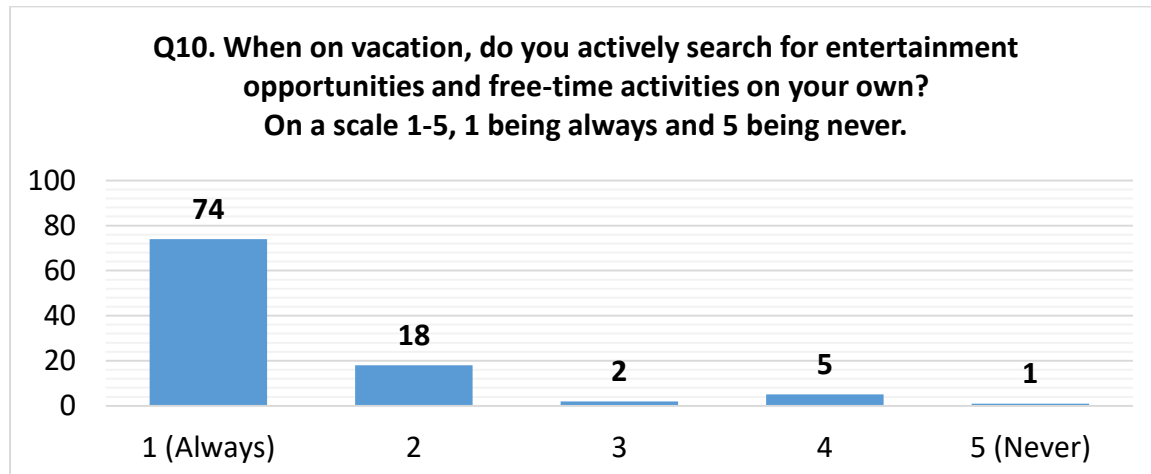


Chart 12 shows, whether or not responders do actively search for entertainment opportunities and free-time activities on their own, with answers ranging from 1 to 5 according to effort they use. Responders who are always active in searching for mentioned activities on their own marked 1, the ones, who are never active in looking for free-time activities on their own marked 5. 74 responders marked that they are always active in searching activities, 18 responders marked 2 in our scale, 2 of all responders marked 3, 5 of them marked number 4, and 1 responder marked, that he is never looking for free-time activities on his own.

Chart 13 - Assisted search for entertainment and free time activities and reliance of recommendations



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Chart 13 shows how many responders rely on the advice and recommendations from their accommodation providers for entertainment activities during vacation. On scale 1 (always) to 5 (never) they could choose how strongly they accept recommendations. 39 of responders have chosen they always do, 19 of them marked 2 on our scale, 2 responders marked 3, 15 responders marked 4 and 25 responders said that they never rely on the recommendations from their accommodation providers.

Chart 14 - Preferred attributes when choosing attractions

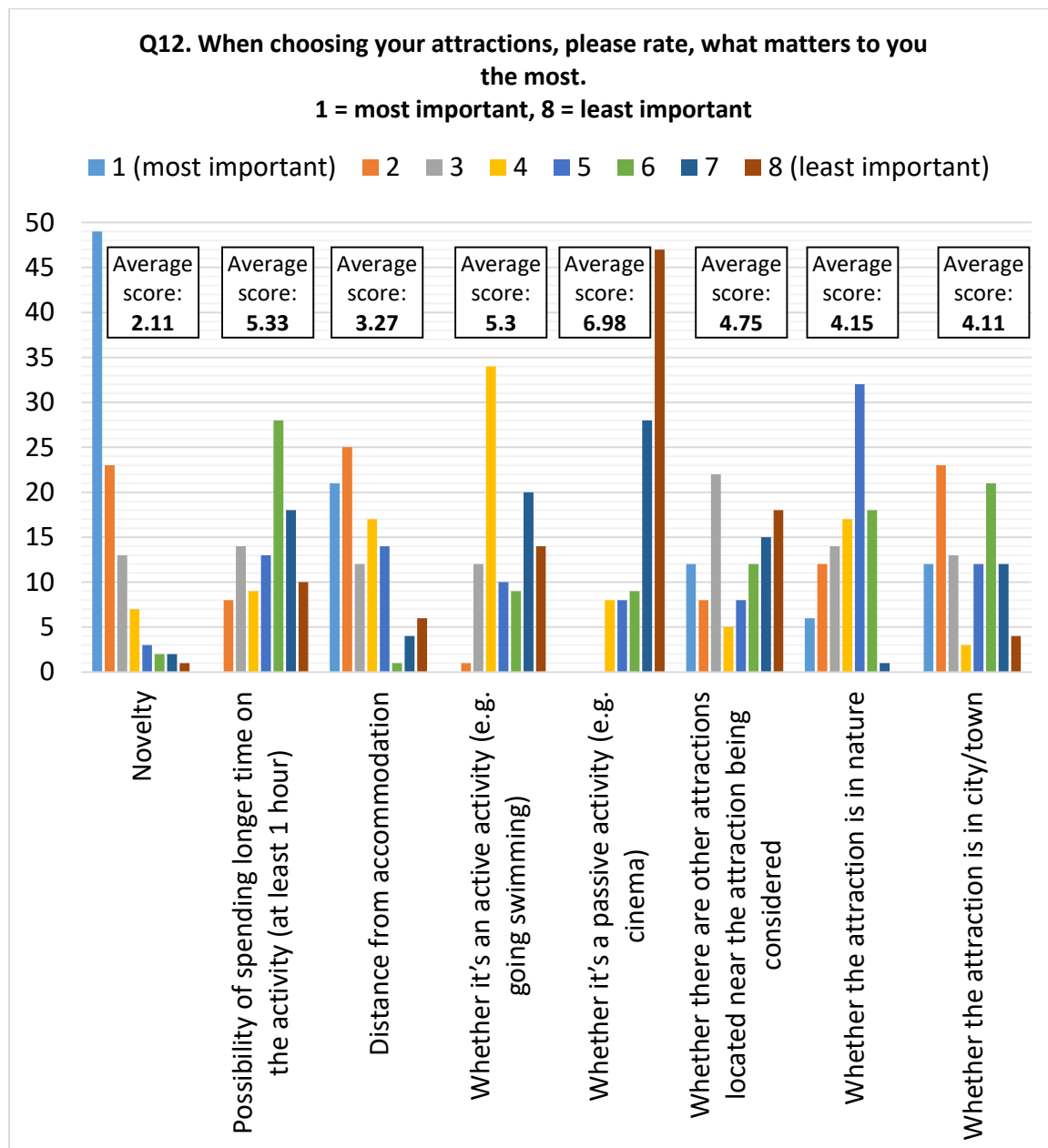


Chart 14 shows the preference for various attributes of an attraction when compared to other attributes. The most prevalent preference was for the novelty of an attraction, followed by its distance to accommodation on the 2nd place, 3rd most prevalent

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was the fact that the attraction is in a city/town, on the 4th place was the location in nature, 5th place belonged to where there are other attractions near the attraction being considered, whether it's an active activity was rated 6th, possibility of spending longer time was rated 7th and the last attribute people are looking for was whether it's a passive activity, on the 8th place.

Chart 15 - Interest in attractions with animals

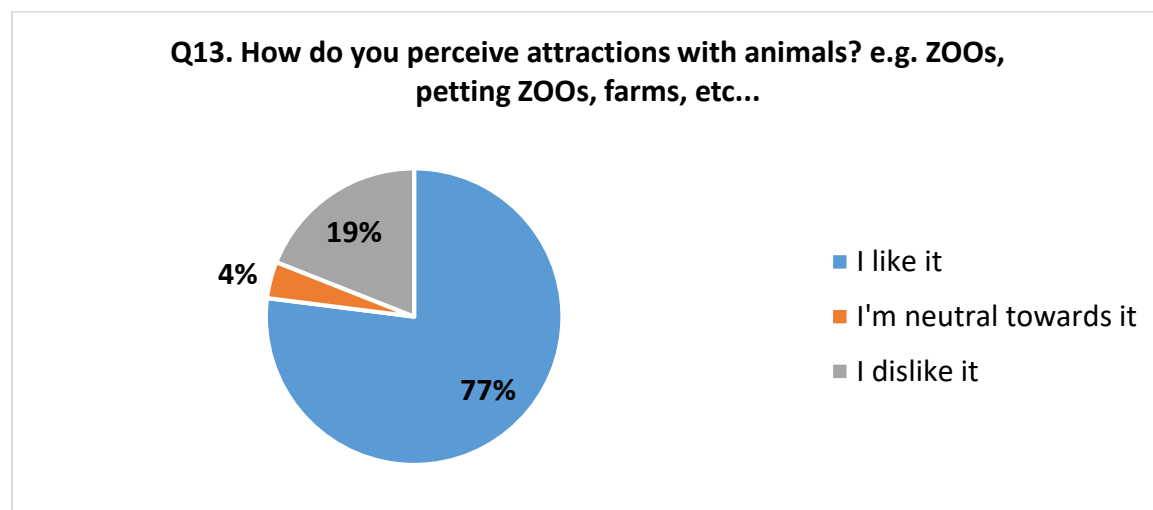


Chart 15 shows that 77 responders answered that they like attractions with animals, 4 responders were neutral towards them and 19 responders dislike them.

Chart 16 - Place with interaction with animals

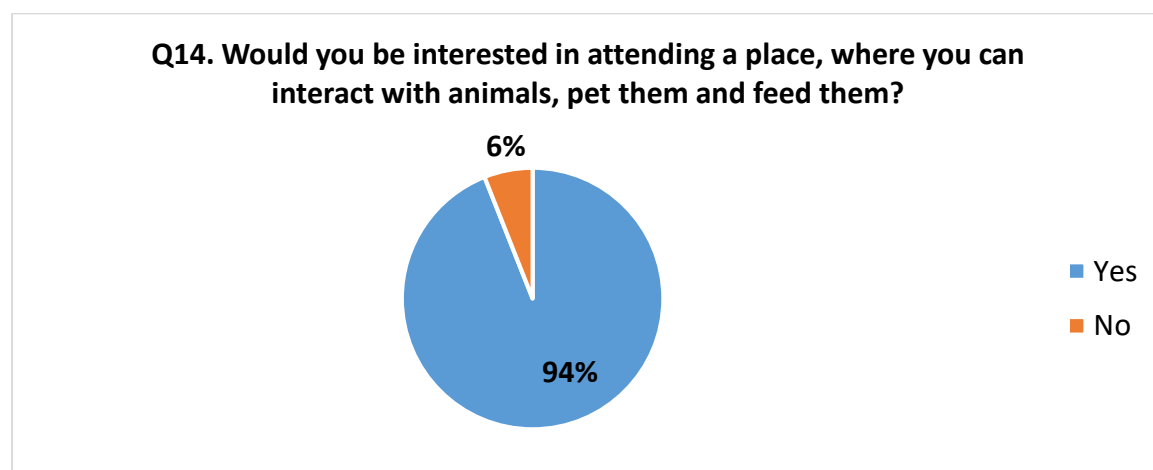


Chart 16 shows that despite the fact that many people dislike attractions with animals, 94 of the respondents answered that they would be interested in attending a place, where they can interact with animals, pet them or feed them, while only 6 of the responders did said they would not want this experience.

Chart 17 - Games with animals

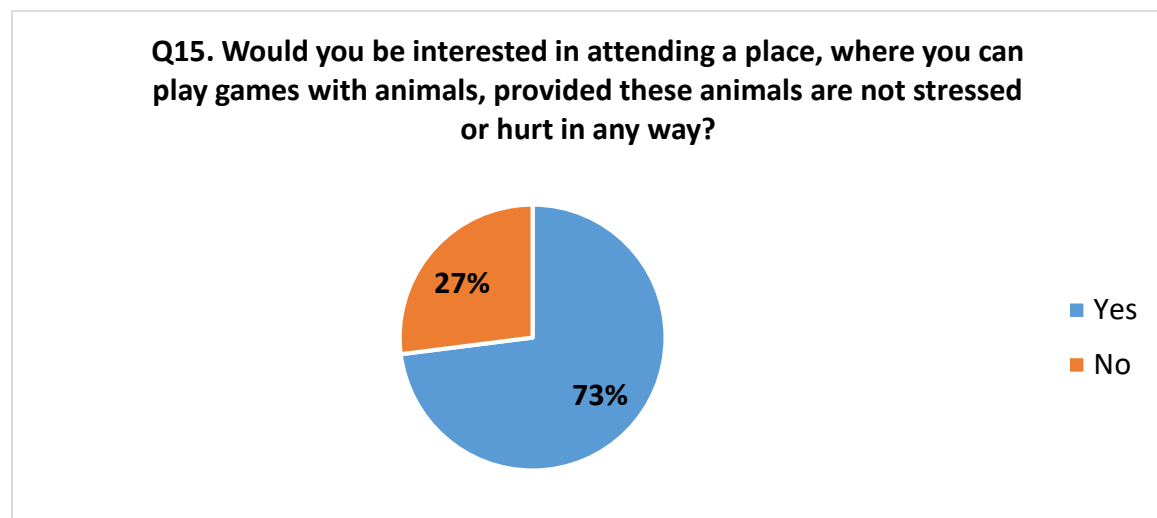


Chart 17 shows that 73 of the responders would be interested in attending a place, where they can play games with animals, which are not stressed or hurt in any way, while 27 of the responders said no.

Chart 18 - Game involving sheep

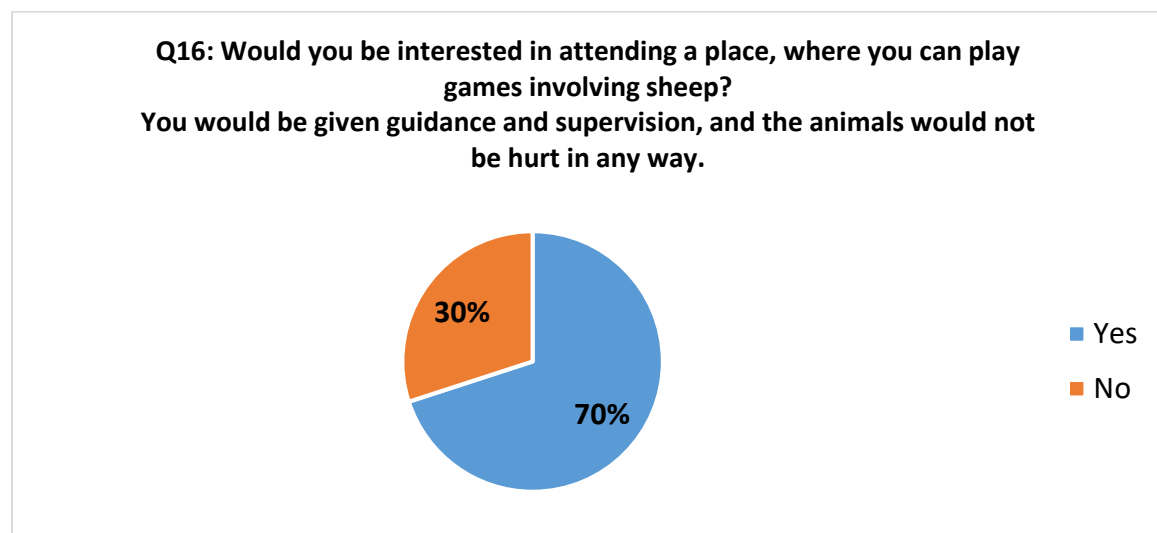


Chart 19 - Becoming shepherd for 10 minutes

Q17. Would you be interested in attending a place, where you can be a shepherd for 10 minutes by trying to attend a group of sheep through an obstacle track?

You would be given guidance and supervision, and the animals would not be hurt in any way.



Chart 20 - Animal feeding

Q18. Would you be interested in attending a place, where you can feed small sheep and lambs?

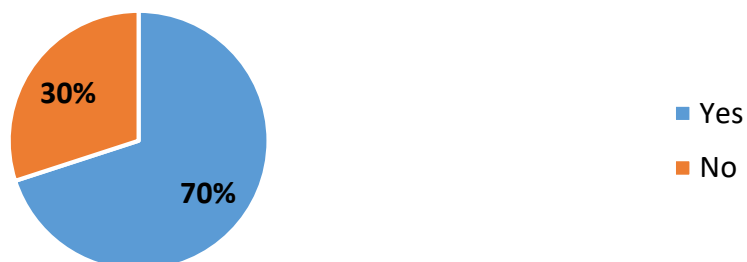


Chart 21 - Place where one can learn about animals

Q19. Would you be interested in attending a place, where you can learn more about farm animals?



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Charts 18, 19, 20 and 21 were both answered in the same manner, with 70 responders answering “Yes” and 30 responders answering “No”, which points towards the fact that there is indeed interest in an attraction offering the feeding of lambs and a sheep herding game.

Chart 22 - Willingness to pay for a cup of fodder

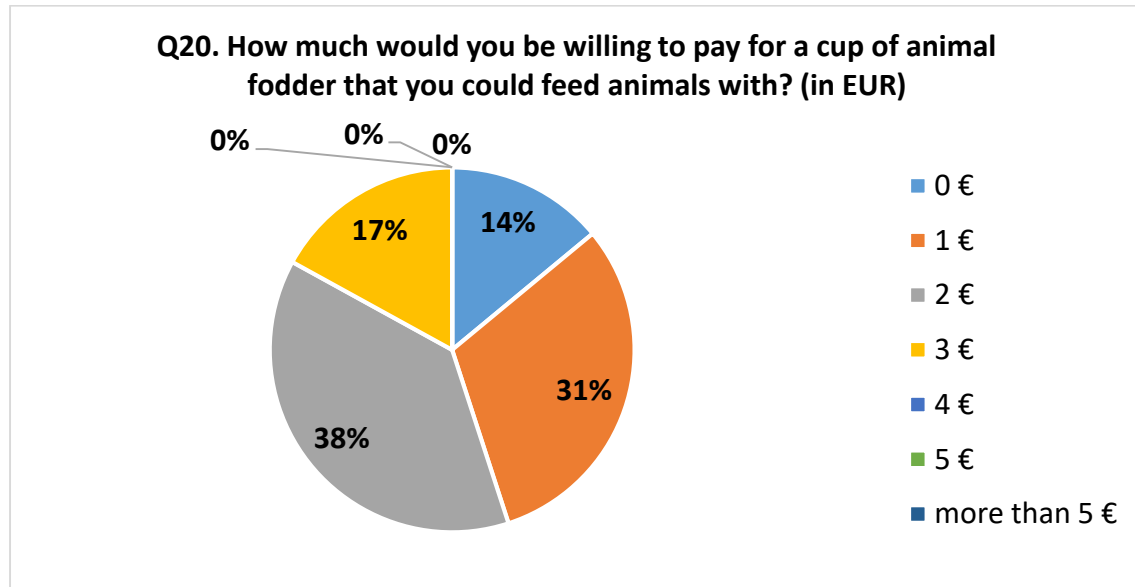
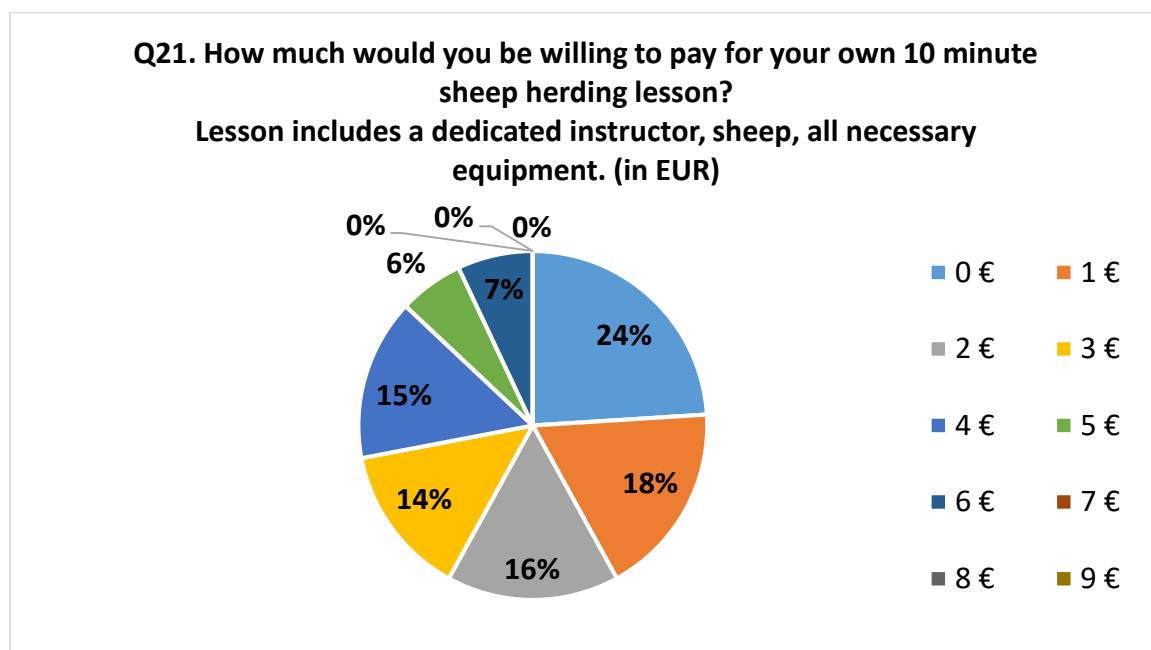


Chart 22 shows that 38 responders were willing to pay 2 € for a cup of fodder, 31 responders were willing to pay 1 €, 17 responders were willing to pay 3 € and 14 responders were not willing to pay anything for the fodder. None of the responders were willing to pay 4 € or more for a cup of fodder.

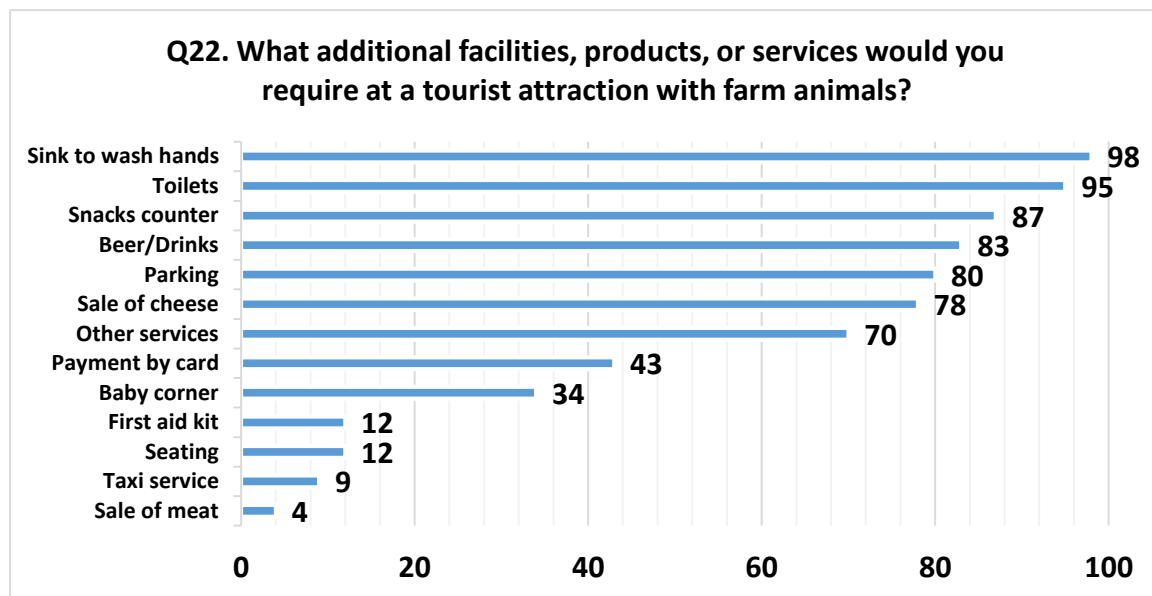
Chart 23 - Willingness to pay for a sheep herding lesson



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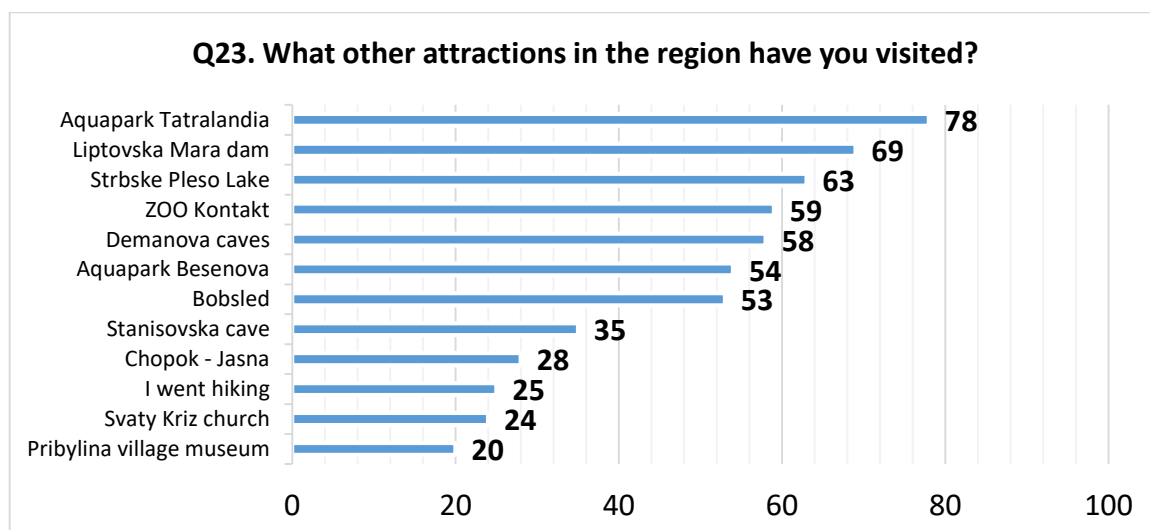
Chart 23 shows the willingness of the responders to pay for a sheep herding lesson. While 24 responders are not willing to pay anything for the lesson, 18 responders would pay 1 €, 16 responders would be willing to pay 2 €, 14 responders would pay 3 €, 15 responders would pay 4 €, 6 responders would be willing to pay 5 € and 7 responders would pay 6 € for such a lesson. None would pay more than 6 € per lesson.

Chart 24 - Additional facilities, products, and services required



When asked (unaided), what additional facilities, products, or services the responders would require from such an attraction, the most answers were basic hygiene premises – sink to wash hands and toilets, followed by a snacks counter, beer/drink, parking, sale of cheese, other services, payment by card and baby corner. A small number of people have also said that they would require a first aid kit to be on site, seating, a taxi service and the sale of meat.

Chart 25 - Other attractions in the region visited



As per Chart 25, the most visited tourist attractions in the region of Liptov among the responders were Aquapark Tatralandia, Liptovská Mara dam, Štrbské Pleso Lake, Zoo Kontakt, Demanovska caves, Aquapark Bešeňová, and the Bobsled in Pavčina Lehota. The less visited tourist attractions were Stanišovská cave, Chopok-Jasná, Svätý Kríž church, Pribylina village museum, and almost a quarter of the responders said that they went hiking during their vacation.

9.3 Interpretation of results

The data from the questionnaire shows us that majority of the responders were married parents between the age 25 to 40, with children between the ages 4 to 14. The fact that 50% of the responders were approached through the local kindergarten and the elementary school contributes towards the high proportion of local responders. Out of all of the responders, $\frac{3}{4}$ of them are vacationing in the region of Liptov. Most of the responders travel for leisure to get away from everyday troubles, to relax and many travel for adventure.

While most of the responders search for entertainment and free-time activities on their own, many also rely on the recommendations from their accommodation providers. This means that the focus of marketing should not only be to market to individuals, but also to expand its activities to approach accommodation providers in the region.

As shown in the results, the novelty of an attraction is quite appealing to the responders, showing that the uniqueness of Sheepland can provide an advantage for the venture.

The distance to accommodation, as well as the fact that there are other attractions located nearby with the appeal of being located in nature are all factors that contribute to the appeal of Sheepland, as these were the highest-rated attributes visitors look for.

When the questions in the questionnaire became more Sheepland-specific, the results showed that the idea of a contact with animals, the option of feeding, petting, and playing games with them, is indeed appealing to responders. When explained that the animals would not be hurt in any way during the process, as well as that full guidance and supervision would be given, the responders kept their answers to similar questions uniform without hesitation.

The payments made for individual services approximately matched our expectations. It is important to mention, however, that some responders might have felt more “generous” while answering and therefore would in reality be willing to spend less, while on the other hand, there might have been responders, who felt more “stingy” and would actually be willing to spend more for the games and animals fodder when faced with the real situation.

Additionally, the necessary facilities and services responders mentioned were many which need to be present on the venue for legal purposes, such as toilets and sinks for washing hands, while some are convenience-based, such as the proximity of a parking lot, or

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payment by card. The research also showed the importance of having a snack and drinks counter on site. Limited ideas, such as the sale of meat and a taxi service are suggestions, which will be disregarded due to the small number of responders requesting these services.

The primary research shows that there the business of providing interactive contact with animals is indeed a viable platform from the perspective of the responders, who provided the answers.

The research does, however, have its limitations. Namely the fact that 50% of the answers were provided by locals and not tourists, but also that the tourists approached were tourists located in the vicinity of tourist attractions, meaning that they were “pro-active” tourists seeking entertainment during their vacation.

Another limitation of the questionnaire was that the wording of some of the questions could not have been clear enough for all of the responders, and this fact might have been reflected in their answers. The author did do his best to make the questions as fool-proof as possible, but it is indeed possible that there might have been misunderstandings.

Lastly, the fact that with 23 questions spanning over 5 pages, the questionnaire was simply too long for some responders to answer, and thus prevented them from completing the whole of it. This resulted in the removal of incomplete questionnaires from the answer pool. While some of the answers could have provided deeper insight, the varying completeness of the questionnaires made it difficult for us to evaluate and these answers were thus discarded.

10. Research on competition: Similar attractions and competition

Research on competition in the region of Liptov has revealed several direct, as well as some indirect competitors, which this chapter will further expand on.

10.1 ZOO Kontakt

This tourist attraction is a petting ZOO, which houses a variety of local, as well as exotic animals. The attraction is built around a large number of animals in their own individual pens. Visitors are allowed to approach, touch, pet and feed the animals. ZOO Kontakt was opened in the year 2013. By the year 2016, it is a well-established tourist attraction. It is located next to Aquapark Tatralandia and thus offers an additional activity to the existing inflow of tourist to the area.

ZOO Kontakt (“the ZOO”) is comprised of various sets of animal enclosures. Upon entrance, the visitor enters a tent housing amphibians. Later, in the “farm section” one can meet goats, sheep, small horses and ponies, pigs, and cows. Monkeys, raccoons, a pen with rabbits and guinea pigs, as well as parrots, cats, llamas, and camels. Every year, the ZOO

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introduces a new large animal to their collection. In 2015, it was two lion cubs, which visitors had a chance to interact with. At the beginning of 2016, the ZOO brought in a bear cub, followed by a tiger and snow leopard cub in the summer of 2016. At the time of this research, the lion cubs of 2015 were already full-grown lions and during our visit did not seem to be interested in interacting with people. Similarly, the ZOO no longer granted visitors access to the lion enclosure, as it was no longer deemed safe for visitors to enter.

The entrance to the ZOO costs 5 € regardless of age and visitors can purchase a cup of fodder (carrots and apples) for 1 €. A small snack counter with limited seating is also available.

The ZOO is considered a direct competitor of Sheepland, as it caters to the same customer needs – contact and interaction with animals, feeding of animals, as well as education about animals. It also caters to the same customer segment as Sheepland – families with small and older children.

While the ZOO accepts many would-be customers of Sheepland, a possible cooperation and sharing of marketing activities between ZOO Kontakt and Sheepland could be beneficial for both sides, as it could bring more visitors to each one of the tourist attractions, as well as extend the experience of contact with animals to the visitors of Liptov.

10.2 Babyland, Villa Betula

Villa Betula is a provider of accommodation located in the village of Liptovská Sielnica, Slovakia, approximately 11 km west of the town Liptovský Mikuláš, Slovakia. Aside from providing accommodation, a high-end restaurant, and wellness premises, it has a “Babyland” located within its premises. Babyland is a large entertainment park for children and consists of slides, rides, tents, pools, jumping castles, trampolines, rope courses and has a dedicated staff team of child entertainers and animators.

The venue also houses a small petting ZOO with small farm animals, such as sheep, pigs, horses and ponies, where children can observe and feed these animals. Children here can also ride ponies under supervision and assistance from the staff. It is a place where families can spend an entire day and allow children to play and explore. Parents can also leave their children with the staff and go have a drink and relax while their children are being entertained. Villa Betula has a large outdoor part, as well as a smaller indoor playing field for its visitors.

The attraction charges 7 € per child and 3 € per adult during the week for a whole-day pass, and 9 € per child and 3 € per adult during the weekends.

10.3 Hotels and pensions in the area of Liptov with small animal pens

There are multiple large hotels and hotel resorts in the area, as well as hundreds of small- and mid-sized pensions in the region offering accommodation to tourists and other

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visitors to the area. Many of the smaller accommodation providers, provided they have extra space, tend to have a small pen with small low-maintenance animals, such as goats and pigs, where visitors can enter, pet, and feed the animals. These resorts do not sell or offer fodder for sale and the visitors usually pick grass and feed it to the animals.

These animal pens are usually aimed at making the restaurant or accommodation unit more family-friendly, by offering families with children an extra entertainment possibility while waiting for their food, or in the mornings and evenings before the start and at the end of the day. The animals are kept solely as an add-on to the services provided and are not the main attraction of the accommodation unit.

Interaction is based on the customer and the hotels and pensions do not charge a fee for visiting the animals.

10.4 Aquapark Tatralandia

Aquapark Tatralandia is without a doubt the major tourist attraction in the region of Liptov. Annually, it draws hundreds of thousands of visitors to the region and it is one of the must-visits in the area. A plethora of water slides, pools, wellness premises and saunas, as well as jumping castles, trampolines, an entertainment program, and a permanent circus offer visitors the ability to spend multiple days in the attraction itself. In addition, a newly-built “Hurricane Factory” offers visitors the ability to fly in an air-tunnel, simulating the feeling of a free fall from an airplane.

Aquapark Tatralandia is owned by the company Tatra Mountain Resorts, which owns Jasná Ski Resort, Tatranská Lomnica Ski resort, many accommodation premises, and other major attractions in the area. The GO PASS, which a visitor purchases to enter these attractions, gives one the ability to get 30-50% discounts at the other attractions.

Many small tourist attractions perceive Aquapark Tatralandia as a behemoth, which allows visitors to the region of Liptov to remain in the “GO PASS bubble”, when visitors only visit other Tatralandia-related attractions, pushing other service providers out of the market. Therefore, it needs to be heavily considered in the analysis of any tourist attraction provider.

Aquapark Tatralandia charges 17 € entrance fee for a child, 21 € entrance fee for a student, and 24 € entrance fee for adults for a whole-day pass.

10.5 FUN PARK Žiarce, Bobsled rail ride

Located in Pavčina Lehota, Slovakia, FUN PARK Žiarce acts as a ski resort in the winter. In the spring, summer, and fall, however, it is best known for its main attraction – The Bobsled Rail Ride. In order to build the ride, a rail is mounted on the ski slope. The ski lift is converted into a lift for bobsleds and visitors ride bobsleds down the rail. The attraction prides itself on being “the steepest bobsled ride in Slovakia”. In 2015, more than 5000 adults and 2000 children took a ride down the hill. In 2016, the FUN PARK expanded to

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include a 27-meter long jumping castle, the biggest of its kind in Liptov, as well as a series of other mini-activities and mini-games.

An ATV (four-wheeler) rental is also available on site and operated by a separate company and provides 2 courses for ATV riding for children and adults. The ATV rental relies completely on the marketing activities of the FUN PARK and does not have any marketing activities of its own, aside from an idle Facebook page.

The FUN PARK charges 5 € per ride for adults and 4 € per ride for children, as well as 8 € per day for entrance to the large jumping castle regardless of age.

10.6 Other tourist attractions in the region of Liptov

It is important to note that the large amount of small and large tourist attractions in the region can all be considered either direct or indirect competition to Sheepland, as they all offer various ways of spending free time activities in the region of Liptov.

Due to the large number of tourist attractions, tourist destinations and tourist sports, we will not go beyond the tourist attractions already mentioned. As the goal of this thesis is to evaluate the feasibility of Sheepland and to present research on its major competitors, other tourist attraction will not be evaluated further.

11. Management team and key employees

Every successful venture need to have a strong, reliable and flexible management team behind it. Employees, managed by these managers are the backbone of any organization and their careful selection can make-or-break any business undertaking. The members of the management team will be introduced, as well as key employees will be discussed in the following section.

11.1 Management team

Ľubomír Kružliak, co-owner and managing director

Ľubomír Kružliak (“Lubo”) is 26 years old male originally from Liptovský Mikuláš, Slovakia. During high-school, he spent 1 year abroad in the USA on an exchange program. After finishing high-school, he went back to the USA to obtain his Bachelor’s degree at the University of Louisville, Kentucky. His degree was the Bachelor of Science in Business Administration with major in Finance and minor in International Business. He also obtained a minor degree in the German language from this University. Upon the completion of his Bachelor’s degree, Lubo worked in the company Tatra Forest Slovakia, the owner of a dairy farm “Farma Východná”, where he wrote a business plan for a new venture for growing herbs, spices and berries at the farm. Throughout his Bachelor’s studies, he also worked as a

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translator for Farma Východná in their communication with the foreign investor, who entered the farm.

During his Bachelor's and Master's studies, Lubo took 1 year off for travelling and lived in 3 different countries during this time.

Lubo is currently a student at the University of Economics in the International Management program. During his studies, he took part in various courses including Entrepreneurship, Marketing, and Corporate Finance, spent a semester at Koç University in Istanbul, Turkey, and took up an internship in an NGO during his stay in Istanbul, as well. During his studies, he worked as a summer camp leader and acted as the head of one of the camps in 2013. While studying, he also started a tourism project at Farma Východná aimed at offering guided tours of the farm, and is one of the founders of Sheepland.

Lubo comes from a family of entrepreneurs. Lubo's father is the managing director of Farma Východná, and a seasoned entrepreneur with many contacts to local businessmen. In addition, Lubo's family is quite large and encompasses a wide range of trades, which may prove helpful when handiwork is needed. Lubo's uncles include carpenters, a builder, electricians, a plumber, and a financial director. Lubo's godmother runs a successful accounting firm and will thus be able to help with accounting issues, and will provide accounting services at a discount rate.

Lubo, a Slovak native speaker, is also fluent in English and German, which will prove helpful when interacting with foreign suppliers and vendors. He has completed a full curriculum of business courses, which should give him the ability to be able to orientate himself better in the business world.

Lubo's shortcoming is the lack of real management experience, which needs to be overcome by extra effort. Theory taught in school presents a theoretical framework for management practices, but the real-life application of these framework often has its nuances. The hope is that the business-oriented background of his family, as well as their support, will help him overcome these obstacles.

Lina Berglund, co-owner

Lina Berglund ("Lina") is a Swedish national currently living in Hong Kong. She is the partner of Jason Whittle, the owner of Farma Východná and accompanies him to all of his business and leisure trips to Slovakia.

Lina has a background in theatre, and one of the attributes she brings into Sheepland is the ability to recognize the value of memories and the playfulness.

Lina came up with the idea for the sheep herding game when she saw a group of children spending time maneuvering sheep across fields on different occasions, enjoying the experience of being close to an animal, as well as having a goal to achieve. She saw that the kids were having fun as well as getting valuable skills in team management and animal behavior. They continued their play until the farmer came to chase them away.

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When choosing Slovakia, Lina saw the advantage in the low cost of land rental, as well as staff expense, which would make it easier to run a short season and still cover costs. These fact, along with the right people, the right backup support, and a location with stunning surroundings made Slovakia the perfect location to go to.

Lina studied theater arts in both Sweden and Hong Kong, which led her to explore many different aspects of theater production – the set building, stage design, costumes, site reconfiguration. She also managed a project in Iceland – the conversion of an old abandoned movie theater into a restaurant, rooftop bar, and a concert venue.

Her skills in spatial design will be essential towards the creation of an attractive venue layout. Her experience with project management will also provide support to Lubo and will fill in the gaps in his inexperience. Lina's location in Hong Kong, close to China will also make it easier and more efficient to source for materials and suppliers in China, as she can literally go and visit the factories in person. Her partner being the owner of Farma Východná, will also fuel the partnership with the Farm. Last but not least, Lina's connection to wealthy individuals make the sourcing of cheaper financing of the venture more accessible.

Her limitations are that she does not speak the Slovak language, not has deeper knowledge about Slovakia and its culture.

11.2 Key Employees

The employees of Sheepland should all be students, with the exception of night guards. The reasons for choosing student employees is two-fold.

First reason is that Sheepland requires young, energetic people to act as entertainers for the visitors. The lack of experience and work ethic of young people can pose as a challenge to Sheepland's operations, but also poses an opportunity to train and mold the employees in the required way. Often, employees can bring bad work habits from other places of work, and using "fresh" people without previous work experience can be beneficial, albeit challenging.

The second reason for choosing student employees is that they have ample free time in the summer, have no attachments, but also when hiring students, there are no government deductions and fees for the first 200 € earned each month. This is beneficial for both the employer and the employee.

The fact that the business is not yet up and running, some of the employees in the following section will be described, rather than introduced.

Ľubomír Kružliak – General Manager, head of marketing, finance and operations

Lubo is the co-owner and managing director of Sheepland and his job will be to oversee all operations within the attraction, as well as perform all of the necessary supportive office work. He will also provide a part of the financing sources for the project.

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Lina Berglund – Designer, marketing, financing

Lina is the co-owner of Sheepland and her job will be to design of the venue, to oversee the design of the logo and marketing materials, and the design of particular games and activities. She will also provide a part of the financing for the project.

MUDr. Eva Šnircová, PhD. – Human resources consultant

Eva Šnircová is Lubo's partner. She is a psychiatrist and is also trained in psychotherapy. Her job will be to assist in recruitment by doing employee evaluations, as well as to provide psychological and professional support to all of the employees of the venture, as well as to mediate possible conflicts that might arise during the running of the business.

11.3 Employment structure

Sheepland will be run in two shifts of 6 employees, totaling 12 employees total. These employees will work on a short-week-long-week basis, meaning that first week they will work Monday, Tuesday, Friday, Saturday, and Sunday and in the second week they will work Wednesday and Thursday. These two shifts will work on a rotating bases and each shift will be led by a shift leader. An animal caretaker will also work part-time for the company, ensuring the health of the animals, as well as overseeing the necessary adjustments to the venue to ensure the well-being of the animals. Two night guards will also work at the venue at night.

Shift leader 1 – Head of team 1

This person will run the day-to-day operations of Sheepland and oversee a team of 5 employees. His/her job will be to maintain the venue, as well as provide customer support and interaction with customers. He/she will assign tasks to the other employees, as well as perform tasks necessary for the smooth running of the venture. This person will ideally be sourced from Lubo's friends and acquaintances.

Shift leader 2 – Head of team 2

This person will have the same responsibilities as Shift leader 1. This person will ideally be sourced from Lubo's friends and acquaintances.

Animal caretaker

Optimally, this person will have previous experience with animal caretaking, specifically sheep. He/she might come from Farma Východná, or another agricultural activity. It is important that this person will also be open to communicating with visitors, as well as supporting teams 1 and 2.

Other employees

The job of the remainder of the employees will be to perform the daily tasks, to take care of the animals, to entertain guests, to work in the snacks counter and to operate the

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cash register. Their responsibility will be to provide support to the rest of the team. These people will be sourced from Lubo's friends and acquaintances, as well as through online job-postings.

Night guards

These two people will be paid on a per-night basis. Their job will be to guard the venue, the sales place, as well as to keep the animals safe between the closing and opening times. They will work on a rotating basis splitting the amount of working nights among themselves.

12. Strategic partners

This section of the thesis talks about the strategic partners of the Sheepland venture. The support of strategic partners will be essential towards making Sheepland a sustainable business.

12.1 Farma Východná, PD

Farma Východná ("the Farm") is an agricultural farm located in Východná, Slovakia. It is an organic dairy farm with a herd of approximately 840 cows and approximately 700 sheep. The Farm is owned by a foreign investor, Jason Whittle. Lina Berglund is the partner of Jason Whittle. Lubo's father is the managing director of the Farm. Lubo has worked for the Farm as a translator and interpreter and wrote a business plan for a new business branch within the Farm. Lubo was also the head of a new agrotourism project at the Farm, which began to offer guided tours.

The role of the Farm will be to supply the sheep and lambs needed for Sheepland at no cost. Sheepland will borrow the sheep and lambs for the summer free of charge in exchange for feeding the animals and bringing them back in good health condition. This reduces the up-keep costs for the Farm, while allowing Sheepland to benefit from the use of the sheep. Due to good relationships with the Farm, consulting and other support will be provided to Sheepland. Sheepland will sell the dairy products (cheese, other products) of the Farm, as well as promote guided tours of the Farm to its visitors.

12.2 FUN PARK Žiarce

Previously mentioned as a competitor, Sheepland will be directly next to **FUN PARK Žiarce**. Sheepland will purchase its water and electricity from the FUN PARK, as well as piggy-back on the high attendance of the FUN PARK in the first few years before it gets well-established. The goal is to create a symbiotic relationship between the FUN PARK and Sheepland, which should lead to a higher attendance of both attractions, while increasing customer satisfaction by being able to have multiple experiences in the same location.

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The FUN PARK will also help in facilitating relationships with the village of Pavčina Lehota, as well as in negotiations with owner of the land, where Sheepland should be located. Shared marketing activities will also allow both parties to cut their costs.

12.3 PeDeCom, s.r.o.

PeDeCom, s.r.o., a company run by Lubo's uncle, offers a wide range of electrician and security services. This company will be the main aid in electric work, cabling, and other electricity-related tasks, as well as small construction. Having a craftsman support will be vital towards the success of the venture.

12.4 Financon, s.r.o.

Financon, s.r.o., an accounting firm run by Lubo's godmother will provide accounting services for a low price, while offering accounting and financing advice free of charge.

13. Location and venue

13.1 Strategic location of the attraction

The attraction will be located at the end the village of Pavčina Lehota, Slovakia. Pavčina Lehota is located approximately 8 km away from the town of Liptovský Mikuláš on the way to the Demanovska Valley. Demanovska Valley is the home to two of the most visited caves in Slovakia – The Demanovska Cave of Liberty and the Demanovska Ice Cave. The biggest ski resort in Slovakia, Jasná, is located further up the valley. The location of Sheepland within the area of Liptovský Mikuláš in relation to other tourist attractions is shown in Figure 10 below.

Figure 10 - Location of Sheepland in relation to other tourist attractions, Google Maps



In the context of the village, Sheepland shall be located right next to FUN PARK Žiarce, close to Farm Pavčina Lehota. The location is depicted in Figure 11 below.

Figure 11 - Location of Sheepland within the village Pavčina Lehota, Google Maps



13.2 Venue Layout

The venue of the tourist attraction Sheepland will be located in the cadaster area of the village Pavčina Lehota on land slots number 3136 and 3137. These land slots will be rented for 500 € per year from a private owner. Due to the fact that this location used to be the site of a garbage dump 30 years ago, this land has no agricultural value. Connection to water and electricity will come from FUN PARK Žiarce.

Sales windows, and staff room will be located inside of a custom-made modular container building, which will stand on concrete bricks. A building like this does not require a building permit in Slovakia. Similarly, a toilet and storage container will be placed on the venue, as well. Seating for visitors will be provided in front of the sales container.

The only changes to the venue that will require a permission from the village are the trench used to bring in water and electricity, as well as a hole that will house the septic tank. Both of these adjustments can be requested in the same document.

The adult sheep and small lambs will be separated, as they will be used for different tasks. While small lambs will be used for feeding by the visitors, adult sheep will be used for the sheep herding game. Each one of these groups will have its own pen with a large weatherproof party tent, which will ask as a temporary cover to protect the animals from the elements, as well as fresh water source, holder for hay, and other fodder. The pen for adult sheep will have an opening into a tunnel, through which the sheep will be led to individual team tracks.

There will be 4 sheep herding tracks on the venue, as well as a 5th track that will be left empty and used as a hospital for sick sheep and for rehabilitation. Each sheep herding track will contain hay, grass, and water for the sheep. The tracks and the pens will be regularly cleaned from manure and other garbage that will accumulate in the process. The garbage will be disposed of on a regular basis. Excess hay will be stored at Farm Pavčina Lehota, about 300 meters away from the venue. Land slot 3137 will be used for expansion in future years.

The layout of the venue can be seen in Figure 12.

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Figure 12 - Venue Layout

source: mapka.gku.sk



14. Osterwalder business model canvas revisited

In this section, we revisit the Osterwalder business model canvas and apply it to the business model of Sheepland. As stated before, the canvas aims to help a user develop the rationale of “**how an organization creates, delivers, and captures value**”. (Osterwalder, 2010)

The canvas is composed of 9 main building blocks:

1. Customer segments
2. Value Propositions
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Key Resources
7. Key Activities
8. Key Partnerships
9. Cost Structure

1. Customer segments

Within the Customer Segments building block, we have identified the target customers already mentioned in earlier sections. For the sake of clarity, they are:

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- **Slovak families with small children** visiting the region of Liptov.
- **Slovak families with older children** visiting the region of Liptov.
- **Local families with children**
- **Czech and Polish families with smaller children** visiting the region of Liptov.
- **Czech and Polish families with older children** visiting the region of Liptov.
- **Other foreign families with children** visiting the region of Liptov.
- **Schools and school trips**
- **Summer camps**
- **Companies**

As it can be seen, the Customer Segment to be served by Sheepland shall be **families with children, as well as other organizations set up to organize the free-time of children.** Therefore, rather than focusing on the Mass Market, Sheepland will focus only on this specific part of the market. The Value Propositions, Distribution Channels, and Customer Relationships will all be tailored to the specific requirements of the niche, “families with children”, market. While other visitors might visit the attraction, they are not considered the main target group for the venture. To accommodate the adult generation, which is not the target group, a separate sheep herding track will be prepared for these visitors, but will mostly be used as a place for grazing the sheep when not in use.

2. Value proposition

The Value Proposition of Sheepland is in its **newness.**

It allows its customers to experience contact with animals that goes beyond a traditional petting ZOO, or animal feeding place. It offers its customers to actively engage with animals in a game, where they get a chance to become a shepherd for 10 minutes. Aside from that, they also get to experience this outside on a field in a natural setting. The educational value, in addition to the entertainment must also be taken into consideration.

3. Channels

Sheepland will communicate with its customers in a mixture of ways. Some of the channels will be its own, some of the channels will belong to its partners, some channels will be a mixture of both.

The channels Sheepland will use include:

1. **Direct channels**

- **Targeted online advertisements** via Facebook and Google Ad-words for people with children aged 4-14
- **Directly approaching customers** at the parking lot underneath FUN PARK Žiarce
- **Directly approaching summer camps** with price offers

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2. Indirect channels

- **Distribution of flyers** in parking lots in **major tourist attractions** in the area
- **Distribution of flyers** around **tourist destinations**
- **Distribution of flyers** among **accommodation providers** in the area
- **Sharing of marketing materials** with different tourist attractions in the area (e.g. banners, posters, flyers, etc.)
- **Roadside banners** pointing towards Sheepland in Liptovský Mikuláš and on the way to Pavčina Lehota
- **Advertisements in a large movie theater complex** in Liptovský Mikuláš before the showings of movies for children
- **Facebook postings** and active online engagement
- Writing of **blog posts**
- **Word-of-mouth** references

4. Customer Relationship

Customer Relationship within Sheepland will be based around **Personal assistance**. Each visitor will be personally welcomed in Sheepland, the principles of the attractions will be explained to him/her, and further questions will be answered. **Interaction with visitors will be encouraged** throughout the venture and employees will be required to make a small talk with the visitors in order to make them feel more welcome.

The rule that **“Customer is always right”** will be enforced across all activities, unless the behavior of the visitor goes to the extreme, at which point the visitor will be dealt with on an individual basis. The staff will be instructed to strive to **accommodate any reasonable requests a visitor might have** in order to make them feel comfortable. This will be personally overseen by the general manager, where possible.

5. Revenue Streams

Sheepland will receive revenues from the following sources:

- **Sale of animal fodder** – fodder for small lambs will be sold in cups.
- **Sale of sheep herding game** – games will be sold on a per-person basis.
- **Game rental** – rental of jumping castle and other small games
- **Sale of souvenirs** – souvenirs will be bought and re-sold with an approximate 300% mark-up
- **Sale of snacks** – snacks and popsicles will be bought and sold with approximately 100% mark-up, depending on the item
- **Sale of drinks** – drinks, such as draft beer, non-alcoholic radler beer, Kofola and bottled drinks will be sold at approximately 100-150% mark-up depending on the item
- **Sale of cheese** – cheese from Farma Východná will be bought and resold with approximately 150-200% mark-up depending on the type

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6. Key Resources

The Key Resources of Sheepland will take various forms, including physical assets, financial resources, intellectual property, and human resources. Some will be owned by the company, while others will be leased or rented.

Sheepland requires the following key resources for its operations:

- **Sales container** – 9 meters long container that will be modified to house two sales windows, one for games, one for the snacks and drinks, as well as staff room and small storage room.
- **Toilet/storage container** – 5 meters long container that will be modified to house 3 toilets with sinks. One toilet will be for male visitors, one for female visitors, one for staff. The second half of the container will be used as storage space.
- **Sheep** – 40 sheep will be borrowed from Farma Východná free of charge in exchange for feeding and rehabilitation
- **Lambs** – 15 lambs will be borrowed from Farma Východná free of charge in exchange for feeding and caretaking
- **Septic tank** – important for the venue to be approved by the health inspector
- **Electricity and water connection** – important and financially demanding asset
- **Human resources** – the correct mix of outgoing employees will be vital for the venture to succeed
- **Automobile** – necessary to make purchases, haul hay and garbage to and from the venue. The general manager's car will be used in the first year and gasoline will be paid for by the company.

7. Key Activities

The Key Activities the business will have to perform are:

- **Marketing and promotion** – in order for visitors to visit, Sheepland will have to put a substantial effort into these activities
- **Animal caretaking** – animals will have to be taken care of whether the attraction is closed, for example on rainy days, or open
- **Material purchasing** – activities needed in order to maintain the venue
- **Purchase of items for resale** – in order to have products for sale
- **Sales** – the main part of the activities of the attraction
- **Engagement with the customer** – in order to sell the products, as well as to up-sell other products
- **Problem solving** - discovering new ways to solve various problems the customers might have.

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8. Key Partnerships

Already mentioned in the section “Strategic partnerships”, the attraction will partner with:

- **Farma Východná** – animals, cheese for resale, knowledge sharing, sharing of marketing materials
- **FUN PARK Žiarce** – electricity and water connection, shared customer base, shared marketing activities
- **PeDeCom, s.r.o.** – technical support
- **Financon, s.r.o.** – accounting and financial knowledge sharing

9. Cost Structure

The aim of Sheepland will be to be a **Value-driven company**, aiming at the value created, rather than minimizing costs. It will be focused on providing highly personalized services to the visitors by creating a unique experience during their visit.

Sheepland will also incur the following categories of costs:

- **Fixed costs** – animal caretaking, fodder, water for animals, insurance costs, accounting costs, animal caretaker costs, night guard costs, opportunity cost, government fees, depreciation
- **Variable costs** – employee wages, water, electricity, maintenance costs, opportunity cost, taxes

Another categorization of costs that will be incurred is also needed to cover the full scope of the venture:










- **Capital expenditures** – purchase of assets, lawyer expenses, health inspector certification, terrain adjustments, water and electricity connection
- **Operating expenses** - employee wages, water, electricity, maintenance costs, gasoline for automobile, taxes

The Osterwalder business model canvas, when simplified, is depicted in Figure 13.

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Figure 13 - Osterwalder Business Model Canvas (Osterwalder, 2010)

The Business Model Canvas

Key Partners  <ul style="list-style-type: none"> - Farma Východná - FUN PARK Žiarce - PeDeCom, s.r.o. - Financon, s.r.o. 	Key Activities  <ul style="list-style-type: none"> - Marketing - Animal caretaking - Material purchasing - Purchase for resale - Sales - Engagement with customer - Problem solving 	Value Proposition  <p>To allow customers to experience contact with animals that goes beyond a traditional petting ZOO, or animal feeding place. To offer customers the ability to actively engage with animals in a game, where they get a chance to become a shepherd for 10 minutes.</p>	Customer Relationships  <ul style="list-style-type: none"> - Personal assistance - "Customer is always right" - Interaction with customers - Small talk with customers (relationship building) 	Customer Segments  <ul style="list-style-type: none"> - Slovak families with children - Local families with children - Czech and Polish families with children - Other foreign families with children - Schools and school trips - Summer camps - Companies
Key Resources  <ul style="list-style-type: none"> - Sales container - WC/storage container - Sheep & Lambs - Human resources - Water & Electricity 	Channels  <ul style="list-style-type: none"> Direct <ul style="list-style-type: none"> - online ads, direct approach, price offers to partners Indirect <ul style="list-style-type: none"> - flyers, banners, word-of mouth 			
Cost Structure  <p>Fixed costs = animal caretaking, fodder, water for animals, insurance costs, accounting costs, animal caretaker costs, night guard costs</p> <p>Variable Costs = employee wages, water, electricity, maintenance costs, opportunity cost, taxes</p> <p>+ CAPEX + OPEX</p>	Revenue Streams  <ul style="list-style-type: none"> - Sale of animal fodder - Sale of games - Games rental - Sale of souvenirs - Sale of snacks - Sale of drinks - Sale of cheese 			

15. Operations

This section of the thesis discusses all of the operations of Sheepland and activities connected to running the business.

The operations of the venture include various tasks, some of which are revenue-generating, and some of which create expenses for the company. These activities can be divided into the following groups:

1. Marketing activities
2. Employee management
3. Animal caretaking
4. Material purchasing
5. Purchase of items for resale
6. Sales
7. Engagement with customers
8. Problem solving
9. Venue maintenance

1. Marketing activities

These activities will be further discussed in the following section of the thesis.

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2. Employee management

The staff structure of the venture will be based on two teams alternating shifts with long and short weeks. This means that one team works Monday, Tuesday, Friday, Saturday, Sunday; and the second team works Wednesday and Thursday, while switching every other week.

It is important for the venture that employees are not overworked, as their enthusiasm is very important for the venture. Each team will consist of a shift leader and 5 team members. An animal caretaker will come 2-3 times per week to ensure the well-being of the animals. One of the owners of the venue will be present on the venue, as well, to ensure all activities are running in order and to resolve any issues the employees struggle with.

3. Animal caretaking

Animal caretaking and animal welfare are one of the most important activities the Sheepland venture. The animal caretaker, with the help of other employees and the support of know-how from Farma Východná will routinely check the health of the animals, fix the problems he is able to fix and call the veterinarian for the problems he is not able to deal with. The veterinarian will be supplied from Farma Východná and his services will be provided free-of-charge. In case of serious health complications of the animals, these animals will be transported back to Farma Východná in order to be given full medical attention.

Hay, fresh water, mineral stones and lamb-specific fodder will be purchased for the animals. Hay will be stored at a farm in Pavčina Lehota and lamb-specific fodder will be sold to customers as feeding supplies. At the end of the day, animals will be given extra fodder in order to fill up completely, as is the practice in farming.

Sheep will receive bells in order to make them easier to locate when grazing, hay holders will be borrowed from the Farm.

Shearing of sheep will take place once during the season.

4. Material purchasing

Purchasing of assets and materials will be done by the general manager. Materials will be purchased on as-needed basis in order to limit the amount of inventory the company carries, as well as to make sure that the storage unit is not too cluttered and can be used efficiently. Where needed, small stock of essential materials will be kept in order to ensure the smooth running of the venture. These materials will include a variety of items, including construction items, such as screws, gasoline, wood, zip-ties, or other items, such as office supplies, drinking cups, plates, napkins, cleaning supplies, animal fodder, and others.

5. Purchase of items for resale

The purchasing of items for resale will be done by both the general manager and the shift leader on as-needed basis. While many of the items for resale will need to be

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purchased in person, some, such as beer, drinks, popsicles and cheese will be ordered on a weekly basis. Shortages will be dealt with immediately by driving to a warehouse in Liptovský Mikuláš and purchasing the items immediately.

Most of the souvenirs will be sourced in China by the owner Lina Berglund, and shipped over to Slovakia.

Animal fodder will be purchased from a silo in Liptovský Mikuláš, which keeps a large stock of fodder for different kinds of animals at all times.

6. Sales

The sales activities of Sheepland will consist of the sale of animal fodder to feed little lambs, which will be sold per cup of fodder, the sale of the sheep herding game, which will be sold at per-play basis. The pricing of the sheep herding game will be set to have two different price levels, one set at a price for two people and one set at a price for three and more people. A single player will not be able to play the game, as it would be impossible.

The rental of games, which will be available on site will be done in timeslots, which the visitors can purchase. The jumping castle will be included as one of these games.

The resale of souvenirs will also be an important part of the earnings potential of the venture. Souvenirs, mainly sourced from China will be re-sold at a 300% mark-up.

Lastly, the sale of snacks, drinks, popsicles, and cheese will take place at Sheepland. Snacks, drinks, and popsicles will be sold at approximately 100% mark-up, while cheese will be sold with approximately 200% mark-up.

7. Engagement with customers

The activities related to the engagement with customers will be the single most important set of activities for the venture. The communication with customers, welcoming them to the venue, explaining all the different activities and working on fulfilling any reasonable requests and expectation will be at the heart of any customer interaction.

The interaction and talking with customers will also be encouraged as a means of up-selling products available on the venue that the customer previously did not intend to purchase. Since the most expensive part of the operations will be to prepare the venue and bring the customers to it, the up-selling of additional products to customers that are already present will be vital towards boosting sales and subsequently revenues.

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8. Problem solving

As with any undertaking, there will certainly be many unforeseen circumstances that will occur during the running of the venture. Flexibility of both the owners, as well as the shift leader and employees will be vital towards solving these problems. Therefore, creative problem solving will be essential part of the operations of Sheepland.

9. Venue maintenance

For practical, as well as aesthetic purposes, the venue will need to be maintained. The grass will need to be cut at least twice per month, the garbage will need to be collected and removed on a regular basis, the septic tank will need to be emptied twice per season, the sales and toilet/storage containers will need to be cleaned on a regular basis.

The animal manure will be stored at the far-off edge of the venue and used as fertilizer at the end of each season. Regular fence repairs, as well as other unforeseen tasks will be a part of the operations of Sheepland.

16. Marketing

16.1 Marketing activities

The marketing of the Sheepland tourist attraction will be comprised of a mixture of both online and offline activities.

Online activities

Targeted paid online marketing campaign will take place with three distinct phases.

The key task of the online marketing campaign will be to correctly define the target group of Sheepland, as well as the tools used for audience development on the chosen online platforms. In this case, the target group is especially families with children of Slovak, as well as foreign tourists enjoying the wide offer of tourism services in the region of Liptov. As the main tool of the marketing campaign, we have chosen a Facebook page with the support of paid advertising.

In the first phase of the campaign we will set a goal of reaching as wide of an audience spectrum as possible and also to inform the inhabitants of the region of Liptov about the existence of the new attraction. From the viewpoint of building a good name for the attraction, it will be an important step, as for many people, the notion of playing a game with sheep will be controversial. At this point, we will have to choose to be assertive and work on actively communicating with the fans, as well as set any misinformation on the right track.

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The second phase of the campaign we will create several posts supported by paid advertisement using visual elements. Posts with pictures and videos specialized on the attractions offered by Sheepland and aimed at the aforementioned target group. In this phase, we will use both forms of paid advertisements, meaning PPC (pay per click) and CPM (cost per mille. For using the CPM advertisement, an advertiser pays for every 1000 views of the “boosted” post, whether or not the post was clicked on. This form of advertisement is especially suitable to create awareness about a brand, or a product. With PPC advertisement, only user click-through are paid for and this form of advertisement is used for exact targeting of the desired target group.

After reaching a large feedback and inflow of new fans of the page, the job of the social media manager is to keep the group active, as well as to create conditions for increasing the size of this group. This can be done by constant adding of posts at least once per day. An important part of the campaign is direct engagement with the fans by responding to comments and messages, where we should be able to create an interactive audience, which will be happy to provide feedback, as well as to spread awareness of the attraction.

The third phase will be the increase of social media activity across other platforms. Active work on Twitter, Instagram, Linked-in, Google+, as well as on recommendation platforms, such as Foursquare and TripAdvisor will be carried out. In this phase, the cooperation and intertwining between different platforms will be important.

Offline activities

The offline activities of Sheepland will consist of production and distribution of **paper flyers, roadside banners, movie theater advertisements, and via direct approach of potential customers.**

The paper flyers will be sized A5, double sided, with one side being in English and the other one in Slovak. The first printing should be approximately 20 000 copies, with the aim of distribution of approximately 2000 flyers in hotels and other accommodation providers in the area surrounding the attraction, and another 2000 flyers in establishments providing accommodation further away from the area. This will be done by the general manager in his spare time, when driving around visiting different accommodation providers.

The flyers will also be distributed in parking lots around the major tourist attraction in the region by one of the Sheepland employees in cooperation with FUN PARK Žiarce. Approximately 800-1000 flyers should be distributed this way on a daily basis and this activity should take place at least every two days, but even every day, if possible. The limitations of the distribution of flyers will be that the venue will be one employee short during the duration of the flyer distribution. The general manager, animal caretaker, or shift leader will need to step up to cover the staff shortage during this time.

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Roadside banners will be put up at the turn into the village of Pavčina Lehota, alongside the way to Sheepland, as well as directly at the entrance to the venue in order to guide the potential customers directly to the attraction, as well as to notify potential visitors of the presence of the attraction. These banners will need to look attractive and also very simple, yet descriptive in what the attraction offers, in order to grab a passerby's attention.

Movie theater advertisements will be played in a local movie theater complex in Liptovský Mikuláš before the showing of movies for children. The assumption behind this idea is that parents accompany their children to the movie theater and will be exposed to this advertisement.

Direct approach of potential customers will be done directly in the parking lot of FUN PARK Žiarce. Here, small animal fodder samples will be distributed to visitors, who will then be invited to come and feed the lambs in the venue. After the visitors arrive to the venue, all will be greeted by the Sheepland staff, offered to try different activities, or just to stay around and experience the venue. An inflow of visitors that just come to experience the venue will also be important, especially in the first years, in order to build the Sheepland brand.

16.2 Marketing Partners

During the marketing activities, Sheepland will perform many of its marketing activities with the help of partners, namely:

Farma Východná is starting its own tourism project in offering guided tours of its activities. The Farm will distribute its own flyers in cooperation with Sheepland, as well as mention Sheepland on its website and Facebook page. Every visitor to Sheepland will receive a Farma Východná flyer and every visitor of Farma Východná will receive a Sheepland flyer. The marketing director of Farma Východná, Miroslav Sanda, will also provide simple graphic design services free of charge, as he is a long-time friend of the general manager.

FUN PARK Žiarce will distribute its own flyers, as well as run its own website. As previously mentioned, Sheepland and FUN PARK Žiarce will distribute their flyers together, while cross-sharing marketing information about each other.

Bc. Michal Haviar, a student of mass-media communication at the St. Cyril and Metod University in Trnava, Slovakia, will manage the online communication and online advertising for Sheepland, as well as take the role of social media manager. Mr. Haviar is a friend of the general manager.

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Ing. Rudolf Hric, an employee of Pizza SEO, a search-engine optimization and online marketing company in Bratislava, Slovakia will act as a consultant when it comes to online marketing.

Golden Apple Cinema in Liptovský Mikuláš, Slovakia will play advertisements for Sheepland before the showing of movies for children, thus exposing the parents of these children to the attraction. This will be a paid activity.

17. Implementation plan

In this section of the thesis, we will discuss the all of the various steps of setting up the venture of Sheepland and the Sheepland attraction. The necessary steps can be separated into several sections depending on the time of their execution. Initial setup before the actual operations begin is listed as one of these steps, but does not repeat on a year-to-year basis.

The implementation can be divided into the following sections:

- 1. Initial setup**
- 2. Preparation for the season**
- 3. Running of the season**
- 4. Closing of the season and preparation for winter**

1. Initial setup – December - May

In order to begin the Sheepland venture, the phase of initial setup, which only happens at the inception of the company and before the venue begins to be used for the main operations of the company needs to take place.

Firstly, the company needs to be set-up as a limited liability company. In order to do so, the help of a lawyer will be enlisted. The lawyer's job will be to register the company name, as well as its ownership structure, and core business sections as the respective authorities, as well as the tax bureau and the business registry. The outcome of this should be a fully-registered limited liability company with its unique company ID and tax ID. This information can be used to established a company bank account, as well as for registration as a farm at the veterinary bureau. All of this needs to happen before any other activities take place.

The registration of the website domain will take place, as well as to design of the logo.

Following this, the set-up of the venue can begin to take its place. As the venue will at this state be only an empty field, it is important to clean the field, mulch the grass and other growth, as well as perform levelling of the ground in order for the field to be uniform. All of this needs to take place early in the year, as soon as the snow melts, as to allow the field to rejuvenate and grow fresh grass on the field.

The request for a building permit in order to bury the water and cable connection, as well as set the septic tank will take place.

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In the meantime, the ordering and purchase of key assets will begin to take place. The digging for water and electricity connection that will span approximately 300 meters and will come from the FUN PARK Žiarce will take place first. The ordering of the cable and the water hose will also take place.

Simultaneously, the ordering of the sales container will take place. The sales container will be custom made and insulated in order to avoid unpleasant heat inside of it, and will consist in four section – **the staff room** with a couch, a fridge, a microwave and outlets for charging phones; the **games and souvenirs sales section**, which will also house the printer and office supplies; the **snacks and drinks section**, where customers will be able to buy food, refreshments and cheese; and lastly the **small utilities section** for cleaning supplies and sink for employees.

Following this, the search for a container that could be rebuilt into a toilet/storage space will begin with the aim of finding a 5 to 6 meters long container in a good condition that is suitable for such a modification. Once purchased, the container will be modified accordingly.

The selection of sheep and ordering of lambs from Farma Východná will take place at this time, as well. The numbers should be 40 sheep and 15 lambs.

The exact position of the containers will be decided, marked out and prepared for placing of the containers.

As the field rejuvenates, the ordering, digging and setting, and burying of the septic tank will take place.

The ordering of fence posts, fence material, and other necessary parts will take place. Weather-proof party tents, which will be used to house the animals, will be ordered, as well.

Once all of the material for fence arrives, the fence will be built by the owners from wooden stakes and fence material. Sheep and lamb pens, as well as the sheep herding tracks and tunnel for passing sheep will be constructed.

After the party tents arrive, they will be constructed and placed in their respective pens for both lambs and sheep, in order to provide protection from bad weather and the sun in the hot summer months.

After the digging for water and electricity connection will be completed, the cables and the water hose will be laid down and covered with the dug-out soil.

The placement of the sales container will take place immediately after it arrives, followed by its connection to electricity, water, and the septic tank, as well as the final modifications, such as adding of work counters, and placement of furnishings will take place.

The toilet/storage container will be placed on site, and connected to electricity, water, and the septic tank.

The purchasing of the printer, fridge for employees, sales fridge, laminating machine, office supplies, coffee machine, water kettle, microwave, water heater, tools, and other supplies will take place, as well as the installation of beer tap, which comes free-of-charge from the beer company.

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This completes the initial setup phase of the venue and is a one-time phase.

2. Preparation for the season – April and May

During the preparation for the season, which will take place during the months of April and May, the search for staff, last preparation of the venue, as well as legal requirements will be fulfilled.

The search for staff will be comprised working of finding two reliable and experienced shift leader, who are flexible, show leadership potential and show room for improvement and success. They will be sourced from within the general manager's circle of friends and acquaintances. Similarly, ten employees will be sourced firstly from the circle of friends and acquaintance of the manager, as well as via online job postings and word-of-mouth references. The search for two reliable night guards will take place. The recruiting will take place as soon as possible in the months of April and May.

The lawyer will also be responsible for writing the visitor's rules as a legal requirement, as well as legal protection for unforeseen circumstances. The application for opening a snacks counter with drink will be filed with the health inspector and passed before the opening of the attraction. Water samples will be submitted for testing.

The obstacle courses inside of the sheep herding tracks will be built using used tires from local tire shops. These tires will be obtained free-of-charge.

Hay and animal fodder will be brought on site at the end of May, followed by the arrival of the sheep and lambs. In order for the animals to get acclimated, all of them will arrive approximately one week before the opening of the venue.

Last preparation of the venue will include the cutting of grass, setting up of grazing pen for the animals, the preparation of seating places built from leftover used tires that were used for obstacles.

Towards the end of this phase, employee safety training will take place, as a legal requirement.

3. Running of the season – June - August

The running of the season is further described in the "operations" section of the thesis and will consist of marketing activities, employee management, animal caretaking, material purchasing, purchase of items for resale, sales, engagement with customers, problem solving, and venue maintenance.

4. Closing of the season and preparation for winter – September - October

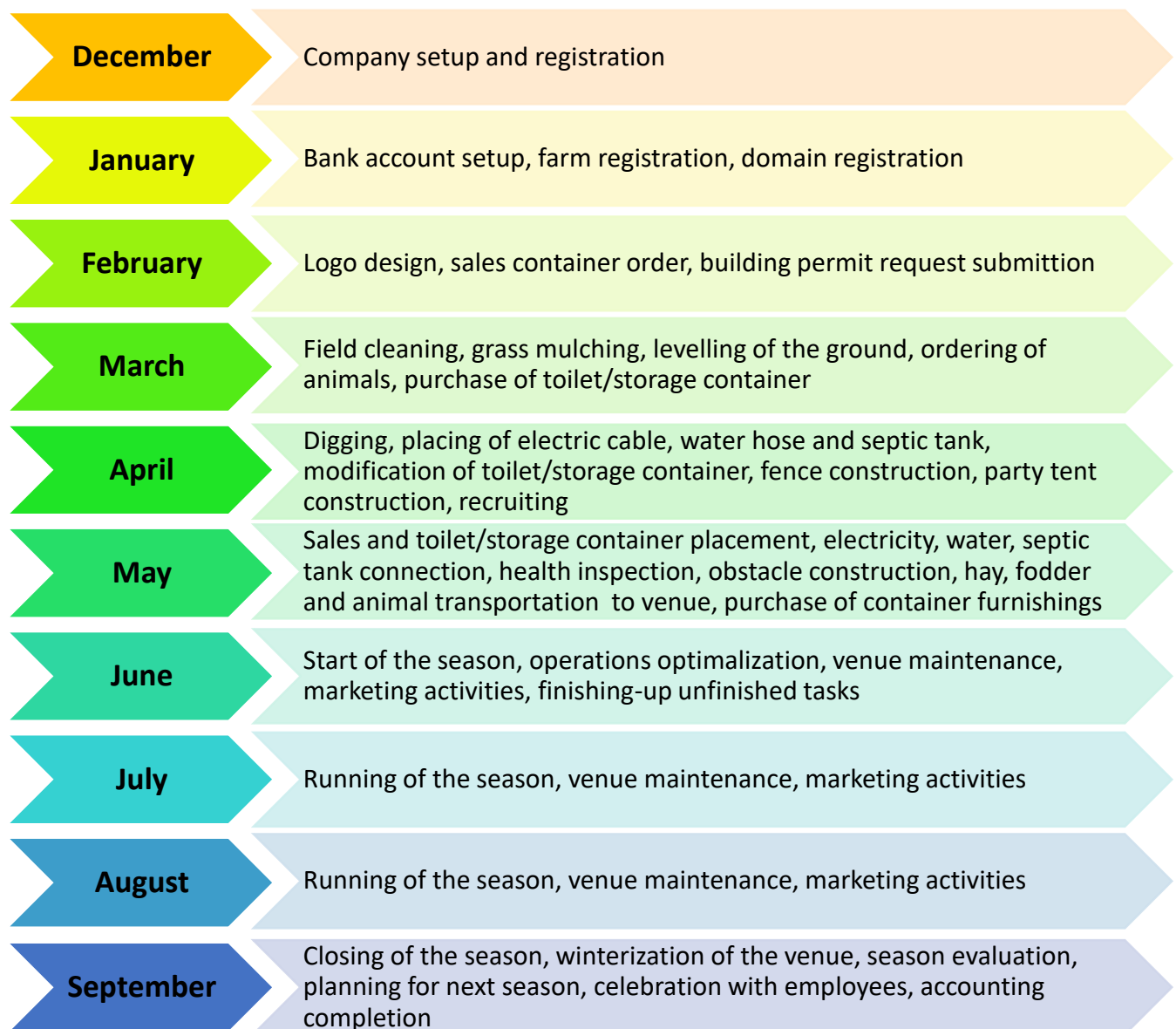
This phase of the implementation will consist of taking the animals back to the farm, removal of valuable items into winter storage, winterization of the entire venue, as well as evaluation of the season. A proper send-off and closing-of-the-season celebration will take place with the employees. Accounting procedures will be finished and the company will be put on hold.

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Further plans for adjustments for the next year will be made. Online marketing activities will be reduced, but contact with customers during the off-season will persist, especially via Facebook.

17.1 Milestones

Figure 14 – Milestones



18. Financial plan and forecasted financial statements

This section of the thesis will discuss the revenue streams and their assumption, the capital expense figures and their assumption, operating expense figures and their assumption, as well as the financing needs of the venture. The forecasted financial statement, namely the balance sheet, profit and loss statement and the cash flow statement, are also a part of this section.

18.1 Revenue streams and assumptions

The assumptions of the financial model, as well as the revenue streams are that the attraction will be run for 3 months a year, between June and August, with 1 week of finishing up in September of every year.

The financial model takes into account the following assumptions:

- 5 rainy days per month, when the attraction will be closed
- 4% annual inflation
- Low season in June, lowering the number of sales and purchases to 70% in comparison with July and August
- Sheep herding game selling at 3.50 € per person and averaging 50 sheep herding players per day
- Animal fodder sold at 2.50 € and averaging 70 lamb feedings per day
- 30 € per day in game rentals
- Sale of snacks and drinks – 100% mark-up above purchase price
- Sale of popsicles – 100% mark-up above purchase price
- Sale of cheese – 200% mark-up above purchase price
- Sale of souvenirs – 300% mark-up above purchase price

The forecasted revenues can be seen in the Table 7 below. The complete table for years 1-5 can be seen in Appendix 2.

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Table 7 - Revenue streams

		2017			
	Daily revenue	June	July	August	September
Non-Rainy Days in Month		25	26	26	7
Item					
Animal fodder	175.00	4,375.00	4,550.00	4,550.00	-
Sheep herding game	210.00	5,250.00	5,460.00	5,460.00	-
Game rentals	30.00	750.00	780.00	780.00	-
Sale of snacks and drinks	90.00	2,250.00	2,340.00	2,340.00	-
Sale of popsicles	30.00	750.00	780.00	780.00	-
Sale of cheese	75.00	1,875.00	1,950.00	1,950.00	-
Sale of souvenirs	60.00	1,500.00	1,560.00	1,560.00	-
Sale of sheared wool			15.00		
Total	670.00	16,750.00	17,435.00	17,420.00	16,750.00
Adjustments for low-high season					
		11,725.00	17,435.00	17,420.00	11,725.00
Annual Revenues		46,580.00			46,580.00
		2018	2019	2020	2021
Annual Revenues		48,443.20	50,380.93	52,396.17	54,492.01

18.2 Capital Expense figures and assumptions

The capital expenses are the large expenses this business plan is based on and show the assets the venture needs to purchase in order to be able to fulfill its business idea.

The capital expense figures are based on the following assumptions:

- Fence posts and fence material are purchased as individual pieces or material and built up by the owners, rather than being built by a company
- Cable is bought at 4.5 € per meter, and digging costs are split between cable and water
- Water hose is purchased at 1 € per meter, and digging costs are split between cable and water
- Electrical work needed to set and connect the cable to the site, as well as additional cabling and devices needed totals 1400 €
- Digging cost is set at 10 € per meter, therefore 3000 € for 300 meters
- Loading and unloading of the sales container and the toilet/storage container are included in their price
- Party tents are built up by the owners

The description of the assets marked as Capital Expenses, as well as their respective depreciation periods are shown in Table 8.

Table 8 - Capital expenses

Item	Price (€)	Depreciation period (years)
Fence posts	800.00	3
Fence	1,200.00	3
Cable for electricity (300 meters) + digging + electrical work	4,250.00	20
Hose for water (300 meters) + digging	1,800.00	20
Water fittings	300.00	20
Jumping castle	800.00	5
Sales Container	8,500.00	10
Modification of sales container	2,000.00	10
Toilet/Storage Container	3,000.00	10
Modification of toilet/storage container	2,000.00	10
Septic tank + digging + cleanup after digging	2,300.00	20
Party tents	2,000.00	5
Total	28,950.00	

18.3 Operating Expense figures and assumptions

The operating expense are expenses a venture incurs during its course of business. The forecasted figures are based on the following assumptions:

- 5 rainy days per month, when the attraction will be closed
- 4% annual inflation
- The septic tank will be emptied 2 times per season
- Grass will be cut 2 times per month
- Annual insurance costs divided between the 3 months the season runs
- Accounting costs of 100 € per month + 10 € for each employee
- Insurance is paid for the whole year, but calculated as a 3-month expense
- Land rental is paid for the whole year, but calculated as a 3-month expense
- 3 pack of hay are consumer per day by the animals
- Animals are fed their daily amounts
- Garbage collection is paid to the village
- Sheep are sheared once per season
- Marketing expense covers both offline and online activities

The forecasted operating expenses can be seen in Table 9. The complete table for years 1-5 can be seen in Appendix 3.

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Table 9 - Operating expenses

		2017			
	Daily expense	June	July	August	September
Non-Rainy Days in Month		25	26	26	7
Item					
Water	15.00	375.00	390.00	390.00	-
Electricity	10.00	250.00	260.00	260.00	-
Insurance	3.54	106.06	109.60	109.60	24.75
Septic emptying	2.83	84.85	87.68	87.68	19.80
Hay	5.04	126.00	131.04	131.04	-
Animal fodder	4.50	112.50	117.00	117.00	-
Garbage collection	5.00	125.00	130.00	130.00	-
Purchase of snacks and drinks	45.00	787.50	1,170.00	1,170.00	-
Purchase of popsicles	15.00	262.50	390.00	390.00	-
Purchase of cheese	25.00	437.50	650.00	650.00	-
Purchase of souvenirs	20.00	350.00	520.00	520.00	-
Cutting of grass	1.21	30.30	31.52	31.52	-
Shearing of sheep	1.11	27.78	28.89	28.89	-
Accounting		250.00	250.00	250.00	900.00
Marketing	30.00	750.00	780.00	780.00	-
Office supplies	5.00	125.00	130.00	130.00	-
Land rental		166.67	166.67	166.67	
Total	188.23	4,366.66	5,342.39	5,342.39	944.55
Annual Expense		15,995.97			
		2018	2019	2020	2021
Annual Expense		16,071.69	16,714.55	17,383.14	18,078.46

Wages paid to employees are also an important part of the operating costs of the company, and are thus presented in a separate table. The staff will be separated into two shifts, each consisting of one shift leader and five employees. An animal caretaker will also be hired on a part-time basis and will work at the venue 3 days per week. Two night guards will guard the venue alternating nights, having only one night on duty every night. A breakdown of wages can be seen below in Table 10. The complete table for years 1-5 can be seen in Appendix 4.

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Table 10 - Wages

			2017			
	Hourly wage	Daily wage	June	July	August	September
Non-Rainy Days in Month			25	26	26	7
Position						
Shift leader	3.30	33.00	1,105.50	1,149.72	1,149.72	309.54
Employee 1	2.80	28.00	938.00	975.52	975.52	262.64
Employee 2	2.80	28.00	938.00	975.52	975.52	262.64
Employee 3	2.80	28.00	938.00	975.52	975.52	-
Employee 4	2.80	28.00	938.00	975.52	975.52	-
Employee 5	2.80	28.00	938.00	975.52	975.52	-
Animal caretaker			536.00	536.00	536.00	-
Night guard		20.00	804.00	830.80	830.80	187.60
Total			7,135.50	7,394.12	7,394.12	1,022.42
Annual expense			22,946.16			
			2018	2019	2020	2021
Annual expense			23,864.01	24,818.57	25,811.31	26,843.76

18.4 First year setup costs

Expenses that are incurred in the first year of the venture, but do not fall into the category of Capital Expenses, or Operating Expenses, must also be considered. These expenses are carried as a regular expense and are not incurred on a regular basis. The list of these one-off expenses can be seen in the Table 11 below.

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Table 11 - First year setup costs

	Item	Price
Physical assets	Printer	150.00
	Employee fridge	300.00
	Sales fridge	400.00
	Laminating machine	150.00
	Office supplies	200.00
	Coffee machine	250.00
	Water Kettle	20.00
	Microwave	40.00
	Tools	500.00
	Water heater	200.00
	Other	300.00
Intangible assets	Logo design	500.00
	Legal cost	500.00
	Total	3,510.00

18.5 Financing needs

The financing needs of the venture need to be able to cover the capital expenses the venture requires, its first year setup costs, as well as the first 2-3 weeks of operating expenses and wages, as well as some contingencies that might arise.

Thus the venture will require approximately 40,000 € to be invested before its beginning to cover these costs. This financing will be provided by the owners, Lina Berglund and Ľubomír Kružliak in exchange for equity in the Sheepland limited liability company.

Albeit not expected, should any additional financing needs arise, extra financing will be sought by using the sales and the toilet/storage container for a leaseback, or as a collateral for a loan.

The option of extending the invoice payment periods by Financon, s.r.o., PeDeCom, s.r.o., and Farma Východná, can also be used as a source of short-term financing.

Forecasted financial statements can be seen in Appendix 5-7.

19. Contingencies and risks and their mitigation

As with any venture, there are contingencies and risks to be addressed. The possible risks the venture will and might encounter can be related to weather, animal welfare, customer satisfaction, employee disgruntlement, health issues, and other unforeseen circumstances.

Weather problems

Too much rain will result in low attendance rates of the attraction. To mitigate for this, the attraction will be closed on rainy days and employees will be sent home in order to lower the operating costs for the company.

Another problem might be severe storms and damage to property. In order to avoid this, all standing structures will be attached to the ground, only certified structures will be built on site and insurance against severe weather damage will be taken on all of the property.

Animal welfare

While animal welfare will be the utmost priority of the venture, unforeseen problems can indeed occur. In case animals get ill, a veterinarian will be called and animals will be given proper care. One of the pens will be separated for ill and recovering animals. In case animals need extra healthcare that the venue cannot provide, they will be taken back to Farma Východná, for rehabilitation.

In the case of death of an animal, the animal will be taken away from the venue and properly disposed of immediately.

Customer satisfaction

The visiting customers will be welcomed and interacted with throughout their entire visit to Sheepland. However, it is possible that some of the customers will have problems with the way the attraction is run. Such customers will be explained everything there is about the attraction and make sure that they understand the process as deeply as possible. If needed, some customers will be given free fodder samples, or free use of some of the attractions for a limited time in order to make them feel more welcome. In case the customer, or a group of customers behave in a disturbing way, however, Sheepland reserves the right to remove such individuals from the attraction. Legally binding Visitor's Rule will be drafted by a lawyer and posted in the venue, giving the employees the right to enforce it when needed. An insurance policy will also be taken out in case a visitor gets hurt and demands compensation.

Employee disgruntlement

Employees are human beings with their own moods, attitudes and sets of beliefs. Their job, however, will be to be an active participant of the team and to interact with customers in a positive manner. Should the employees fail to meet these demands, they will

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be repetitively talked to by the general manager and guided towards the change in their behavior. The general manager's hope is that leading by example and supporting employees will be enough, but Sheepland reserves the right to dismiss an employee should there be a specific reason.

Health issues

Any health issues coming from the sale of food and drink at the venue, as well as the animals will be closely monitored. The animals will be treated with solutions against parasites on a regular basis and the food will be sold in original packaging. The tap from draft drinks will be cleaned at the end and beginning of every day in order to ensure the utmost health standards. Should any food or drinks sold show any signs of problems, these will be immediately discarded. A copy of purchase receipts will be present in the snacks counter, temperature of the fridges will be checked every day and thorough cleaning will be done at the end of every day.

Similarly, the bathrooms will be checked several times per day and cleaned on as-needed basis.

Other unforeseen circumstances will be dealt with on an ongoing basis with regard to their urgency.

Conclusion

The Sheepland attraction will utilize the appeal of contact with farm animals and the interaction with these animals as its base product by providing the customers an option to feed small lambs, as well as play a sheep herding game with adult sheep, while earning extra revenues from the sales of souvenirs, snack, drinks, and cheese, as well as a variety of small games.

The theoretical part of the thesis consisted of the evaluation of agrotourism as a viable tourist platform on the global, as well as the Slovak level. Further, the background for tourism, as well as other facts and figures were introduced for Slovakia as a whole, as well as for the region of Liptov, where the Sheepland attraction should be located. Secondary (desk) market research was introduced evaluating the existence of other agrotourism-related ventures within Slovakia and proved that this particular tourist platform is indeed an important part of tourism in Slovakia. Later, the Osterwalder business model canvas was introduced on the theoretical level, followed by the introduction of the business idea. The intended target customer segments were introduced and the size of the overall market for the venture was established.

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Following the theoretical part, the methods and sample for primary market research were introduced and discussed in depth.

The practical part of the thesis introduced the findings of the primary research followed by an interpretation of the results, where it proved that the business idea for Sheepland has indeed showed interest amongst the responders. Further research on both direct and indirect competition in the region of Liptov was introduced, while uncovering many possible means for cooperation. The management team and key employees chapter showed all of the necessary staff and managerial requirements of the venture and explored the shortcomings of the management team that need to be overcome. Next, the strategic partners of the Sheepland venture were introduced and discussed showing all of the partners necessary for the successful realization of the business idea. As in life, things are easier with the help of partners. Following this, the location and the outline of the venue were introduced and discussed showing the reasons for choosing the said location for strategic purposes. The vicinity of other major attractions in the region is important for the strategic location of the venture.

In the next part, the Osterwalder business model canvas was re-visited and the learnings from the theoretical part were used to fit the needs and activities of Sheepland within its framework. With the business canvas completed, the operations and marketing of Sheepland were discussed in depth, as well as the implementation plan needed for the venture to succeed.

The forecasted financials part followed by explaining the assumptions behind the business plan and applying these assumptions to come up with forecasts for the expected revenues, capital expense figures, operating expense figures and wages, and ended with the discussion about financing needs of the venture.

Lastly, we discussed the possible contingencies and risks the venture could face and introduced the possible mitigations for these issues.

While this thesis is still in the state of a business plan written on paper, the information presented in it points towards the fact that this business plan is realistic and that the contact and interaction with farm animals can indeed be a viable tourist platform to build a business upon.

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Appendix 1 - Primary market research questionnaire

Diploma Thesis Questionnaire

Thank you for any and all of your help!

* Required

1. Q1. How old are you? *

Mark only one oval.

- ☐ 21-25 years old
☐ 26-30 years old
☐ 31-35 years old
☐ 36-40 years old
☐ 41-45 years old
☐ 46-50 years old
☐ over 50 years old

2. Q2. What's your gender? *

Mark only one oval.

- ☐ Female
☐ Male

3. Q3. What's your marital status? *

Mark only one oval.

- ☐ Single
☐ Married
☐ Divorced
☐ Widowed

4. Q4. Do you have children? *

Mark only one oval.

- ☐ Yes
☐ No

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5. **Q5. If you have children, what age range are they in?(multiple choice available) ***

Check all that apply.

- ☐ I don't have children
- ☐ 0-3 years old
- ☐ 4-6 years old
- ☐ 7-10 years old
- ☐ 11-14 years old
- ☐ 15-18 years old
- ☐ over 18 years old

6. **Q6. What country are you from? ***

Mark only one oval.

- ☐ Slovakia
- ☐ Czech Republic
- ☐ Poland
- ☐ Other:

7. **Q7. Do you live in the region of Liptov or nearby? ***

Mark only one oval.

- ☐ Yes
- ☐ No

8. **Q8. Are you vacationing in the region of Liptov this summer?**

Mark only one oval.

- ☐ Yes
- ☐ No

9. **Q9. What are you looking for during your vacation? ***

Check all that apply.

- ☐ Adventure
- ☐ Relax
- ☐ Time spent with family
- ☐ Time away from everyday troubles
- ☐ Educational value
- ☐ Other:

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15. **Q15. Would you be interested in attending a place, where you can play games with animals, provided these animals are not stressed or hurt in any way? ***

Mark only one oval.

☐ Yes

☐ No

16. **Q16: Would you be interested in attending a place, where you can play games involving sheep? You would be given guidance and supervision, and the animals would not be hurt in any way. ***

Mark only one oval.

☐ Yes

☐ No

17. **Q17. Would you be interested in attending a place, where you can be a shepherd for 10 minutes by trying to attend a group of sheep through an obstacle track? You would be given guidance and supervision, and the animals would not be hurt in any way. ***

Mark only one oval.

☐ Yes

☐ No

18. **Q18. Would you be interested in attending a place, where you can feed small sheep and lambs? ***

Mark only one oval.

☐ Yes

☐ No

19. **Q19. Would you be interested in attending a place, where you can learn more about farm animals? ***

Mark only one oval.

☐ Yes

☐ No

20. **Q20. How much would you be willing to pay for a cup of animal fodder that you could feed animals with? (in EUR) ***

.....

21. **Q21. How much would you be willing to pay for your own 10 minute sheep herding lesson? Lesson includes a dedicated instructor, sheep, all necessary equipment. (in EUR) ***

.....

22. **Q22. What additional facilities, products, or services would you require at a tourist attraction with farm animals? ***

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10. **Q10. When on vacation, do you actively search for entertainment opportunities and free-time activities on your own? On a scale 1-5, 1 being always and 5 being never. ***

Mark only one oval.

	1	2	3	4	5	
Always	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Never

11. **Q11. When on vacation, do you rely on recommendations for entertainment opportunities and free-time activities from your accommodation provider? On a scale 1-5, 1 being always and 5 being never. ***

Mark only one oval.

	1	2	3	4	5	
Always	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Never

12. **Q12. When choosing your attractions, please rate, what matters to you the most. 1 = most important, 8 = least important**

Mark only one oval per row.

	1	2	3	4	5	6	7	8
Novelty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Possibility of spending longer time on the activity (at least 1 hour)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Distance from accommodation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether it's an active activity (e.g. going swimming)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether it's a passive activity (e.g. cinema)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether there are other attractions located near the attraction being considered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether the attraction is in nature	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether the attraction is in city/town	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. **Q13. How do you perceive attractions with animals? e.g. ZOOs, petting ZOOs, farms, etc... ***

Mark only one oval.

☐ I like it

☐ I'm neutral towards it

☐ I dislike it

14. **Q14. Would you be interested in attending a place, where you can interact with animals, pet them and feed them? ***

Mark only one oval.

☐ Yes

☐ No

23. **Q23. What other attractions in the region have you visited? ***

.....

24. **Thank you for your help! If you'd like us to contact you once we're open and offer you 1 free sheep herding lesson, please write your email address below.**

.....

Appendix 2 - Revenue streams and assumptions

		2017				2018				2019			
	Daily revenue	June	July	August	September	June	July	August	September	June	July	August	September
Non-Rainy Days in Month		25	26	26	7	25	26	26	7	25	26	26	7
Item													
Animal fodder	210.00	5,250.00	5,460.00	5,460.00	-	5,250.00	5,460.00	5,460.00	-	5,250.00	5,460.00	5,460.00	-
Sheep herding game	175.00	4,375.00	4,550.00	4,550.00	-	4,375.00	4,550.00	4,550.00	-	4,375.00	4,550.00	4,550.00	-
Game rentals	30.00	750.00	780.00	780.00	-	750.00	780.00	780.00	-	750.00	780.00	780.00	-
Sale of snacks and drinks	90.00	2,250.00	2,340.00	2,340.00	-	2,250.00	2,340.00	2,340.00	-	2,250.00	2,340.00	2,340.00	-
Sale of popsicles	30.00	750.00	780.00	780.00	-	750.00	780.00	780.00	-	750.00	780.00	780.00	-
Sale of cheese	75.00	1,875.00	1,950.00	1,950.00	-	1,875.00	1,950.00	1,950.00	-	1,875.00	1,950.00	1,950.00	-
Sale of souvenirs	60.00	1,500.00	1,560.00	1,560.00	-	1,500.00	1,560.00	1,560.00	-	1,500.00	1,560.00	1,560.00	-
Sale of wool from shearing			15.00				15.00				15.00		
Total	670.00	16,750	17,435	17,420	-	16,750	17,435	17,420	-	16,750	17,435	17,420	-
Adjustments for low-high season		11,725	17,435	17,420		11,725	17,435	17,420		11,725	17,435	17,420	
Annual Revenues		46,580				48,443				50,380			

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		2020				2021			
	Daily revenue	June	July	August	September	June	July	August	September
Non-Rainy Days in Month		25	26	26	7	25	26	26	7
Item									
Animal fodder	175.00	4,375.00	4,550.00	4,550.00	-	4,375.00	4,550.00	4,550.00	-
Sheep herding game	210.00	5,250.00	5,460.00	5,460.00	-	5,250.00	5,460.00	5,460.00	-
Game rentals	30.00	750.00	780.00	780.00	-	750.00	780.00	780.00	-
Sale of snacks and drinks	90.00	2,250.00	2,340.00	2,340.00	-	2,250.00	2,340.00	2,340.00	-
Sale of popsicles	30.00	750.00	780.00	780.00	-	750.00	780.00	780.00	-
Sale of cheese	75.00	1,875.00	1,950.00	1,950.00	-	1,875.00	1,950.00	1,950.00	-
Sale of souvenirs	60.00	1,500.00	1,560.00	1,560.00	-	1,500.00	1,560.00	1,560.00	-
Sale of wool from shearing			15.00				15.00		
Total	16,750.00	17,435.00	17,420.00	-	16,750.00	17,435.00	17,420.00	-	16,750.00
Adjustments for low-high season	11,725.00	17,435.00	17,420.00		11,725.00	17,435.00	17,420.00		11,725.00
Annual Revenues	52,396.17				54,492.01				52,396.17

Appendix 3 - Operating Expense figures and assumptions

		2017				2018				2019			
	Daily expense	June	July	August	September	June	July	August	September	June	July	August	September
Non-Rainy Days in Month		25	26	26	7	25	26	26	7	25	26	26	7
Item													
Water	15.00	375.00	390.00	390.00	-	375.00	390.00	390.00	-	375.00	390.00	390.00	-
Electricity	10.00	250.00	260.00	260.00	-	250.00	260.00	260.00	-	250.00	260.00	260.00	-
Insurance	3.54	106.06	109.60	109.60	24.75	106.06	109.60	109.60	24.75	106.06	109.60	109.60	24.75
Septic emptying	2.83	84.85	87.68	87.68	19.80	70.71	73.54	73.54	19.80	70.71	73.54	73.54	19.80
Hay	5.04	126.00	131.04	131.04	-	126.00	131.04	131.04	-	126.00	131.04	131.04	-
Animal fodder	4.50	112.50	117.00	117.00	-	112.50	117.00	117.00	-	112.50	117.00	117.00	-
Garbage collection	5.00	125.00	130.00	130.00	-	125.00	130.00	130.00	-	125.00	130.00	130.00	-
Purchase of snacks and drinks	45.00	787.50	1,170.00	1,170.00	-	787.50	1,170.00	1,170.00	-	787.50	1,170.00	1,170.00	-
Purchase of popsicles	15.00	262.50	390.00	390.00	-	262.50	390.00	390.00	-	262.50	390.00	390.00	-
Purchase of cheese	25.00	437.50	650.00	650.00	-	437.50	650.00	650.00	-	437.50	650.00	650.00	-
Purchase of souvenirs	20.00	350.00	520.00	520.00	-	350.00	520.00	520.00	-	350.00	520.00	520.00	-
Cutting of grass	1.21	30.30	31.52	31.52	-	30.30	31.52	31.52	-	30.30	31.52	31.52	-
Shearing of sheep	1.11	27.78	28.89	28.89	-	27.78	28.89	28.89	-	27.78	28.89	28.89	-
Accounting		250.00	250.00	250.00	900.00	250.00	250.00	250.00	900.00	250.00	250.00	250.00	900.00
Marketing	30.00	750.00	780.00	780.00	-	750.00	780.00	780.00	-	750.00	780.00	780.00	-
Office supplies	5.00	125.00	130.00	130.00	-	125.00	130.00	130.00	-	125.00	130.00	130.00	-
Rent of land		41.67	41.67	41.67	41.67	41.67	41.67	41.67	41.67	41.67	41.67	41.67	41.67
Total	188.23	4,199.99	5,175	5,175	944.55	4,185.85	5,161	5,161	944.55	4,185.85	5,161	5,161	944.55
Adjustment for low-high season													
Annual Expense		5,662				16,071				16,714			

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		2020				2021			
	Daily expense	June	July	August	September	June	July	August	September
Non-Rainy Days in Month		25	26	26	7	25	26	26	7
Item									
Water	15.00	375.00	390.00	390.00	-	375.00	390.00	390.00	-
Electricity	10.00	250.00	260.00	260.00	-	250.00	260.00	260.00	-
Insurance	3.54	106.06	109.60	109.60	24.75	106.06	109.60	109.60	24.75
Septic emptying	2.83	70.71	73.54	73.54	19.80	70.71	73.54	73.54	19.80
Hay	5.04	126.00	131.04	131.04	-	126.00	131.04	131.04	-
Animal fodder	4.50	112.50	117.00	117.00	-	112.50	117.00	117.00	-
Garbage collection	5.00	125.00	130.00	130.00	-	125.00	130.00	130.00	-
Purchase of snacks and drinks	45.00	787.50	1,170.00	1,170.00	-	787.50	1,170.00	1,170.00	-
Purchase of popsicles	15.00	262.50	390.00	390.00	-	262.50	390.00	390.00	-
Purchase of cheese	25.00	437.50	650.00	650.00	-	437.50	650.00	650.00	-
Purchase of souvenirs	20.00	350.00	520.00	520.00	-	350.00	520.00	520.00	-
Cutting of grass	1.21	30.30	31.52	31.52	-	30.30	31.52	31.52	-
Shearing of sheep	1.11	27.78	28.89	28.89	-	27.78	28.89	28.89	-
Accounting		250.00	250.00	250.00	900.00	250.00	250.00	250.00	900.00
Marketing	30.00	750.00	780.00	780.00	-	750.00	780.00	780.00	-
Office supplies	5.00	125.00	130.00	130.00	-	125.00	130.00	130.00	-
Rent of land		41.67	41.67	41.67	41.67	41.67	41.67	41.67	41.67
Total	188.23	4,185.85	5,161.58	5,161.58	944.55	4,185.85	5,161.58	5,161.58	944.55
Adjustment for low-high season									
Annual Expense		17,383.14				18,078.46			

Appendix 4 - Wages

			2017				2018				2019			
	Hourly wage	Daily wage	June	July	August	September	June	July	August	September	June	July	August	September
Non-Rainy Days in Month			25	26	26	7	25	26	26	7	25	26	26	7
Position														
Shift leader	3.30	33.00	1,105.50	1,149	1,149	309.54	1,105	1,149	1,149	309.54	1,105	1,149	1,149	309.54
Employee 1	2.80	28.00	938.00	975.52	975.52	262.64	938.00	975.52	975.52	262.64	938.00	975.52	975.52	262.64
Employee 2	2.80	28.00	938.00	975.52	975.52	262.64	938.00	975.52	975.52	262.64	938.00	975.52	975.52	262.64
Employee 3	2.80	28.00	938.00	975.52	975.52	-	938.00	975.52	975.52	-	938.00	975.52	975.52	-
Employee 4	2.80	28.00	938.00	975.52	975.52	-	938.00	975.52	975.52	-	938.00	975.52	975.52	-
Employee 5	2.80	28.00	938.00	975.52	975.52	-	938.00	975.52	975.52	-	938.00	975.52	975.52	-
Animal caretaker			536.00	536.00	536.00	-	536.00	536.00	536.00	-	536.00	536.00	536.00	-
Night guard		20.00	804.00	830.80	830.80	187.60	804.00	830.80	830.80	187.60	804.00	830.80	830.80	187.60
Total			7,135	7,394	7,394	1,022	7,135	7,394	7,394	1,022	7,135	7,394	7,394	1,022
Annual expense			22,946				23,864				24,818			

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			2020				2021			
	Hourly wage	Daily wage	June	July	August	September	June	July	August	September
Non-Rainy Days in Month			25	26	26	7	25	26	26	7
Position										
Shift leader	3.30	33.00	1,105.50	1,149.72	1,149.72	309.54	1,105.50	1,149.72	1,149.72	309.54
Employee 1	2.80	28.00	938.00	975.52	975.52	262.64	938.00	975.52	975.52	262.64
Employee 2	2.80	28.00	938.00	975.52	975.52	262.64	938.00	975.52	975.52	262.64
Employee 3	2.80	28.00	938.00	975.52	975.52	-	938.00	975.52	975.52	-
Employee 4	2.80	28.00	938.00	975.52	975.52	-	938.00	975.52	975.52	-
Employee 5	2.80	28.00	938.00	975.52	975.52	-	938.00	975.52	975.52	-
Animal caretaker			536.00	536.00	536.00	-	536.00	536.00	536.00	-
Night guard		20.00	804.00	830.80	830.80	187.60	804.00	830.80	830.80	187.60
Total			7,135.50	7,394.12	7,394.12	1,022.42	7,135.50	7,394.12	7,394.12	1,022.42
Annual expense			25,811.31				26,843.76			

Appendix 5 - Forecasted profit and loss statement

	2017	2018	2019	2020	2021
Revenues	46,580.00	48,443.20	50,380.93	52,396.17	54,492.01
Operating expenses	16,162.65	16,571.69	17,214.55	17,883.14	18,578.46
Wages	22,946.16	23,864.01	24,818.57	25,811.31	26,843.76
First year expenses	3,510.00	-	-	-	-
EBITDA	3,961.19	8,007.51	8,347.81	8,701.72	9,069.79
Depreciation	3,149.17	3,149.17	3,149.17	2,482.50	2,482.50
EBIT	812.02	4,858.34	5,198.64	6,219.22	6,587.29
Interest	-	-	-	-	-
EBT	812.02	4,858.34	5,198.64	6,219.22	6,587.29
Taxes	178.65	1,068.83	1,143.70	1,368.23	1,449.20
Net Income	633.38	3,789.51	4,054.94	4,850.99	5,138.09

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Appendix 6 - Forecasted balance sheet

		2017				2018				2019			
		June	July	August	September	June	July	August	September	June	July	August	September
Assets		47,398	47,919	48,181	42,706	51,180	51,702	51,964	50,080	57,110	57,536	57,705	56,700
Tangible assets	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750
Fence posts	800	800	800	800	800	800	800	800	800	800	800	800	800
Fence	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Cable for electricity (300 meters)	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Hose for water (300 meters)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Water fittings	300	300	300	300	300	300	300	300	300	300	300	300	300
Jumping castle	800	800	800	800	800	800	800	800	800	800	800	800	800
Sales Container	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Modification of sales container	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Toilet/Storage Container	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Modification of toilet/storage container	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Septic tank	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Short term assets													
Inventories		1,488	2,210	-	-	1,488	2,210	-	-	1,488	2,210	-	-
Merchandise snacks and drinks		788	1,170	-	-	788	1,170	-	-	788	1,170	-	-
Merchandise popsicles		263	390	-	-	263	390	-	-	263	390	-	-
Cheese		438	650	-	-	438	650	-	-	438	650	-	-
Short term financial assets		20,160	19,959	22,431	16,956	23,943	23,742	26,214	24,330	29,872	29,576	31,955	30,950
Bank account		20,160	19,959	22,431	16,956	23,943	23,742	26,214	24,330	29,872	29,576	31,955	30,950
Liabilities and equity		47,398	47,919	48,181	42,706	51,180	51,702	51,964	50,080	57,110	57,536	57,705	56,700
Share capital		5,000	5,000	5,000	5,633	5,633	5,633	5,633	8,790	8,979	8,979	8,979	13,034
Equity		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Legal reserve fund and non-distributable reserve (at least 5% of profit)		-	-	-	-	-	-	-	-	189	189	189	189
Retained earnings					633	633	633	633	3,790	3,790	3,790	3,790	7,844
Liabilities		42,398	42,919	43,181	37,072	45,547	46,068	46,331	41,290	48,131	48,557	48,726	43,666
Current income tax				-	179				1,069				1,144
Liabilities to partners		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Liabilities to employees		7,136	7,394	7,394	1,022	7,136	7,394	7,394	1,022	7,136	7,394	7,394	1,022
Accumulated depreciation		262	525	787	1,050	3,412	3,674	3,936	4,199	5,995	6,163	6,332	6,500

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		2020				2021			
		June	July	August	September	June	July	August	September
Assets		63,428	63,894	64,100	64,155	70,801	71,267	71,474	71,896
Tangible assets	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750
Fence posts	800	800	800	800	800	800	800	800	800
Fence	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Cable for electricity (300 meters)	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Hose for water (300 meters)	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Water fittings	300	300	300	300	300	300	300	300	300
Jumping castle	800	800	800	800	800	800	800	800	800
Sales Container	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Modification of sales container	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Toilet/Storage Container	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Modification of toilet/storage container	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Septic tank	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Short term assets									
Inventories		1,488	2,210	-	-	1,488	2,210	-	-
Merchandise snacks and drinks		788	1,170	-	-	788	1,170	-	-
Merchandise popsicles		263	390	-	-	263	390	-	-
Cheese		438	650	-	-	438	650	-	-
Short term financial assets		36,191	35,934	38,350	38,405	43,564	43,307	45,724	46,146
Bank account		36,191	35,934	38,350	38,405	43,564	43,307	45,724	46,146
Liabilities and equity		63,428	63,894	64,100	64,155	70,801	71,267	71,474	71,896
Share capital		13,047	13,047	13,047	17,898	17,938	17,938	17,938	23,076
Equity		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Legal reserve fund and non-distributable reserve (at least 5% of profit)		203	203	203	203	243	243	243	243
Loss carried forward									
Retained earnings		7,844	7,844	7,844	12,695	12,695	12,695	12,695	17,834
Liabilities		50,381	50,846	51,053	46,257	52,863	53,329	53,536	48,820
Current income tax					1,368				1,449
Liabilities to partners		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Liabilities to employees		7,136	7,394	7,394	1,022	7,136	7,394	7,394	1,022
Accumulated depreciation		8,245	8,452	8,659	8,866	10,728	10,935	11,142	11,349

Appendix 7 - Forecasted statement of cash flows

	2017	2018	2019	2020	2021
Cash flow from Operations					
Net Earnings	633	3,790	4,055	4,851	5,138
<i>Additions to cash</i>					
Depreciation	3,149	3,149	3,149	2,483	2,483
Decrease in Accounts Receivable	-	-	-	-	-
Increase in Accounts Payable	1,022	-	-	-	-
Increase in Taxes Payable	179	890	75	225	81
<i>Subtractions from cash</i>					
Increase in inventory	-	-	-	-	-
Net Cash from Operations	4,984	7,829	7,279	7,558	7,702
Cash Flow from Investing					
Equipment	(25,750)	-	-	-	-
Net Cash from Investing	(25,750)	-	-	-	-
Cash Flow from Financing					
Liabilities to partners	35,000	-	-	-	-
Payment of basic capital	5,000	-	-	-	-
Net Cash from Financing	40,000	-	-	-	-
Net Cash Flows	19,234	7,829	7,279	7,558	7,702

Business plan – Utilizing the appeal of contact with farm animals as a source of sustainable business in the tourism industry