

University of Economics, Prague

Bachelor's Thesis

2018

Polina Shumilova

University of Economics, Prague

Faculty of Business Administration



Title of the Bachelor's Thesis:

Business plan for opening a Sweet World café in Prague

Author:

Polina Shumilova

Supervisor:

Ing. Jan Mareš

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 Bachelor'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 programme.

Prague, May 15, 2018

Signature

Acknowledgement

I would first like to thank my supervisor Ing. Jan Mareš for the continuous support of my Bachelor's Thesis. His advises, comments, and recommendations helped me in all time of research and writing of this thesis.

Besides my supervisor, I would like to thank my parents and sister for supporting me spiritually throughout writing the thesis and my life in general.

Title of the Bachelor's Thesis:

Business plan for opening a Sweet World café in Prague

Abstract:

The bachelor's thesis aims to create a comprehensive business plan for the new café "Sweet world", which specialises in making and selling traditional desserts originated in different countries. The purpose is to create a precise description of the business and conduct a proper analysis of the Czech market, to make business plan feasible.

A theoretical part of the thesis directed to definitions of what business is and how to make a business successful. This part also reveals business-planning theory and explains the importance of the business plan and its usability.

Analytical part is all about creating the business plan itself. It consists of a description of the company and products, various analysis of Restaurant business in the Czech Republic, and different issues that company could face. It also includes the creation of robust marketing plan and realistic financial plan.

Key words:

Business plan, café, entrepreneurship, marketing plan, financial plan.

Table of contents

Introduction	1
Theoretical part	2
1. Definition of business	2
2. Definition of a business plan	2
3. Use of a business plan	2
4. Structure of a business plan	3
4.1. Executive summary	4
4.2. Mission and Vision statements.....	5
4.3. Company description.....	5
4.4. Market analysis	7
4.5. Marketing plan	9
4.6. Financial plan	11
4.7. Business models overview	13
Business plan of the Sweet World café.....	19
5. Executive Summary.....	19
6. Vision and mission of the company	19
6.1. Mission statement.....	19
6.2. Vision statement.....	19
7. Company Description	19
7.1. Product and service description.....	19
7.2. Location.....	21
7.3. Legal information.....	22
7.4. Personnel	24
7.5. SWOT analysis.....	26
8. Market analysis.....	29
8.1. PEST Analysis.....	29
8.2. Five Forces Analysis	31
8.3. Competitor analysis	32
9. Marketing Plan	33
9.1. Customer research	33
9.2. Segmentation.....	34
9.3. Targeting	35

9.4. Brand positioning	36
9.5. Marketing mix	36
10. Financial plan	39
10.1. Initial costs.....	39
10.2. Fixed and variable costs	40
10.3. Sales forecast	41
10.4. Cash Flow Statement	42
10.5. Three-Year Income Projection	43
10.6. Break-Even Analysis	44
10.7. Other potential financial scenarios	44
11. Business models overview.....	46
11.1. Business Model Canvas.....	46
11.2. Lean Canvas	46
Conclusion.....	49
Appendix one: customer survey – new café in the centre of Prague.....	50
Appendix two: Calculations of Income Statements for 2 nd and 3 rd years	54
List of references	58

The business that fails to plan plans to fail.

-Linda Pinson, Anatomy of a business plan.

Introduction

Business is a vital part of the contemporary world. Nowadays many people dream about their own business and do their best to become a part of entrepreneurs' world. It is evident that there are a vast variety of industries and therefore ways to start a business. Everyone can find his place in the business world according to preferences, capabilities, and needs. However, there is one thing that always stays the same. Every potential businessperson needs a reasonable and realistic business plan to make a dream come true.

The goal of this bachelor thesis is to create a comprehensive business plan for the new café "Sweet world" located in Prague. There are many examples of success stories in the restaurant industry; therefore, it seems to be prospective and creating the business plan for the café promise to be interesting.

The bachelor's thesis is divided into theoretical and practical parts. The theoretical part is literature research that explains in details what the business and business plan is and how to create a realistic business plan. It consists of different explanations of important terms and includes descriptions of various analysis, found in books of famous authors succeeded in different study fields.

Analytical part is all about implementing theoretical part to practice and creating a real business plan of the "Sweet world" café. It includes the precise description of the business, marketing plan, based on market research, and realistic financial plan. The aim is to create a business with unique propositions demanded by customers, which will be profitable and competitive on the Czech market.

Theoretical part

1. Definition of business

A huge variety of interpretations can be found in different sources. According to well-known professors William Pride, Robert Hughes, and Jack Kapoor, business is the organised effort of individuals to produce and sell, for a profit, the goods and services that satisfy society's needs (Davis, n.d.).

Stephenson defines business as the regular production or purchase and sale of goods undertaken with an objective of earning a profit and acquiring wealth through the satisfaction of human wants. According to Dicksee (1980), Business refers to a form of activity conducted with an objective of earning profits for the benefit of those on whose behalf the activity is conducted. Lewis Henry defines business as Human activity directed towards producing or acquiring wealth through buying and selling of goods (Akrani, 2011).

However, the definition of business is not enough to start up a business, and the understanding of how to make a company successful is essential for every businessperson.

It is not enough to have specific personality traits and number of certain skills, although it is also in the great importance. Even a unique and prospective idea is also not the only key to success. These points will not work without a precise plan that must include all aspects of the new business: description of the business, analysis of the environment where the company is going to operate, financial considerations and many other facts. Therefore, a business plan is the first step to ensure the success of a new company.

2. Definition of a business plan

Business plan became an essential part of entrepreneurship and play a huge role especially in starting a new business. In a broad sense, a business plan is defined as any plan that works for a business to look ahead, allocate resources, focus on critical points, and prepare for problems and opportunities (Berry, 2000).

Additionally, Timothy Berry also distinguishes a term start-up plan which is defined as a bare-bones plan that includes a summary, mission statement, keys to success, market analysis, and break-even analysis (Berry, 2000), which is more appropriate to the topic of this theses.

3. Use of a business plan

Linda Pinson (2008) in her book “Anatomy of a BUSINESS PLAN” writes:

Every business will benefit from the preparation of a carefully written business plan. There are two main benefits:

- To serve as a guide for the business

The most important reason for writing a business plan is to develop a guide that will be followed throughout the lifetime of the company. The business plan is a blueprint for business and will provide the owner with the tools to analyse the business and implement changes that will make the business more profitable.

- As documentation for financing

A business plan is a requirement if someone is planning to seek the funding. If people in business are seeking capital, the business plan details how the desired investment or loan will further the company's goals and increase its profits. Every lender wants to know how the borrower will maintain cash flow and repay the loan (with interest) on a timely basis. Every investor also wants to know how his investment will improve the overall net worth of the company and help him to achieve his desired return on investment.

(Pinson, 2008, p 2)

4. Structure of a business plan

Every business plan is unique and structure of it can vary according to the field of business and the purposes of the business plan. A clear understanding of what exactly particular business plan should include and choosing an appropriate structure is one of the keys to writing a good business plan. The flexibility of structure of business plans allows different authors to introduce their own structures. Therefore, structures mentioned below proposed by three different authors Linda Pinson (2008), Tim Berry (2000), and Brian Finch (2010).

The exact items in a structure will vary from business to business but, broadly, they will be:

- Summary;
- Introduction;
- Business background;
- The product;
- The market;
- Operations;
- Management;
- Proposal;
- Financial background: – trading to date; – forecasts;
- Risks;
- Conclusion;
- Appendices.

(Finch, 2010, p 19)

In all cases, the business plan will have the following major divisions in the table of contents.

- Executive Summary
- Part I: Organizational Plan
- Part II: Marketing Plan
- Part III: Financial Documents
- Supporting Documents

(Pinson, 2008, p 20)

According to Berry (2000), the suggested structure of a business plan is as follows:

- Executive Summary
- Company Summary
- Products Description
- Market Analysis Summary
- Strategy and Implementation Summary
- Management Summary
- Financial Plan

(Berry, 2000, p 24)

For sure, some parts included in the structures mentioned above are the same, and in general, they seem to be very similar to each other. However, there are some differences, and these differences can vary from business to business according to the purpose and use of the business plan.

Analysing structures introduced by different authors and taking into considerations purpose and use of this particular business plan, the best structure of business plan of “Sweet world” café seem to be:

- Executive summary
- Vision and mission of the company
- Company description
- Market analysis
- Marketing plan
- Financial plan
- Business models overview

4.1. Executive summary

The Executive Summary is the thesis statement of the business plan. It summarises, what the company does, where the company is going, why it is going where, and how it will get there. (Pinson, 2008) It is the doorway to the rest of the plan. (Berry, 2000). The summary is written last although it goes at the beginning of the plan. It is the most important part of the plan (Finch, 2010).

4.2. Mission and Vision statements

According to Pinson (2008), stating the company's mission projects a sense of what the goals are regarding its future place within the industry and the community. A mission statement is a brief (one or two sentences) description of the company's fundamental purpose including, nature, values, and its work. It should clearly explain why the company exists and what it plans to achieve in the future. A company mission statement should define underlying goals (such as making a profit) and objectives in broad strategic terms, including what market is served and what benefits are offered (Berry, 2000).

A vision statement is also the crucial part of every business as it is a declaration of a company's goals for the long-term future. It is important to understand own vision of the business – what you want to accomplish and how you want your business to be viewed by others. Based on that vision, you will determine the strategy you will use and the strategic relationships that you will develop to help you reach your goals and objectives (Pinson, 2008).

What is truly important is not the written statement but the vision for the company. Entrepreneurs will frequently hold this in their head. It will be their inspiration. It will encapsulate something unique about the business and will guide decisions and actions. For all types of organisation, it can be an enormously powerful motivator to management and staff who understand and share the vision and are enthused by it (Finch, 2010).

4.3. Company description

This part of the business plan is of great importance for every reader. The purpose of this section is to get the key facts over quickly and to paint a broad picture so that readers will then be able to understand and assimilate the detail that is in the body of the plan (Finch, 2010).

The first major section of the business plan addresses the organisational details of the business. It begins with a description of the company and its products and/or services (Pinson, 2008).

4.3.1. **Product description**

All businesses sell something, and the reader may not understand particular issues that affect products. It is important to explain the key issues briefly and clearly:

- Do not reveal the technicalities here, but broadly how it does what it does.
- Where does it do it?
- Is there anything unique about it and have you a patent or other protection on it?
- How is it supplied or distributed?

(Finch, 2010, p 28)

4.3.2. Location

Briefly describe offices and locations of your company, the nature, and function of each, square footage, lease arrangements, etc. (Berry, 2000).

4.3.3. Legal information

Describe the chosen legal structure and explain why it is the most advantageous for the business (Pinson, 2008).

4.3.4. Personnel

According to Linda Pinson (2008), following questions will help to define the personnel: How many employees will be needed for the company to operate efficiently? What jobs will you need them for? At what stage in the business will they be hired? What qualifications/experience will they need to have? What hours will they work? What salaries and benefits will they be paid?

4.3.5. SWOT analysis

SWOT analysis is used to summarise and consolidate the critical issues identified when analysing an organisation and its business environment. Once the SWOT has been developed, it is then used as a means of evaluating the organisation's business situation and identifying potential strategies for the future (Cadle, Paul, & Turner, 2014). Figure 1 explains what abbreviation SWOT stands for and the purpose of every single part of it.

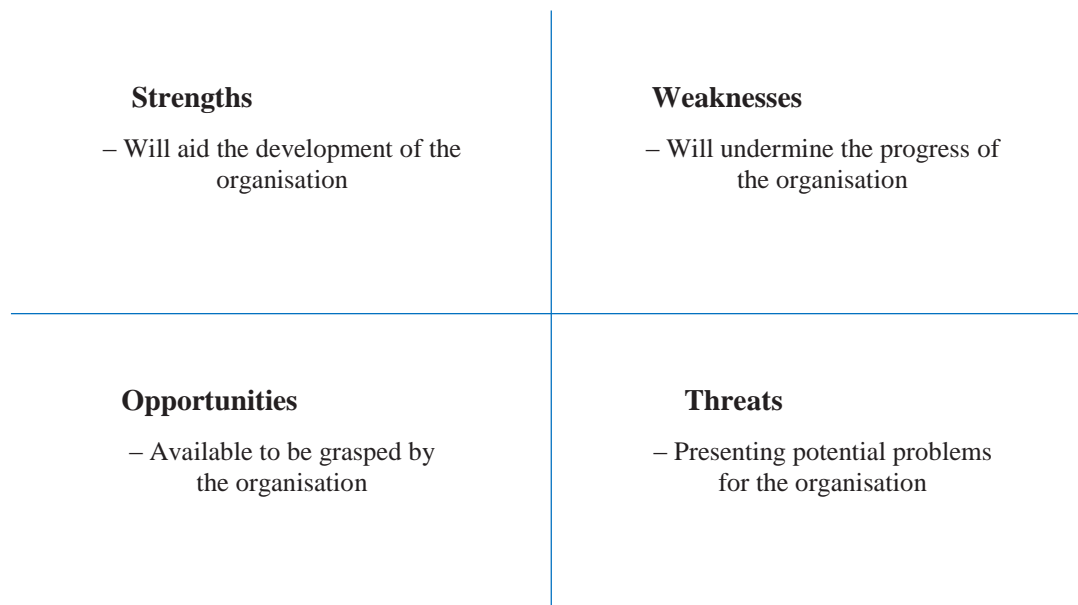


Figure 1: SWOT analysis. Source: Cadle, Paul, & Turner, 2014

Conducting a SWOT analysis will enable a business to channel its focus into those areas that present the most significant opportunities and those competencies in which it is strongest. Concurrently, the business will look into ways to mitigate its weaknesses and develop plans and strategies to overcome any threats that present themselves (Pinson, 2008).

4.4. Market analysis

To achieve success and stability, analysing the situation on the market and highlighting the significant competitive advantages is important. Explanation of the type of business where the company operating in is needed (Berry, 2000). It is a crucial thing for every business, as the understanding of market can provide the entrepreneur with specific information that clarifies the direction for every part of business plan. Market research can prevent the company from making erroneous decisions that result in expensive design mistakes in new products, marketing campaigns, and more (Pinson, 2008).

A huge variety of tools and techniques nowadays dedicated to market analysis. Based on knowledge gained during the study at university, to analyse the business environment of “Sweet world” café, the following tools will be used:

- PEST Analysis
- Five Forces Analysis
- Competitor analysis

Two techniques are used to examine the business environment within which an organisation is operating: PEST analysis and Porter’s Five Forces analysis. Using the PEST and five forces techniques together helps to provide a detailed picture of the situation organisation is going to face. Just using one technique may leave gaps in the knowledge and understanding (Cadle, Paul, & Turner, 2014). Moreover, five forces analysis includes information about competitors, what is also connected with competitor analysis.

4.4.1. **PEST analysis**

Understanding the environment is an integral part of the strategic analysis as external factors could greatly affect the business. Proper research provides the company with information that could prevent harmful effects from happening and supports the company's growth. PEST analysis offers a framework for investigating and analysing the external environment for an organisation. The framework identifies four key areas that also should be considered when attempting to identify the sources of change. These four areas are:

- Political

Examples of political factors could be a potential change of government, with the corresponding changes to policies and priorities, or the introduction of a new government initiative (Cadle, Paul, & Turner, 2014).

- Economic

Examples of economic factors could be the level of growth within an economy or market confidence in the economies within which the organisation operates (Cadle, Paul, & Turner, 2014).

- Socio-cultural

Socio-cultural factors are those arising from customers or potential customers. These changes can often be subtle, and they can be difficult to predict or identify until there is a major

impact. Examples could be demographic issues such as an increase in the number of working mothers, or consumer behaviour patterns such as the rise of disposable fashion (Cadle, Paul, & Turner, 2014).

- Technological

This area covers factors arising from the development of technology. There are two types of technological change: there can be developments in IT, and there can be developments in technology specific to an industry or market (Cadle, Paul, & Turner, 2014).

4.4.2. Five Forces analysis

Porter's Five Forces analysis is also used to consider the external business environment, but it has a different focus from that of the PEST analysis. This technique examines the business domain or industry within which an organisation operates, and identifies the business pressures that may be brought to bear upon that organisation (Cadle, Paul, & Turner, 2014).

Michael Porter divided the potential sources of pressures within an industry into five categories that need to be analysed:

- Industry competitors (Rivalry among existing firms)

What is the level of competition for the products or services in this industry? Is the organisation in a good competitive position or is it a minor player? Are there several competitors that hold power in the industry? (Cadle, Paul, & Turner, 2014).

- New entrants (threat of new entrants)

Are there barriers to entry, such as the need for large amounts of money or expertise? Is it possible to start up an organisation offering these products or services without financial support? What is the likelihood of new entrants coming into the industry? (Cadle, Paul, & Turner, 2014).

- Substitutes (Threat of substitute products or services)

What is the range of alternatives available? What is the position of the organisation when compared to the suppliers of these substitutes? (Cadle, Paul, & Turner, 2014)

- Buyers (Bargaining power of buyers)

How much choice do buyers have? Can they switch suppliers easily? Do they have the power in the relationship or are they locked into the supplier? (Cadle, Paul, & Turner, 2014)

- Suppliers (Bargaining power of suppliers)

How many suppliers are available? Is this a competitive situation where the organisation has a choice of suppliers? Do the suppliers have the power in the relationship because they operate in an area of limited supply? (Cadle, Paul, & Turner, 2014)

The answers to these questions help to identify the factors within the industry or business domain that have the potential to impact upon the organisation, either positively or negatively (Cadle, Paul, & Turner, 2014)

4.4.3. Competitor analysis

To be successful in the market, it is crucial to analyse competitors. Five forces analysis has already included information about competitors, both existing and potential, and substitutes. Competitors analysis is conducted to identify business strength and understand how the company differentiates from competitors. The aim here is to identify, first, the critical success factors concerning their customers; and second, on which of these their own business outperformed competitors (Johnson, Scholes, Whittington, 2005).

The carrying out of analysis mentioned above contain a considerable amount of information that gives us an explicit representation of business environment where the company is going to operate. Together with SWOT analysis, it makes an immense contribution to the business plan. It creates a guideline telling how to behave in the chosen industry, how to avoid different risks, and what is of great importance, how to attract customers, became unique and gain the competitive advantage.

4.5. Marketing plan

A Marketing plan is an essential part of every business plan. It outlines the marketing strategy and helps to find a direction toward reaching the objectives of the business.

The most important thing needed to be doing is analysing the market and making a product-market decision. There are two parts to this decision: 1. the choice of which customer needs the company will satisfy as reflected in the specific product or service will be sold to customers. 2. The choice of the particular customers to whom the company wish to sell the product or service (your target market segment) (Pinson, 2008). Therefore, this part of the thesis aimed at identifying who is the target audience and how to perform the brand to satisfy customers and meet their need. The concept of target marketing will be used to find a solution. It consists of three parts: segmentation, targeting and brand positioning.

4.5.1. Segmentation

Market segmentation divides a market into distinct slices. A market segment consists of a group of customers who share a similar set of needs and wants. The marketer's task is to identify the appropriate number and nature of market segments and decide which one(s) to target (Kotler, 2012). Moreover, segmentation helps the company to focus on the different types of potential customers (Berry, 2000).

The primary segmentation variables are geographic, demographic, psychographic, and behavioural.

- Geographic segmentation divides the market into geographical units such as nations, states, regions, counties, cities, or neighbourhoods. The company can operate in one or a few areas, or it can serve in all but pay attention to local variations (Kotler, 2012).
- In demographic segmentation, we divide the market on variables such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and social class. One reason demographic variables are so popular with

marketers is that they are often associated with consumer needs and wants. Another is that they are easy to measure (Kotler, 2012).

- Psychographics is the science of using psychology and demographics to understand consumers better. In psychographic segmentation, buyers are divided into different groups on the basis of psychological/personality traits, lifestyle, or values. People within the same demographic group can exhibit very different psychographic profiles (Kotler, 2012).
- In behavioural segmentation, marketers divide buyers into groups on the basis of their knowledge of, attitude toward, use of, or response to a product (Kotler, 2012).

4.5.2. Targeting

The next step in marketing plan would be marketing targeting. Once the firm has identified its market-segment opportunities, it must decide how many and which ones to target. (Kotler, 2012)

To be useful, market segments must rate favourably on five key criteria:

- Measurable. The size, purchasing power, and characteristics of the segments can be measured.
- Substantial. The segments are large and profitable enough to serve. A segment should be the largest possible homogeneous group worth going after with a tailored marketing program. It would not pay, for example, for an automobile manufacturer to develop cars for people who are less than four feet tall.
- Accessible. The segments can be effectively reached and served.
- Differentiable. The segments are conceptually distinguishable and respond differently to different marketing-mix elements and programs. If married and unmarried women respond similarly to a sale on perfume, they do not constitute separate segments.
- Actionable. Effective programs can be formulated for attracting and serving the segments.

(Kotler, 2012, p 232)

In evaluating different market segments, the firm must look at two factors: the segment's overall attractiveness and the company's objectives and resources.

4.5.3. Brand positioning

According to Kotler (2012), positioning is the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market. The goal is to locate the brand in the minds of consumers to maximise the potential benefit to the firm.

Creating a compelling, well-differentiated brand position requires a keen understanding of consumer needs and wants company capabilities and competitive actions. It also requires disciplined but creative thinking. (Kotler, 2012)

It is vital for a company to create a positioning statement, what is a written statement that shows where the company wants to be in consumers' mind. If the company wants to accomplish its goal of getting a place in consumers' mind, it is crucial to keep the positioning statement simple. (Russell, 2010)

4.5.4. Marketing mix

Each market segment typically demands different marketing mix. The typical marketing mix is based on the four P's: Product, Price, Place, and Promotion. These refer to the product or service you are selling, what it will cost the customer (price), where you will sell it or how the customer will receive it (place or distribution channels), and what communication techniques you will use to inform the public about your business (promotion) (Gerson, 2003). Moreover, it is important to specify the performance goals for the business so that the marketing mix can help to achieve them. Since the company already knows who its target market is and what niche it desires to serve, it is easy to gear the marketing mix to those needs (Gerson, 2003). Figure 2 shows the marketing variables that included in the marketing mix.



Figure 2. The Four P Components of the Marketing Mix. Source: Kotler, 2012

4.6. Financial plan

According to Pinson (2008), financial Documents section is the quantitative interpretation of everything stated in the text portion of your plan. This part of the plan is drastically important as it provides the reader with information about the forecasted financial performance of a new business. Proper research is required, to make this part as much close to reality as possible.

The financial statements that follow are pro forma statements. They show projections for the future profitability of the business. All business plans must contain the following pro forma statements:

- Cash Flow Statement
- Three-Year Income Projection
- Break-Even Analysis

(Pinson, 2008, p 83)

4.6.1. Cash Flow Statement

A cash flow statement is the same as a budget. It is a pro forma (or projected) statement used for internal planning and estimates how much money will flow into and out of business during a designated period, usually the coming tax year. The profit at the end of the year will depend on the proper balance between cash inflow and outflow.

Any business plan should include a cash flow forecast. It should be broken down into months – at least for the first year – and show quite a lot of detail, not just an income line and an expenses line. The reason for this is so that the businessman does not forget anything important (Pinson, 2008).

4.6.2. Three-Year Income Projection

A three-year income projection is a pro forma income (or profit & loss) statement. This statement differs from a cash flow statement in that it includes only projected income and deductible expense (Pinson, 2008). This statement having shown monthly sales based on some evidence you can then show growth, also supported by an explanation (Finch, 2010). Moreover, information for a three-year income projection can be developed from the pro forma cash flow statement and business and marketing analysis (Pinson, 2008).

4.6.3. Break-Even Analysis

Break-even analysis is all about finding the break-even point. It is the point at which a company's costs exactly match the sales volume and at which the business has neither made a profit nor incurred a loss. The break-even point can be determined by mathematical calculation or by the development of a graph (Pinson, 2008).

Mathematical calculations:

A firm's sales at break-even point can be computed by using this formula: B-E Point (Sales) = Fixed Costs + [(Variable Costs/Est. Revenues) x Sales] (Pinson, 2008).

Terms Used:

- Sales = volume of sales at Break-Even Point
- Fixed Costs = administrative expense, depreciation, interest
- Variable Costs = cost of goods and selling expenses

- Estimated Revenues = income (from sales of goods/services) (Pinson, 2008).

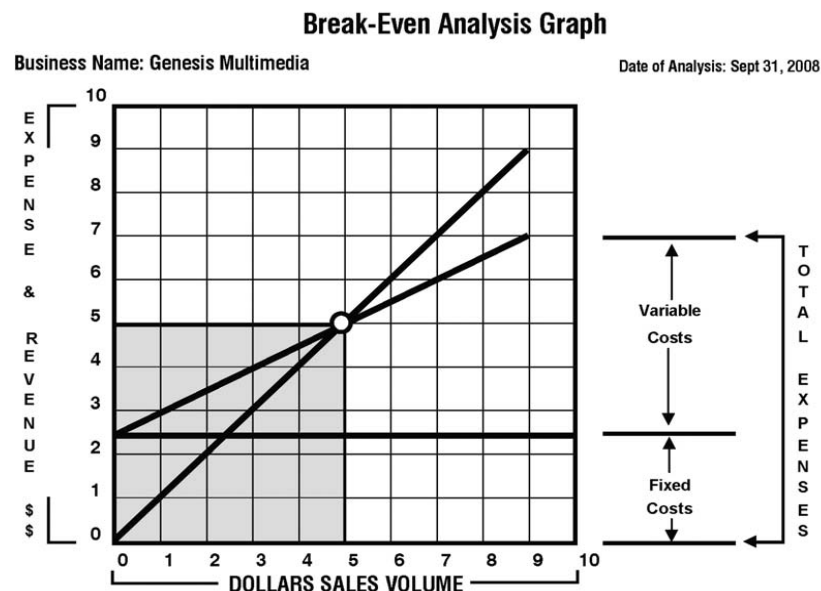
Graph:

The Graph below represents the finding the break-even point on the graph. To Draw Graph Lines:

- Draw Horizontal Line at the point representing Fixed Costs (25).
- Draw Variable Cost Line from the left end of Fixed Cost Line sloping upward to point where Total Costs (Fixed + Variable) on vertical scale (7) meet Total Revenues on the horizontal scale (9).
- Draw Total Revenues Line from zero thru point describing total Revenues on both scales (where 9 meets 9).

Break-Even Point - That point on the graph where the Variable Cost Line intersects the Total Revenue Line.

(Pinson, 2008, p 99)



Graph 1: Break-even analysis graph. Source: Pinson, 2008

4.7. Business models overview

4.7.1. Business Model Canvas

A business model describes the rationale of how an organisation creates, delivers, and captures value (Osterwalder A., Pigneur Y., 2010). The business model is like a plan for a strategy to be implemented through organisational structures, processes, and systems.

A business model can best be described through nine basic building blocks represented in figure 3 below. These blocks show the logic of how a company intends to make money. The nine blocks cover the four main areas of a business: customers, offer, infrastructure, and financial viability.

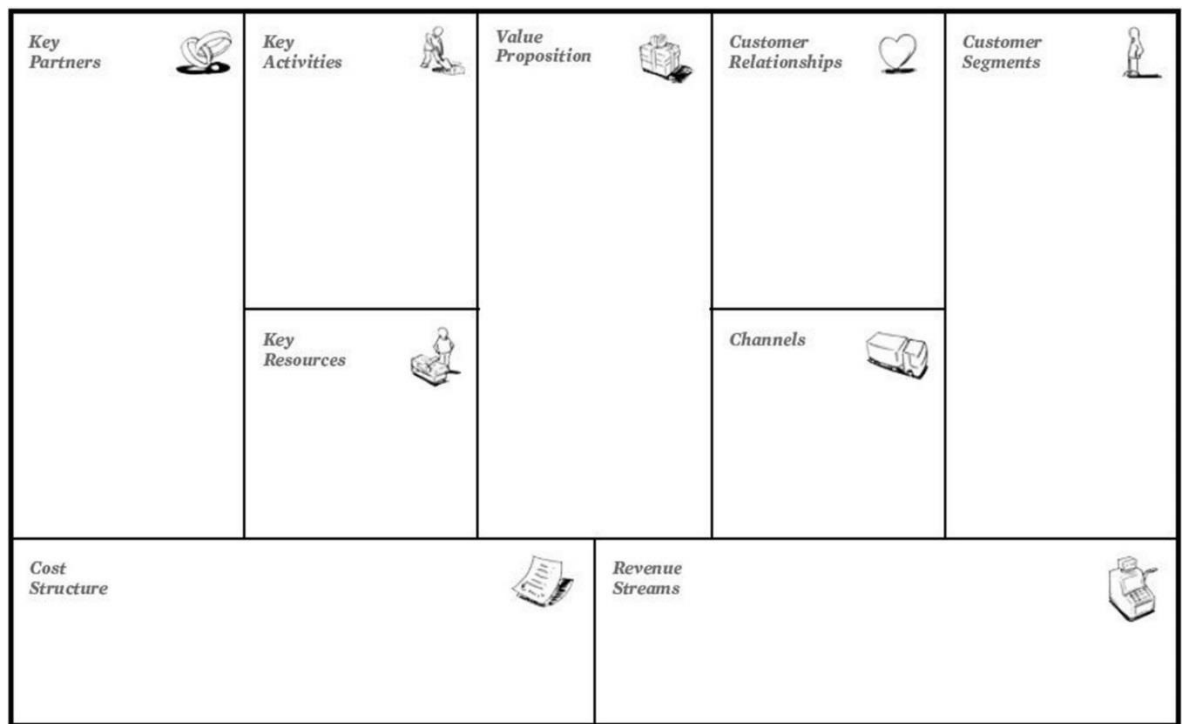


Figure 3: The Business Model Canvas. Source: Osterwalder A., Pigneur Y., 2010

➤ Customer segments

The Customer Segments Building Block defines the different groups of people a company aims to reach and serve. To better satisfy customers, a company may group them into distinct segments with common needs, typical behaviours, or other attributes. A business model may define one or several large or small Customer Segments. (Osterwalder A., Pigneur Y., 2010)

➤ Value proposition

The Value Propositions Building Block describes the bundle of products and services that create value for a specific Customer Segment. The Value Proposition is the reason why customers choose one company over another. Each Value Proposition consists of a selected bundle of products and/or services that satisfy the requirements of a specific Customer Segment. A Value Proposition creates value for a Customer Segment through a distinct mix of elements catering to that segment's needs. Values may be quantitative (e.g. price, speed of service) or qualitative (e.g. design, customer experience) (Osterwalder A., Pigneur Y., 2010).

➤ Channels

The Channels Building Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition. Communication, distribution, and sales Channels comprise a company's interface with customers. Channels are customer touch points that play an important role in the customer experience. Channels serve several functions, including:

- Raising awareness among customers about a company's products and services
- Helping customers evaluate a company's Value Proposition
- Allowing customers to purchase specific products and services
- Delivering a Value Proposition to customers

- Providing post-purchase customer support (Osterwalder A., Pigneur Y., 2010, p 26)

➤ Customer Relationships

The Customer Relationships Building Block describes the types of relationships a company establishes with specific Customer Segments. Relationships can range from personal to automated. Following motivations may drive customer relationships:

- Customer acquisition
- Customer retention
- Boosting sales (Osterwalder A., Pigneur Y., 2010, p 28)

➤ Revenue streams

The Revenue Streams Building Block represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings). Each Revenue Stream may have different pricing mechanisms, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield management. A business model can involve two different types of Revenue Streams: 1. Transaction revenues resulting from one-time customer payments 2. Recurring revenues resulting from ongoing payments to either deliver a Value Proposition to customers or provide post-purchase customer support. (Osterwalder A., Pigneur Y., 2010, p 30)

➤ Key resources

Every business model requires Key Resources. The Key Resources Building Block describes the most important assets needed to make a business model work. These resources allow an enterprise to create a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Key resources can be physical, financial, intellectual, or human (Osterwalder A., Pigneur Y., 2010).

➤ Key activities

Every business model calls for some Key Activities. The Key Activities Building Block describes the most important things a company must do to make its business model work. Like Key Resources, they are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues. Moreover, like Key Resources, Key Activities differ depending on business model type (Osterwalder A., Pigneur Y., 2010).

➤ Key partnerships

The Key Partnerships Building Block describes the network of suppliers and partners that make the business model work. Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models. We can distinguish between four different types of partnerships:

- Strategic alliances between non-competitors
- Coopetition: strategic partnerships between competitors
- Joint ventures to develop new businesses

- Buyer-supplier relationships to assure reliable supplies (Osterwalder A., Pigneur Y., 2010, p 38)

➤ Cost structure

The Cost Structure building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Naturally enough, costs should be minimised in every business model. However, low-cost structures are more important to some business models than to others. Therefore, it can be useful to distinguish between two broad classes of business model Cost Structures: cost-driven and value-driven, however, many business models fall in between these two extremes. (Osterwalder A., Pigneur Y., 2010)

- Cost-driven business models focus on minimising costs wherever possible. This approach aims at creating and maintaining the leanest possible Cost Structure, using low price Value Propositions, maximum automation, and extensive outsourcing.
- Some companies are less concerned with the cost implications of a particular business model design and instead focus on value creation. Premium Value Propositions and a high degree of personalised service usually characterise value-driven business models. (Osterwalder A., Pigneur Y., 2010, p 41)

4.7.2. Lean Canvas

Lean Canvas is an adaptation of Alex Osterwalder's Business Model Canvas introduced by Maurya in 2012. The Lean Canvas is the format for brainstorming possible business models, prioritising where to start, and tracking ongoing learning (Maurya, 2012).

"Being Lean" is fundamentally about eliminating waste or being efficient with resources, that interpretation is not completely misguided because money happens to be one of those resources. However, in a Lean Start-up, it is crucial to strive to optimise utilisation of the scarcest resource, which is time. Specifically, the objective is maximising learning (about customers) per unit time. (Maurya, 2012)

Problem Top 3 problems 1	Solution Top 3 features 3 Key Metrics Key activities you measure 6	Unique Value Proposition Single, clear, compelling message that states why you are different and worth buying 2	Unfair Advantage Can't be easily copied or bought 7 Channels Path to customers 4	Customer Segments Target customers 1
Cost Structure Customer Acquisition Costs Distribution Costs Hosting People, etc. 5		Revenue Streams Revenue Model Life Time Value Revenue Gross Margin 5		

Figure 4: Lean Canvas. Source: Maurya A., 2012

Business plans try too hard to predict the future which is impossible. Instead, Lean Canvas is written with a “getting things done” attitude. Moreover, While Alex Osterwalder (2010) discusses several alternative approaches to sketching an original canvas in his book; Ash Maurya (2012) introduced a customer-centric approach. Lean Canvas is made separately for every customer segment. It starts with the Customer Segment and follows the following order to sketch the initial canvases.

1) Problem and Customer Segments

According to Ash Maurya (2012), it is better to start with the “Problem-Customer” pair, as it usually drives the rest of the canvas. For the customer type the business is working with, the top one - three problems needed to be solved should be described. It is better to be specific with these problems in mind and narrow down the distinguishing characteristics of the prototypical customer. The last step is identifying any other user roles that will interact with this customer (Maurya, 2012)

2) Unique value proposition

Dead centre in the Lean Canvas is a box for the Unique Value Proposition (UVP). It is one of the most important boxes on the canvas and also the hardest to get right. (Maurya, 2012)

The UVP is hard to get right because the businessman has to distil the essence of the product in a few words that can fit in the headline of the landing page. Additionally, the UVP also needs to be different, and that difference needs to matter. A good UVP needs to answer the questions - what is your product and who is the customer. (Maurya, 2012)

3) Solution

First, it is important to document how early adopters assumed to solve these problems today. Unless a brand new problem is being solved (unlikely), most issues have existing solutions. As there are only untested hypotheses, do not get carried away with fully defining an

answer just yet. Instead, it is better to sketch out the top features or capabilities that are needed to deliver on the Unique Value Proposition. (Maurya, 2012)

4) Channels

In addition to defining the right product to build, it's just as critical to start finding, building and testing a significant path to customers from day one. While there are a plethora of channel options available, some channels may be outright inapplicable to the start-up, while others may be more viable during later stages of start-up. (Maurya, 2012)

5) Revenue streams and cost structure

The charge for the product is simultaneously one of the most complicated and most important things to get right. Not only does the pricing model keep the organisation in business, but it also signals branding and positioning. It determines customers. (Maurya, 2012)

Existing alternatives create "reference points" in the minds of customers that they will use to rank the solution, so it is important to understand and position the price against them. In the rare case the businessman solving a brand new problem or don't have clear reference points (more common in Enterprise based products), then it might be possible to pick a starting price out of thin air and refine from there. (Maurya, 2012)

The ultimate goal is finding a scalable business model so it should go without saying that it is also needed to keep an eye on what it would cost to deliver the solution and ensure that there is a healthy margin built in. (Maurya, 2012)

6) Key metrics

Start-ups are inherently chaotic, but fortunately, there are only a handful of key metrics that drive a start-up. The author suggests document the 1 or 2 key activities the businessman will use to track usage of the solution. (Maurya, 2012)

7) Unfair advantage

It is usually the hardest section to fill. It is here to make the businessman think about how to make the business different and make this difference matter. An interesting perspective to keep in mind is that anything worth copying will be copied. Building a successful business in spite of that is necessary. A real unfair advantage is something that cannot be easily copied or bought. (Maurya, 2012)

Business plan of the Sweet World café

5. Executive Summary

The Sweet World café is a start-up that offers traditional desserts originated in different countries, which going to be opened at the beginning of 2019 in Prague. The main idea is to create a place where traditional recipes and the unique design of the café remind customers the atmosphere of other countries.

The desserts will be made from high-quality ingredients and will be prepared every day to assure good taste and freshness of confectionaries. However, the main value the Sweet World café is going to offer is the perfect customer service, which is unfortunately very weak in other cafes in the Czech Republic.

The chosen premises is located in the centre of the Prague. A significant number of tourists and local people who walk around can see the place; therefore, the central location is the best place for this type of business in Prague.

6. Vision and mission of the company

6.1. Mission statement

“We offer delicious desserts and perfect service, so our customers always feel great. Our goal is to simply bring joy to others.”

6.2. Vision statement

“We aspire to become your favourite place to have delicious desserts. We are going to constantly improve the image of the café and increase the growth of visitors using advertising and special offers. We also strive to be in top three best cafes in Prague after two years of operation.”

7. Company Description

7.1. Product and service description

7.1.1. Products

The Sweet World café is a unique place with traditional desserts originated in different countries of the world. The cafe offers a broad range of confectionaries all made from high-quality ingredients available in the Czech Republic. Moreover, there is also a huge variety of soft drinks and hot beverages to the desserts, so customers can always find something they like.

Desserts are made using modern equipment to assure the delightful taste and high quality of food. Professional cooks always create new designs of deserts to surprise customers and

present an unforgettable experience. To show customers the country of origin of desserts, a unique, recognisable attribute of the country, such as a small printed flag or a small picture of a well-known person, decorates the dishes. All desserts are made daily to always have fresh confectionaries available.

Czech traditional desserts are undoubtedly part of the offer because the café is located in Prague. Therefore, Fruit dumplings (ovocné knedlíky), Koblíhy, Honey cake (medovník) are an unavoidable part of the offer.

Moreover, to attract Czech audience, there are traditional desserts from countries most often visited by Czechs. According to Czech statistical office (Czech Statistical Office, 2017) in 2016, the most visited countries are Croatia, Slovakia, Italy, Spain, Austria, Greece, Germany and African countries. Thus, the offer includes desserts from countries mentioned above, for example, Tiramisu (Italy), Rozata (Croatia), Crema Catalana (Spain), Apple strudel (Austria), Bugatsa (Greece), Black forest cake (Germany), Malva Pudding (Africa).

Prague is a famous city with a vast number of tourists from different countries. There could be lovers of traditional desserts among them. Therefore, Sweet World café gives them a chance to enjoy their favourite sweets even in the foreign country. Pursuant to 2016 Annual Report of Prague City Tourism (Prague city Tourism, 2017), the highest number of visitors are from Germany, United States, United Kingdom, Italy, Slovakia, Russia, South Korea, France, Poland, China. Thus, the offer also includes traditional desserts from these countries such as cheesecakes, cupcakes, pancakes with flavours, etc.

Furthermore, the café planning continually refreshes the menu by adding new desserts according to the season changes, for instance, during Christmas and Easter holidays, the offer includes desserts that are traditionally prepared in countries mentioned above, and so customers would quickly get into the holiday spirit.

The coffee is also a crucial part of the offer. The Sweet world café offers customers a huge variety of coffee based beverages made from high-quality coffee beans prepared on the professional coffee machine.

Additionally, to support the current trends in a healthy way of life and vegetarianism, the offer includes gluten-free, vegetarian and low-calorie desserts.

It is also important to mention that every customer can buy desserts and beverages to take away.

7.1.2. Service

Service is a crucial thing in the Sweet World café. A team of qualified people carries out Service there. Every hired employee has already had experience in related field. Manager constantly monitors their work, so customers always feel satisfied.

A unique atmosphere in the café supports it. The place is cosy with decorations connected with the culture of different countries. The unusual part of the interior is the map of the world with desserts made in Sweet world café on it. The main idea is to make customers feel

like they get into another country, so people would want to stay longer and come back every time to “visit” one more country.

7.2. Location

The location plays a crucial role because when the business has been just launched, it is important to attract as many customers as possible.

The best location for a cafe in Prague is the centre of the city, where people walk around and can see the place. The ideal place for Sweet world cafe is found on the Czech website “RealityiDNES.cz” (Přenechání kavárny v centru Prahy, 2018). The premises is located in the centre of Prague on Na Příkopě Street. The total area is 102 m², and there had already been a restaurant, so the place is partly equipped and furnished. There are a kitchen, toilets, two storage areas, a CCTV system and a sound system. Furthermore, there is an additional territory with outside settings with total area 35 m² near the place. It allows increasing the number of stay-in customers during the warm seasons. The price for one month is 90 000 CZK excluding overheads. The bail for premises is equal to one-month rent. The lease agreement is signed for ten years (Přenechání kavárny v centru Prahy, 2018).

However, the obligatory ten years agreement between property owner and tenant is a considerable risk for Sweet World cafe, due to the existence of penalty for breaking the contract off if owners of the Sweet World decide to quit the market within ten years.

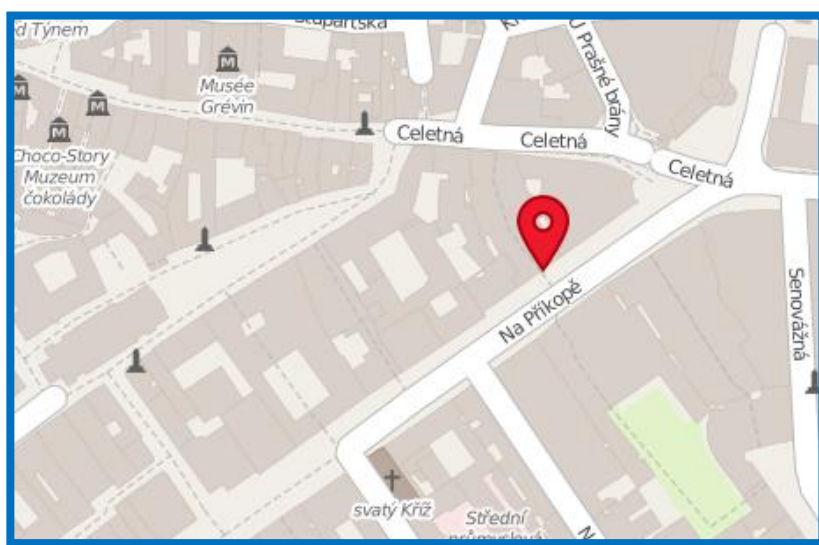


Figure 5: Chosen location. Source: Author

As was already mentioned, the street is located in the heart of Prague, what is a huge advantage for this type of business. There are many landmarks near the chosen location. Municipal House, Wenceslas Square, Powder Gate nearby ensure a significant amount of bypassers and potential customers, both tourists, and Czech people.

Moreover, the cafe is located between two metro stations Můstek and Náměstí Republiky, so that people could get to Sweet world easily any time.

To sum it up, the chosen location promises to be one of the key values of Sweet World. The centre of the city ensures a certain number of customers every day, despite the season.

7.3. Legal information

Many legal regulations cover the Czech entrepreneurship. The most important legal text dealing with companies' rights and obligations is the New Civil Code (Act. No. 89/2012 Coll.) and Business Corporations Act (Act No. 90/2012 Coll.). The Trade Licensing Act (Act No. 455/1991 Coll.) stipulates the process and requirements for issuing a trade license or a concession document (Andreisová, 2016). According to these regulations, the most suitable type of legal structure for café is Limited Liability Company. It is commonly used for small and medium-sized businesses. Main advantages of a limited liability company are:

- Relatively low registered capital;
- Relatively low administrative requirements;
- Protection of the members of the company's creditors by a corporate veil;
- Optional Supervisory Board. (Andreisová, 2016)

Moreover, the restaurant industry is highly regulated industry, and many special regulations and requirements indeed will be met during the operation of the cafe. Therefore, it is important to mention that the location was already used as a restaurant and premises is constructed according to law regulations relevant in this field.

According to Regulation (EC) No 852/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004 on the hygiene of foodstuffs (REGULATION (EC) No 852/2004 OF THE EUROPEAN PARLIAMENT on the hygiene of foodstuffs , 2004) the requirements mentioned below are obligatory for businesses in the restaurant industry.

7.3.1. General requirements for food premises

1. Food premises are to be kept clean and maintained in excellent condition.
2. The layout, design, construction, siting, and size of food premises are to:
 - permit adequate maintenance, cleaning and/or disinfection, avoid or minimise air-borne contamination, and provide sufficient working space
 - protect against the accumulation of dirt, contact with toxic materials, the shedding of particles into food and the formation of condensation or undesirable mould on surfaces;
 - permit good food hygiene practices, including protection against contamination and, in particular, pest control;
 - where necessary, provide suitable temperature-controlled handling and storage conditions of sufficient capacity
3. An adequate number of flush lavatories are to be available and connected to an active drainage system. Bathrooms are not to open directly into rooms in which food is handled

4. An adequate number of washbasins is to be available, suitably located and designated for cleaning hands. Washbasins for washing hands are to be provided with hot and cold running water, materials for cleaning hands and hygienic drying.
5. There are to be suitable and sufficient means of natural or mechanical ventilation.
6. Sanitary conveniences are to have adequate natural or mechanical ventilation.
7. Cleaning agents and disinfectants are not to be stored in areas where food is handled.

7.3.2. Specific requirements in rooms where foodstuffs are prepared

1. In rooms where food is cooked, treated or the design and layout are to permit good food hygiene practices, including protection against contamination between and during operations. In particular:

- floor surfaces are to be maintained in a sound condition and be easy to clean and, where necessary, to disinfect.
- wall surfaces are to be kept in a sound condition and be easy to clean and, where necessary, to disinfect.
- ceilings (or, where there are no ceilings, the interior surface of the roof) and overhead fixtures are to be constructed and finished to prevent the accumulation of dirt and to reduce condensation, the growth of undesirable mould and the shedding of particles;
- windows and other openings are to be constructed to prevent the accumulation of dirt. Where open windows would result in contamination, windows are to remain closed and fixed during production;
- doors are to be easy to clean and, where necessary, to disinfect.
- surfaces (including surfaces of equipment) in areas where foods are handled and in particular those in contact with food are to be maintained in a sound condition and be easy to clean and, where necessary, to disinfect.

2. Adequate facilities are to be provided, where necessary, for the cleaning, disinfecting and storage of working utensils and equipment. These facilities are to be constructed of corrosion-resistant materials, be easy to clean and have an adequate supply of hot and cold water.

3. Adequate provision is to be made, where necessary, for washing food. Every sink or other such facility provided for the washing of food is to have an adequate supply of hot and/or cold potable water and be kept clean and, where necessary, disinfected.

7.3.3. Equipment requirements

1. Fittings and equipment with which food comes into contact are to:

- be cleaned effectively and, where necessary, disinfected. Cleaning and disinfection are to take place at a frequency sufficient to avoid any risk of contamination;
- be so constructed, be of such materials and be kept in such good order, repair and condition as to minimise any risk of disease;

- except for non-returnable containers and packaging, be so constructed, be of such materials and be kept in such good order, repair and condition as to enable them to be kept clean and, where necessary, to be disinfected;
 - be installed in such a manner as to allow adequate cleaning of the equipment and the surrounding area.
2. Where necessary, equipment is to be fitted with an appropriate control device to guarantee fulfilment of this Regulation's objectives.
 3. Where chemical additives have to be used to prevent corrosion of equipment and containers, they are to be used in accordance with good practice.

7.4. Personnel

Every employer must meet all legal requirements of the state where the business is going to operate. Labour code of Czech Republic regulates legal relations between owners and employees in the Sweet World cafe. According to code, employment contracts must be concluded in writing with the following minimum mandatory content: (i) place of work, (ii) starting date of employment and (iii) type of the work. Employees have to be informed in writing about their duties and rights, such as holiday entitlement, wage and payment dates, working hours, job description, notice period, information about collective agreements, etc., within one month after concluding an employment contract if such information is not stated in the contract. (Czechinvest, 2017)

Moreover, there are special legal requirements for employees who work in a food-related industry that certainly also met in the Sweet World café.

7.4.1. Personal Hygiene

1. Every person working in a food-handling area is to maintain a high degree of personal cleanliness and is to wear suitable, clean and, where necessary, protective clothing.
2. No person suffering from, or being a carrier of a disease likely to be transmitted through food or afflicted, for example, with infected wounds, skin infections, sores or diarrhoea is to be permitted to handle food or enter any food-handling area in any capacity if there is any likelihood of direct or indirect contamination. Any person so affected and employed in a food business and who is likely to come into contact with food is to report the illness or symptoms immediately, and if possible their causes, to the food business operator. (REGULATION (EC) No 853/2004 OF THE EUROPEAN PARLIAMENT on the hygiene of foodstuffs , 2004)

Employees are one of the leading resources of the cafe. They ensure the successful operation of the business; therefore, the requirements for personnel are quite strict. The initial team is going to consist of 7 people: manager, four waiters, who also work as baristas, and two cooks. The cleaner is needed three times a week; therefore, cleaner is not a part of the main team.

The initial organisational structure is shown in figure 6.

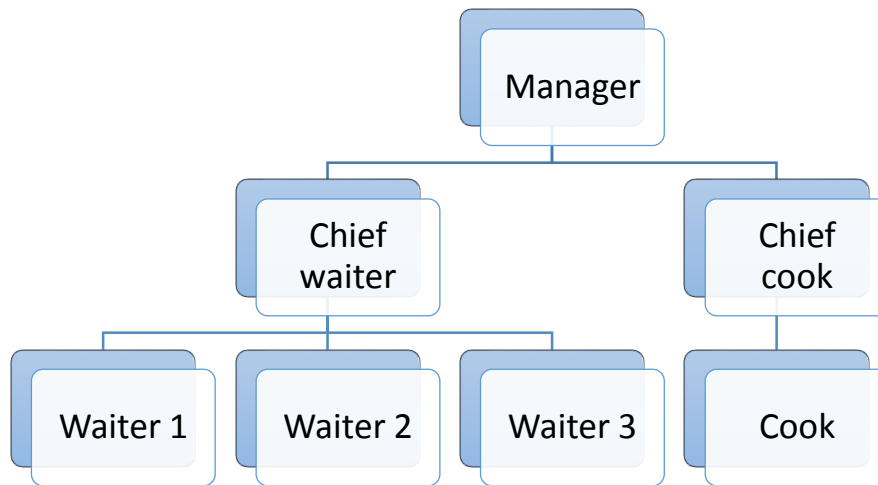


Figure 6: Organizational structure of Sweet World café. Source: Author

The most important employer is the manager because the manager is responsible for the whole operation of the cafe. The primary tasks are planning, organising, leading and motivating, controlling, or in other words, management functions introduced by Henri Fayol in 1916 (Stephen P. Robbins, Mary Coulter, 2012). As the success of the company depends on manager, there are quite strict requirements:

- The person should have at least bachelor degree in management related field
- two years' work experience in a managerial position
- Excellent communication and interpersonal skills
- Familiarity with corporate law and management best practices
- Excellent organisational and leadership skills

Main Responsibilities:

- Hiring new staff
- Development of a long-term strategy
- Controlling
- Motivation of employees
- Create and maintain social networks

To make the work more effective and organized, the café has two middle line managers who are responsible for the operation of two divisions: cooking and service provision. A chief waiter and a chief cook accountable for the effective and efficient operation of respective divisions, they play a mediate role between the manager and employees.

Chief cook plays a huge role in the café, and the success of the business depends on his work. The main chief cook's responsibilities are:

- Supervise all kitchen staff assigned to kitchen
- Participate in desserts menu planning,
- Submitted food orders and receiving/food storage

The primary responsibility of chief waiter is customer satisfaction. The customer must always feel a unique and friendly atmosphere and leave the Sweet World café desiring to come back. Besides, the chief waiter must:

- Coordinate the work of all waiters
- Participate in beverages menu planning
- Submit beverages orders and receiving

The salary is divided into two parts: a fixed amount and percentage of profit, to motivate the managers of the café to work better and to achieve established goals.

Position	Fixed amount (CZK)	Percentage
General manager	10 000 per month	8%
Chief cook	120 per hour	2%
Chief waiter	95 per hour	2%
Cook	110 per hour	-
Waiter	85 per hour	-
Cleaner	100 per hour	-

Table 1: Employees' salaries. Source: Author

7.5. SWOT analysis

The main points of a conducted SWOT analysis are summarised in figure 7 below:

<p>Strengths</p> <ul style="list-style-type: none"> • Uniqueness of offer • A wide variety of the desserts • World-famous recipes • Perfect customer service • Central location • Suitable for wide range of customers • High-quality ingredients • Wi-Fi access 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Unknown brand • High competition • Frequent change of employees in this industry
<p>Opportunities</p> <ul style="list-style-type: none"> • A possibility of new product mix • Growing economy • Provide caterings • Sell and distribute sweets online • Launch a franchise 	<p>Threats</p> <ul style="list-style-type: none"> • Intense competition in food and beverages sector • New competitors can enter the market • Increase in raw materials price • Increase of rental price

Figure 7. SWOT Analysis of Sweet World café. Source Author

7.5.1. Strengths

The Sweet World cafe has its strong sides. The main advantage of the Sweet World cafe is the uniqueness of the offer. There are no similar cafes in Prague that provide customers with a broad range of traditional desserts originated in different countries in one place. All desserts are made according to world famous recipes already tested by many generations and time. Moreover, only high-quality ingredients are used in the preparation of sweets.

The perfect customer service as the crucial thing in Sweet World café. Customer satisfaction is in priority for Sweet World café, therefore qualified people perform the service and managers continuously monitor their work.

The location of the café is also a huge benefit. Centre of Prague ensures the certain number of customers every day. It is supported by the wide offer of not only ordinary desserts but also low-calories, gluten-free and vegetarian products so that every walk-in customer finds the reason to stay.

Besides, the cafe provides free Wi-Fi access for customers, what nowadays became an essential thing for everyone. Moreover, Wi-Fi access allows customers to share the photos made in the café on the internet and social networks. These actions can promote the café; therefore, it is considered to be a benefit for Sweet World.

7.5.2. Weaknesses

Unfortunately, every business has its drawbacks. Firstly, Sweet world cafe can face a problem of high competition in the industry. Although there are no cafes with the same idea and similar offer, there are many other places specialised on selling confectionaries.

Another drawback is the unrecognizability of the brand. It is a very new name; therefore, much time and effort are required to become well known in this industry and gain a certain number of loyal customers.

Lastly, the restaurant industry in the Czech Republic is characterised by a frequent change of employees. It can be considered as a threat due to the arising problem of an urgent searching of new employees.

7.5.3. Opportunities

The Sweet World café is a new player on the market. As the operation starts with the minimum product range, there is an immense number of opportunities for growth and expansion. Huge amounts of already existed traditional desserts is a great opportunity for constantly changing the product mix and introduce new desserts to joy customers.

Moreover, Sweet World café has an opportunity to expand online. It will increase sales volumes of desserts. Café also can provide caterings for different events such as weddings, anniversaries, birthday parties or even business events, so caterings will again increase the sales volumes.

Growing economy is the undoubted opportunity for every business. The income of inhabitants increase, therefore they are willing to spend more. It also ensures growth in the number of tourists what lead to increase in the number of potential customers

Lastly, in future Sweet World can launch a franchise and become a famous brand of sweet products in the whole world. Nowadays, franchising business grew very popular among businesspeople. Thus, it could bring a café a significant profit.

7.5.4. Threats

The major threat to the Sweet World is intense competition in food and beverages sector. As was already mentioned, many cafes are selling the similar offer in Prague; therefore, it is important to become one of the best to compete with not only already existing competitors but also with potential competitors who can enter the market in future.

Another danger is a possible increase in raw materials prices. However, in this case, the Sweet World can try to change a supplier if there will be such opportunity.

An increase in rental price is also considered as a threat, and it is hard to change the decision of property owner in this instance.

8. Market analysis

8.1. PEST Analysis

A company can be successful only if directors know the environment where they are going to operate. Proper analyse of the environment show all external opportunities and threats that company should take into consideration.

8.1.1. Political factors

Czech Republic is a parliamentary democracy and one of the most advanced CEE countries. The state provides businesspersons with the free working conditions. ('Stable Political and Economic Environment', n.d.). Moreover, the Czech Republic, which joined the European Union in 2004, is recognised as the optimal business environment from which to better serve international customers. It is a result of several factors, the most notable being the sustained enhancements to the business environment implemented by the Czech government (Czechinvest, 2017).

The Czech Republic is also one of the most politically stable countries in the world. Furthermore, there are no recent terrorists' attacks what is drastically important nowadays. Altogether, that make Prague one of the most attractive cities in the world what ensure the stable tourists' flow and other possibilities to grow.

8.1.2. Economic factors

The Czech economy is in an exceptionally good state and benefits from favourable internal as well as external conditions. Economic growth reached record-breaking 2.5% in the second quarter of 2017 in comparison with the previous quarter. Its economic policy is consistent and predictable. An open investment climate is crucial element of the Czech Republic's economy. (Czechinvest, 2017) Besides, the inflation and currency are stable, and the unemployment rate is low.

Household consumption was robust in 2017. The growth in consumption reflected not only high dynamics of employment and wages but also declining savings rate due to low-interest rates and high consumer confidence in further development (Czechinvest, 2017). It means that Czech customers are willing to spend more; therefore it is an excellent opportunity for Sweet world café to attract more customers.

According to the World Bank, the Czech Republic made starting a business less expensive in 2018 by introducing lower fees for limited liability companies, what is a decisive economic factor. However, the negative point is complicated payment of taxes by introducing new requirements for filing VAT control statements. (Business reforms in Czech Republic - World Bank Group, n.d.)

8.1.3. Social factors

One of the main attractions of the Czech Republic is its skilled, well-educated, and multi-lingual labour force available (Czechinvest, 2017). This positive factor is significant for every employer because together with low unemployment rate it promises an easy way to find hard-working employees. Moreover, some universities, specialised in the restaurant business, are located in Prague, what means people are interested in this industry and ready to work.

Furthermore, according to new figures released by the National Security Council of the Czech Republic, almost 527,000 foreigners legally came to live and work in the Czech Republic (as of December 2017). More and more foreigners choose Prague to live (Czechinvest, 2017). It is a great opportunity for Sweet World to gain more and more loyal customer and constantly increase the customer base. Besides, multinational Population is a great opportunity to create a multinational working team from people who speak different languages, what is a considerable advantage for cafe specialised on traditional desserts from many countries.

Another fact to be pointed out, the Czech Republic offers free and flexible choices in continuing education. Private training providers and non-profit organisations coexist with and complement secondary schools and universities. (Czechinvest, 2017) Thus, the Sweet World can continuously improve the employees' knowledge in different related to business fields and ensure the business growth.

The Czech Republic ranks 22nd of 63 countries in the worldwide quality-of-life index and has the best result among the countries of Central and Eastern European.

Nowadays, more and more customers strive to support a healthy way of life and buy healthy food. This social trend could be a threat for Sweet World cafe as desserts, and pastry goods are not considered to be healthy food. However, the cafe has special offers consisting of sweet, but healthy products.

The same difficulties the café could face due to trend in vegetarian way of life. More and more people become vegetarian, but the Sweet World also has vegetarian offer to satisfy vegetarian customers' needs.

8.1.4. Technological factors

New technologies give every organisation more possibilities to develop and grow. The Czech telecommunications market – one of the most highly developed and most liberalised in Central and Eastern Europe – is distinguished by the growth of demand for data, internet and other communication services. In addition, the number of users of high-speed internet access is rapidly and constantly growing, and prices of high-speed internet access are falling (Czechinvest, 2017). That means that customers more often search for new places on the internet, mostly they check official websites and accounts in social networks. Therefore, Sweet World café is better to put emphasise on promotion through the internet.

Moreover, The Czech Republic possesses one of the most advanced transport networks in Central and Eastern Europe (Czechinvest, 2017). Therefore, customers could easily get to the Sweet world café, so this factor put a positive effect on operation if the café.

There are also many new and innovative cooking equipment that allows preparing desserts easier but better. Unfortunately, prices are very high; however, that worth it because the best equipment guarantees the best taste and quality.

8.2. Five Forces Analysis

8.2.1. Industry competitors

Many companies are operating in the market, which are both direct and indirect competitors of the Sweet World café. Other cafes, restaurants that have desserts in their offer, creperies are considered to be the main competitors. The strongest competitors are well-known brands such as Paul, CACAO, Starbucks, Costa Coffee, Ovocný Světozor, Cafe~Café and Cross-café. Their quality and product - time-tested and it will not be easy for Sweet World to compete with them.

Homemade desserts are one more type of competitors who distribute their products online. Prices are lower due to the absence of costs related to rent, employees, maintenance of premises, therefore this option is better for those who are going to enjoy the desserts at home.

Despite the high level of competition, Sweet World café has other advantages valuable to customers. The perfect service, the unique atmosphere of the place, a great serving of the desserts and a wide range of the tasty, high-quality products give the Sweet World café a chance to occupy its niche in the market.

8.2.2. New entrants

The companies, which already exist on the market, offer a wide range of products that satisfy the primary customer's needs. That could be considered as high entry barriers because it becomes complicated to add new products to already existed product portfolio.

Another point to be mentioned are high initial costs for opening a café. Premises, marketing, equipment are very expensive nowadays, so this point is also a disadvantage for new entrants. Costs of running a business in this industry are high; therefore, the potential entrants must find a balance between all costs and sales price to gain the desired profit.

The restaurant industry is highly regulated industry in the Czech Republic. The number of legal requirements for opening a café is very high, but this information is crucial for a potential businessperson. Thus, if someone plans to enter the market, a certain legal background is required, and this factor is not favourable for new entrants.

To sum up, all points mentioned above set quite high barriers for new entrants.

8.2.3. Substitutes

A threat of substitutes could also be considered as high due to the existence of many places selling food that can substitute the desserts. The most common products are sweet snacks

such as chocolate bars, cookies or waffles that are sold in any grocery. Furthermore, main courses that offered in other cafes and restaurants can replace the desserts and attract customers.

8.2.4. Buyers

Some crucial factors are affecting the bargaining power of buyers. Firstly, there are many places in Prague with the offer similar to Sweet World café. That allows customers to buy sweets in any other places they want. It increases the power of buyers.

Secondly, there is a low variability of the prices in the market of desserts. Low switching costs to buy from other suppliers allow customers to be independent of set prices and choose the suppliers according to other advantages. Therefore, the bargaining power in this industry is considered being high again.

However, the new players in the market could attract those buyers who board from already existing places and seeking for a new experience.

8.2.5. Suppliers

Sweet World café have a possibility of buying raw materials for the production of desserts from many different suppliers in the Czech Republic. Ingredients required for preparation of desserts are quite common, and almost every supplier of raw materials for restaurant industry have them in their product portfolios. Therefore, the power of suppliers is low.

Another point to be mentioned is again low switching costs from one supplier to another. The prices of ingredients are almost the same and suppliers still in low power.

One more issue to be pointed out is suppliers of coffee beans and teas. These products are not as common as ingredients for desserts; however, there are also enough suppliers to state that their power is again low and Sweet World can quickly change the supplier if any circumstances require it.

8.3. Competitor analysis

Two market research methods were used to conduct the competitive analysis:

- Mystery shopping
- Eye camera research

8.3.1. Mystery shopping

This method is used for gathering the specific information about products and services of the Sweet World's competitors and find their strengths and weaknesses. To perform it, visits for the leading competitors' cafes was made.

8.3.2. Eye camera research

This kind of research was performed primarily by studying the web pages of Sweet World competitors and collecting reviews of the real customers. Therefore, the primary source of information for competitive analysis is reviews of real people left on the Tripadvisor website (TripAdvisor, n.d.)

The table 2 below represents the main advantages and drawbacks of Sweet World café's competitors as well as the position of Sweet World among them.

Competitor	Advantages	Disadvantages	Position of Sweet World
Paul	Good quality of products	High prices, poor customer service	Better atmosphere
Cacao	Natural products, healthy , eye-catching desserts	Uncomfortable when full	A Wider range of desserts
Ovocný Světozor	Low prices, a huge variety of products	Poor customer service	Different price segment
Cafe~Café,	Design and atmosphere	Poor customer service	Much better customer service

Table 2: Competitor analysis. Source Author

The Czech Republic is known for its “bad” customer service among many international tourists as well as some portion of locals. The unprofessionalism of stuff in cafes and restaurants in Prague was derived not only from reviews on websites but also proved by mystery shopping. Therefore, to gain a competitive advantage Sweet world café is taking a completely different approach to the customer service by introducing proper training of employees.

9. Marketing Plan

9.1. Customer research

The customer survey was conducted to understand the customers' attitude toward the opening of the new café with traditional desserts. The survey consists of 12 questions, and the total number of respondents is equal to 55. The results of the whole survey are presented in appendix 1.

According to the survey, 87% of respondents love confectionaries, what is a perfect indicator proving the existence of the demand on desserts in Prague. Moreover, the 89% of respondents have a positive attitude toward the idea of the Sweet World café; therefore, it has great opportunity to succeed in the industry.

The survey also shows that the quality of food is the crucial factor for people when they choose the place to go, 54 respondent pointed it out. Good customer service is the choice of 49 respondents, therefore, to attract customers Sweet World café provide them with great service.

Moreover, pursuant to the research, the source most often used by people for searching for the new cafes is the internet. This information is drastically important to consider when creating promotional channels.

9.2. Segmentation

As was mentioned already, segmentation is based on the major segmentation variables: geographic, demographic, psychographic, and behavioural. In case of Sweet world café, every variable is relevant. The results of segmentation presented in table 3 below.

Demographic: Income, Family life cycle, nationality	<ul style="list-style-type: none"> ➤ Middle- and upper- income customers ➤ Couples, families with children, friends ➤ Tourists from different countries
Geographic: Segmenting by real-time Location, countries	<ul style="list-style-type: none"> ➤ Czechs ➤ Foreigners living in the Czech Republic
Psychographic:	<ul style="list-style-type: none"> ➤ New experience seekers ➤ Traditional kitchen-lovers
Behavioural:	<ul style="list-style-type: none"> ➤ Coffee-lovers ➤ Sweets-lovers

Table 3: Segmentation. Source: Author

First, the café is going to target middle- and upper- income customers. High-quality ingredients, excellent service performed by trained workers, preparation of sweets by professional cooks resulted in quite a high price of operation. Therefore, to stay in the market, the prices of the offer must cover the costs of operation and generate a profit.

The café is created for nice talks and calm, even romantic meetings; thus, close friends, couples in love, and families with children are expected to be the potential customers of Sweet world cafe.

Tourists from different countries, Czechs and foreigners living in Czech Republic are another segmentation groups that important for café.

Another point is that Sweet world café is the best place for traditional kitchen-lovers because all desserts are made according to traditional recipes. On the other hand, café is a good opportunity to try something new for new experience seekers.

Behavioural segmentation variables include such groups as coffee-lovers and sweets-lovers. Especially the coffee trend is prevalent nowadays; therefore, good tasty coffee is very attractive for this group of people.

9.3. Targeting

Based on segmentation criteria, the Sweet World café targets four segments presented in figure 8 below.



Figure 8: Targeted segments: Source: Author

The first target group is Czechs who desire to feel the atmosphere of the country where they had already been. A huge variety of traditional desserts and their creative decoration can bring every customer for a couple of minutes to another country. Those who fall in love with any sweets abroad and could not find it in Prague before can come to Sweet world café and enjoy the tasty, high-quality desserts. This segment is medium- and upper-income customers.

The second group is foreigners living in the Czech Republic who miss the traditional sweets originated in their home countries. According to Czech Statistical Office, there are 184 264 foreigners lived in Prague in 2016 (Czech Statistical Office , 2017). Therefore, the amount of potential customers in this segment group is quite big. Moreover, the majority of them are expected to be in good financial position, because they already had enough financial sources to move to the foreign country. Unfortunately, it could be difficult for them to find their favourite traditional sweets in Prague, so that Sweet World café can satisfy their wishes.

The third target group is tourists who are lovers of traditional desserts originated in the countries of their origins. There are a huge amount of tourists coming to Prague every year; therefore, this segments also include a vast number of potential customers who represent medium- and high-income classes. If someone does not appreciate Czech traditional desserts, or he or she is a big lover of traditional cuisine from the country of origin, then it is a perfect reason to go to Sweet world café and get already known desserts.

The fourth group is people who want to experience something new. They are sweets-lovers and coffee-lovers, and they want to enjoy new desserts they have never tried before. Maybe they visited the country of chosen dessert but do not have an opportunity to try it, or they

have never been to any country but dreaming about it, then Sweet World café is willing to make a dream come true and present a new unforgettable experience for those who are seeking it.

9.4. Brand positioning

The primary function of Sweet World cafe is obviously to feed the customers with unique and high-quality desserts.

However, the main value Sweet world café offering to customers is excellent service from qualified staff. Therefore, the business model is based on the importance of the relationship with a customer, which consecutively would increase customer loyalty.

The high-quality, delicious desserts made according to traditional recipes is also of great importance. The cafe provides customers with the best tastes created in different countries and strives to make everything, so customers feel the great atmosphere of travelling and holidays

It is important to mention that there is not a lot of restaurants or cafes with brand similar to Sweet World, with the quality food and enjoyable hospitality. The key brand promise - try traditional world desserts by yourself!

9.5. Marketing mix

9.5.1. Product

As was already mentioned, the main products sold in the Sweet world café are desserts originated in different countries. In addition to desserts, soft drinks and hot beverages are an essential part of the offer.

Food is prepared in accordance with all obligatory requirements. Every day new fresh products are prepared to have fresh confectionaries always available. Part of the desserts is made in advance and placed in the display fridge. In this way, customers can see the offer by their eyes and always choose something to buy. Some desserts are prepared to order, to save the taste, temperature and design. Besides, there are special offers for allergies and vegetarians.

Cooks individually design every dessert following traditions. Moreover, they add decorations symbolising the particular country to remind the customers something unusual about this country. The decorations process takes approximately 3 minutes, and therefore if customers choose the dessert from the display, the whole waiting time is no more than 5 minutes.

Waiting time for desserts to order is on average 15 minutes due to required preparation time.

The basic product includes following components: flour, milk, yeast, butter, cream, eggs, sugar and salt. Moreover, the offer includes desserts with fresh fruits, nuts, cottage cheese. Ingredients for desserts are purchased from reliable suppliers. The compliance with storage conditions, serviceability of refrigeration equipment is constantly checked. Moreover, constant control over the quality of cooked dishes, and observance of terms and conditions of storage of products is also carried out.

Product mix:

Sweet world café provide customers with quite a big amount of desserts. The offer includes 25 desserts and 20 beverages. Moreover, special occasional and seasonal offer will be adding in the menu, for example, Christmas or Easter offerings.

9.5.2. Price

The price is based on three core assumptions: costs, competition and consumers' willingness to pay.

Costs incurred expected to be quite high. First, one of the most popular streets in Prague was chosen for new café; therefore, the monthly price is high.

Secondly, to provide customers with the best quality desserts, the products are made from high-quality ingredients the price for which is assumed to be higher than average price on the market. The concept of the brand is not just provide customers with traditional sweets, but there are also special offers for people leading a healthy lifestyle, suffering from allergies, and vegetarians. The gluten-free, sugar-free, lactose-free ingredients are used in the preparation of some desserts to meet their needs. Therefore, the net costs increase. Moreover, to make desserts delicious and unique professional cooks working on the best equipment.

Lastly, to ensure the high-level service skilled and experienced employees give special attention to the customers, to get positive reviews and gain the loyalty of customers. Thus, the salaries have to be appropriate.

Competition in the restaurant industry is strong. Many places in Prague offer products similar to Sweet world cafe. This factor does not allow to set prices higher than competitors' price. However, the significant variety of products and the unique atmosphere of Sweet World café is a key driver for customer choice. As almost all competitors are in the same price segment, it is important to offer better quality.

Consumers' willingness to pay. The Sweet World cafe is going to target middle- and upper- income customers. Tourists, travelling Czechs, and foreigners moved to the Czech Republic are undoubtedly represent this segment. That means customers are willing to pay a little higher price but get much more: best quality, good taste, unique atmosphere, and perfect service.

Taking everything into consideration, prices of the deserts varies from 40 CZK to 130 CZK. Beverages are also a part of the offer, so the prices are from 40 for a bottle of water to 120 for large smoothies and milkshakes. Thus, the average price per one dessert is equal to 85 CZK, and the average price per one beverage is equal to 80 CZK. Therefore, Sweet World cafe can be defined as a company acting in the premium/luxury market segment.

9.5.3. Promotion

Promotion plays a significant role in any industry, and it is an integral element of marketing strategy. Sweet World would like to promote the desserts by all possible tools of

communication mix: advertising, sales promotion and sales force, direct marketing, public relations.

First is **own website** of the Sweet World cafe. Nowadays, sites are the fastest and convenient way to find information about the place of interest. All information about the cafe is placed there: the menu, prices, pictures of the desserts, some information of the origin of the desserts, contacts, etc. The exclusive design of the website is also going to work as a promotion

Second is **advertising through social media**: Facebook, Instagram and Twitter. Sweet world café is going to have own social media channels where will be mentioned all information, special offers and events. All the groups and the accounts will be updated on a daily basis, fulfilled with various products' pictures, videos and other content. Moreover, the special advertisement campaign in the social network will be realized to attract more customers.

The Sweet world will install **attractive design elements** on the outside surface of windows and walls, which may interest passing by potential customers.

Free samples are one more way of inducing people to visit the Sweet World cafe. Once a week the employee of the cafe is going to give free samples of the offer in front of the cafe. The central location ensures a significant amount of passers-by; therefore, this type of promotion is considered to be successful.

Discounts are another promotion tool in Sweet world cafe. First opportunity to get a discount is to make a photo in the cafe and post it on any social network with the link to cafe's page. Photos in customers' accounts will also promote the Sweet World café.

Besides, **sales promotion** is one of the most effective promotional tools; it encourages people to purchase more products and services. In the beginning, Sweet world cafe is going to introduce bonus cards. There will be two categories:

- try all desserts originated in European countries offered in the Sweet World and get any desserts and beverage by your choice for free,
- collect ten stamps for any desserts and get the special offer for free.

Nowadays, **special websites** that could promote the Sweet World café exist. Tripadvisor, Zomato, Foursquare – are most famous sites where people left their reviews about different places. It is a good opportunity for Sweet World to get more customers through this websites.

9.5.4. Place

As the “Location” part of the thesis said, the chosen place is located in the heart of Prague on Na Příkopě Street near many famous landmarks. The central location always attracts people. Everyday city centre welcomes guests from all over the world, including locals, who can be interested in trying new cuisine and feeling the traditional spirit of other countries.

Furthermore, there are some banks and offices on this street. That point can also be an advantage for Sweet World because workers have an opportunity to treat themselves by tasty dessert and cup of coffee after a long working day or take away some sweets to joy close people at home. Tram and metro stations in close proximity also positively affect the place.

10. Financial plan

10.1. Initial costs

The Registration of the firm is the first item of the initial costs plan. According to Murár (2016), the minimum costs for setting up the LLC (SRO) are 3530 CZK. These costs include:

- CZK 2 000 (writing of the notary registration for the establishment of the SRO)
- CZK 1,000 (writing a notarial record of the registration certificate)
- CZK 300 (registration fee) + CZK 100 from the Criminal Register)
- CZK 30 (signature on the approval of the location of the registered office)
- CZK 100 (extract from the Land Register).

Taking into consideration the possible occurrence of other additional costs, the total cost of registration of the firm in the Czech Republic is assumed to be up to 7000 CZK.

Another critical question is to find a suitable Point-of-Sale system (POS) that meet all legal requirements of Czech Republic and satisfy the needs of the business. According to author's own experience, Storyous is one of the best POS systems for restaurants and cafes in the Czech Republic. The initial price is equal to 14980. The monthly price for using and maintenance is equal to 890 CZK. (Pavlíček, 2016)

The table 4 below summarises the initial costs of opening a café.

Item	CZK
Registration of the firm	7000
Storyous	15870
Rent of premises	90000
Bail for premises	90000
Modem for the internet	2000
Website creation	10000
Materials and overhaul	4000
Chairs and Tables	202950
Decorations	10000
Bathroom	7960
Refrigerated displays	69670
Coffee machine	40780
Microwave ovens	10290
Pancake machine	8280
Dough kneader machine	13580
Moulders	7096
Mixers	9654

Oven/proofer	23080
Staff uniform	5000
Signboard	20000
<u>Total</u>	<u>647210</u>

Table 4: Initial costs. Source: Author

Own financial sources are used to cover all initial expenses.

10.2. Fixed and variable costs

Fixed costs	CZK
Internet	846
Marketing	15000
Rent	90000
Fixed Salaries	114550
Repairs and maintenance	2000
<u>Total</u>	<u>222396</u>

Table 5: Fixed costs per month. Source: Author

Variable costs	
Raw materials	on average 20 CZK per dessert
	on average 12 CZK per beverage
Water	87,71 m3/CZK
Electricity	8,53 CZK/kWh
Variable salaries	12% from profit before taxes

Table 6: Variable costs. Source: Author

Calculations of Fixed and Variable costs:

- Fixed Salaries: amount per hour*number of working days per month* hours per day:

Position	Fixed amount (CZK)	Amount per month (CZK)
General manager	10 000 per month	10000
Chief cook	120 per hour	=120*15*11=19800
Chief waiter	95 per hour	=95*15*12=17100
Cook	110 per hour	=110*15*11=18150
All three Waiters	85 per hour	=85*45*12=45900
Cleaner	100 per hour	=100*12*3=3600
<u>Total</u>		<u>114550</u>

Table 7: Calculation of fixed salaries. Source: Author

- Internet, Marketing, and repairs and maintenance costs assumed by the author, based on own experience and the internet research.
- Costs of raw materials and utilities are based on internet research.

10.3. Sales forecast

The conducted customer research showed that the idea of opening a Sweet world café is going to be successful. Thus, the expected sales plan is presented below in the table 8 and table 9.

Central location promises customers from the very opening. During the first year of operation, the expected number of customers going to reach 120 customers per day due to the active promotion of Sweet world café.

Moreover, according to found statistics, there is a significant increase in the number of tourists arriving in Prague from May to September and in December from 2014 to 2016 (Prague city Tourism, 2017). Hence, robust growth in the number of clients during these periods is assumed.

	January	February	March	April	May	June	July	August	September	October	November	December
Stay-in	10	20	40	50	60	100	120	120	120	100	80	120
Take away	5	10	15	20	35	50	60	55	55	25	20	20

Table 8: Expected number of customers per day during the first year of operation. Source: Author

	January	February	March	April	May	June	July	August	September	October	November	December
Stay-in	300	600	1200	1500	1800	3000	3600	3600	3600	3000	2400	3600
Take away	150	300	450	600	1050	1500	1800	1650	1650	750	600	600

Table 9: Expected number of customers per each month during the first year of operation. Source: Author

10.4. Cash Flow Statement

	January	February	March	April	May	June
Revenue from sales in café	49500	99000	198000	247500	297000	495000
Revenue from sales take away	16500	33000	49500	66000	115500	165000
Total revenue	66000	132000	247500	313500	412500	660000
VAT tax	(9900)	(19800)	(37125)	(47025)	(61875)	(99000)
Fixed cost	(222396)	(222396)	(222396)	(222396)	(222396)	(222396)
Raw materials	(12900)	(25800)	(48300)	(61200)	(80700)	(129000)
Utilities	(15000)	(15000)	(15000)	(15000)	(15000)	(15000)
Total (excluding variable salaries)	-194196	-150996	-75321	-32121	32529	194604
Variable salaries	(1345)	(2690)	(5044)	(6389)	(8406)	(13450)
CF	-195541	-153686	-80365	-38510	24123	181154
	July	August	September	October	November	December
Revenue from sales in café	594000	594000	594000	495000	396000	594000
Revenue from sales take away	198000	181500	181500	82500	66000	66000
Total revenue	792000	775500	775500	577500	462000	660000
VAT tax	(118800)	(116325)	(116325)	(86625)	(69300)	(99000)
Fixed cost	(222396)	(222396)	(222396)	(222396)	(222396)	(222396)
Raw materials	(154800)	(151500)	(151500)	(112500)	(90000)	(128400)
Utilities	(15000)	(15000)	(15000)	(15000)	(15000)	(15000)
Total (excluding variable salaries)	281004	270279	270279	140979	65304	195204
Variable salaries	(16140)	(15804)	(15804)	(11769)	(9415)	(13450)
CF	264864	254475	254475	129210	55889	181754

Table 10: Cash Flow statement for the first year of operation. Source: Author

Calculations:

- Revenues from sales in café calculated as expected number of stay-in customers per month*(average price per one dessert + average price per one beverage)

- Revenues from takeaway sales calculated as the expected number of takeaway customers per month*(average price per one dessert+average price per one beverage + sum of average prices per both dessert and beverage)/3
- According to Czech law, Sweet World must take into account VAT on food-related services, which is equal to 15% from total revenue. (Czech reduces VAT on restaurants, 2016)
- Raw materials calculated as expected volume of sold desserts for stay-in customers per month (equal to number of stay-in customers per month)* (the average net cost per one dessert +the average net cost per one beverage) + volume of sold desserts for take away customers*(the average net cost per one dessert +the average net cost per one beverage + the sum of average net costs for both dessert and beverage)/3
- Calculation of utilities per month is based on findings in internet and author's own experience. The author assumes the average utility costs equal to 15000 CZK per month.
- Variable salaries calculated as a percentage from profit before taxes. Therefore, the total amount per year is equal to 119706 calculated in the Income statement and presented in table 11 below. The following formula is used to allocate variable salaries costs to every month: Total expected revenue per month/total expected revenue per year * total variable salaries per year.

10.5. Three-Year Income Projection

	1st year	2nd year	3rd year
Sales	4992900	6451500	6842500
COGS	(1146600)	(1480800)	(1840000)
<u>Gross Profit</u>	3846300	4970700	5002500
Fixed Salaries	(1374600)	(1374600)	(1374600)
Rent	(1080000)	(1080000)	(1080000)
Water and light	(180000)	(180000)	(216000)
Marketing	(180000)	(180000)	(180000)
Other fixed costs	(34152)	(34152)	(34152)
<u>Profit before tax and variable salaries</u>	997548	2121948	2117748
Variable salaries	(119706)	(254634)	(254130)
<u>Profit before tax</u>	877842	1867314	1863618
Corporate income tax	(166790)	(354790)	(354088)
<u>Profit for the period</u>	<u>711052</u>	<u>1512525</u>	<u>1509531</u>

Table 11: Income Statement for the first, second and third year of operation. Source: Author

Calculations:

- Sales calculated excluding VAT on food-related services equal to 15 % from total revenue (Czech reduces VAT on restaurants, 2016)
- Cost of goods sold is costs of raw materials used in the production of desserts
- Variable Salaries is 12% from profit before tax
- According to Czech law, the corporate income tax is equal to 19% (Czech Republic Corporate - Taxes on corporate income, 2017)

10.6. Break-Even Analysis

A firm's sales at break-even point can be computed by using this formula: B-E Point (Sales) = Fixed Costs + [(Variable Costs/Est. Revenues) x Sales] (Pinson, 2008).

Fixed costs for the 1st year = fixed costs per month*12 = 2788752 CZK

Variable costs for 1st year = COGS + Variable salaries= 1273506 CZK

Estimated Revenue for the 1st year = 4992900 CZK

Sales in B-E point = 2788752+ [(1273506/4992900)*Sales in B-E point]

=> Sales in B-E point is equal to 3743610 CZK per year

10.7. Other potential financial scenarios

Financial statements generated in the previous parts of the financial plan are considered to be the optimistic scenario of operation. However, there are two more scenarios: very optimistic and pessimistic.

10.7.1. **Very optimistic scenario**

In the very optimistic scenario, the actual average number of customers is much higher than the expected number. Taking into consideration the first year of operation, the average number of customers who stay in the cafe is equal to 2350 per month, while the average number of customers who buy products take away is equal to 925 per month. In this scenario, the author assumes the increase in the average numbers up to 2600 customers and 1050 customers respectively.

The very optimistic scenario assumes a rise in marketing expenses up to 23000 CZK per month, while other fixed costs are supposed to be the same. Costs of raw materials and variable salaries depend on sales volume. Table 12 shows the income statement for the first year of operation considering changes arisen from the very optimistic scenario.

	1st year
Sales	6534000
COGS	(1275600)

<u>Gross Profit</u>	5258400
Fixed Salaries	(1374600)
Rent	(1080000)
Water and light	(180000)
Marketing	(276000)
Other fixed costs	(34152)
<u>Profit before tax and variable salaries</u>	2313648
Variable salaries	(277638)
<u>Profit before tax</u>	2036010
Corporate income tax	(386842)
<u>Profit for the period</u>	1649168

Table 12: Income statement indicators in the very optimistic scenario. Source: Author

10.7.2. Pessimistic scenario

Unfortunately, in reality, the actual number of customers can be lower than expected number. It is already known that during the first year of operation, the expected average number of customers who stay in the café is equal to 2350 per month, while the number of customers who buy products take away is equal to 925. In this scenario, the average number of customers assumed to be much lower and equal to 1500 customers per month and 700 customers per month respectively.

The pessimistic scenario also assumes the same fixed expenses, while costs of raw materials and variable salaries depend on sales volume. The income statement below shows that the business will still generate the profit, however much lower than in the first scenario.

	1st year
Sales	3894000
COGS	(760800)
<u>Gross Profit</u>	3133200
Fixed Salaries	(1374600)
Rent	(1080000)
Water and light	(180000)
Marketing	(180000)
Other fixed costs	(34152)
<u>Profit before tax and variable salaries</u>	284448

Variable salaries	(34134)
<u>Profit before tax</u>	250314
Corporate income tax	(47560)
<u>Profit for the period</u>	<u>202755</u>

Table 13: Income statement indicators in the pessimistic scenario. Source: Author

11. Business models overview

11.1. Business Model Canvas










<div><div>Key Partners</div><div></div><div><div>1. Suppliers: MAKRO, CIPA, White Peony, DoubleB</div><div>2. places that order desserts for resale (for example restaurants who do not have desserts in their offer)</div><div>3. food-order websites (DameJidlo)</div></div></div>	<div><div>Key Activities</div><div></div><div><div>1. Make and decorate desserts</div><div>2. Prepare beverages</div><div>3. Perfectly serve customers</div><div>4. Marketing</div></div></div> <div><div>Key Resources</div><div></div><div><div>1. Employees</div><div>2. Modern equipment</div><div>3. High-quality ingredients</div></div></div>	<div><div>Value Proposition</div><div></div><div><div>1. Fresh and tasty desserts originated in different countries</div><div>2. Time-tested traditional recipes</div><div>3. A unique design of desserts connected with cultural features of countries.</div><div>3. Perfect service performed by qualified employees</div></div></div>	<div><div>Customer Relationships</div><div></div><div><div>1. Human interactions in the café</div><div>2. Answering on customer’s reviews on the Internet</div><div>3. Discount cards for regular guests</div></div></div> <div><div>Channels</div><div></div><div><div>1. Café</div><div>2. Selling through own website (later)</div><div>3. Selling through food-order websites (later)</div><div>4. Caterings (later)</div></div></div>	<div><div>Customer Segments</div><div></div><div><div>1. Czechs loving traditional international sweets</div><div>2. Foreigners who live in CZ and miss traditional sweets from home countries</div><div>3. Tourists, traditional sweets lovers</div><div>4. Searchers for new sweet experience</div></div></div>
<div><div>Cost Structure</div><div></div><div><div>1. High-quality ingredients</div><div>2. Employees</div><div>3. Marketing</div><div>4. Utilities</div></div></div>		<div><div>Revenue Streams</div><div></div><div><div>1. Products sold in the café</div><div>2. Products sold online (later)</div><div>3. Revenue from caterings (later)</div></div></div>		

Figure 9: The Sweet World café business model canvas (Author, 2018)

11.2. Lean Canvas

Pursuant to Ash Maurya (2012), Lean Canvas should be made for each customer segment separately. Therefore, figure 10 represent four business models in accordance with a number of already identified customer segments.

PROBLEM 1. Location of restaurants offering traditional cuisine 2. High prices 3. Bad customer service in the Czech Republic	SOLUTION 1. Central location, good transport accessibility 2. Discounts, special offers 3. Hire skilled employees	UNIQUE VALUE PROPOSITION Remind the unique sweet taste of confectionaries you tried abroad	UNFAIR ADVANTAGE A wide range of international sweets in one place, so that everyone can choose traditional dessert according to own preferences	CUSTOMER SEGMENTS Segment: Czechs loving traditional international sweets Early adopters: Czechs who work near the café and enjoy travelling
	KEY METRICS 1. Analysis of the number of customers who use discounts. 2. Monitor the work of employees		CHANNELS Word of mouth Leaflets Free samples Discounts	
COST STRUCTURE Initial costs for opening = 647210 CZK; Salaries; Raw materials; Marketing;			REVENUE STREAMS Free 85 CZK on average per one dessert 80 CZK on average per one beverage Discounted prices	

PROBLEM 1. Price of the desirable dessert is high 2. Lack of the favourite traditional dessert on the Czech market	SOLUTION 1. Special offers and discounts 2. Customer researches and refreshing the menu based on research	UNIQUE VALUE PROPOSITION Remind the sweet taste of confectionaries originated in home countries	UNFAIR ADVANTAGE The offer includes Traditional desserts available only in Sweet World cafe	CUSTOMER SEGMENTS Segment: Foreigners who live in the CZ and miss traditional sweets from home countries Early adopters: Students from different countries, active users of social networks
	KEY METRICS 1. Analyse the number of customers who use discounts. 2. Analyse the volume of sales of each product		CHANNELS 1. Social networks 2. Special offers and discounts	
COST STRUCTURE Initial costs for opening = 647210 CZK; Salaries; Raw materials; Marketing;			REVENUE STREAMS 85 CZK on average per one dessert 80 CZK on average per one beverage Discounted prices	

PROBLEM 1. Find a nice cosy place for rest in a foreign country 2. Difficult to find traditional sweets originated in the home country 3. Bad quality and taste of desserts	SOLUTION 1. Good atmosphere 2. Central location, wide offer 3. Use only high - quality ingredients and modern equipment	UNIQUE VALUE PROPOSITION Helps to enjoy favourite traditional desserts of the best taste and quality even in the foreign country	UNFAIR ADVANTAGE Desirable traditional desserts in the heart of Prague	CUSTOMER SEGMENTS Segment: Tourists, traditional sweets lovers Early adopters: Tourists, traditional-cuisine lovers, walking around the café and searching a place to take a rest
	KEY METRICS 1. Monitor reviews 2. Quality tests		CHANNELS Free samples Leaflets in the hotels Websites for travellers (Tripadvisor)	
COST STRUCTURE Initial costs for opening = 647210 CZK; Salaries; Raw materials; Marketing;			REVENUE STREAMS Free samples 85 CZK on average per one dessert 80 CZK on average per one beverage	

PROBLEM 1. Poor customer service; 2. Different cafes offer almost the same product range; 3. Bad atmosphere.	SOLUTION 1. Qualified employees; 2. Include some rare traditional desserts in the product portfolio; 3. Good music, interesting design, enough free space	UNIQUE VALUE PROPOSITION Help to try desserts you have never tried before	UNFAIR ADVANTAGE Rare traditional desserts in the offer ensure a new experience	CUSTOMER SEGMENTS Segment: Searchers for new sweet experience; Early adopters: people who walk around and see the café; sweet-lovers and coffee-lovers.
	KEY METRICS Customer surveys; Reviews on the websites.		CHANNELS Free samples outside the café; Leaflets; Websites; Social networks.	
COST STRUCTURE Initial costs for opening = 647210 CZK; Salaries; Raw materials; Marketing;			REVENUE STREAMS Free samples 85 CZK on average per one dessert 80 CZK on average per one beverage	

Figure 10: Lean Canvases of the Sweet World café (Author, 2018)

Conclusion

Planning a new business is a tough work that requires much time and effort. It is crucial to be not only creative but also good at marketing, finance and managing people to be successful in business.

The Bachelor's thesis aim of creating the realistic business plan of new café in Prague was successfully fulfilled. According to conducted analysis, the business plan can be successfully realised in real life. The Czech Republic is business friendly country; therefore, the external environment gives many opportunities for development and growth.

Competition is very strong in this industry, but customer survey and competitive analysis detected that the major thing customers want to improve in this industry is customer service. Therefore the Sweet World café going to provide customers not only with high-quality tasty desserts but also with the perfect service. Moreover, different promotional channels will increase the popularity of the new name and constantly attract new customers.

Canvas business model and lean business model helped to analyse the idea from other perspectives and find out new ways of achieving success.

The initial costs of opening a business are equal to 647210 CZK. The business is going to be financed by own financial sources. Taking into account expected sales volume and all variable and fixed costs, the business expected to generate profit from the fifth month of operation.

Taking everything into consideration, the business plan shows that Sweet World café is a prospective business, promising to be successful in real life. Many detected opportunities ensure the constant growth and development of the café. Therefore, the business has many chances to perform well and become one of the best cafes in Prague one day.

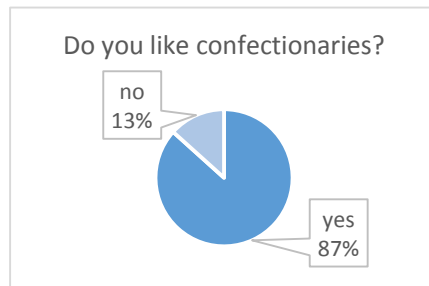
Appendix one: customer survey – new café in the centre of Prague

The number of respondents is equal to 55. The number of questions is equal to 12.

Questions:

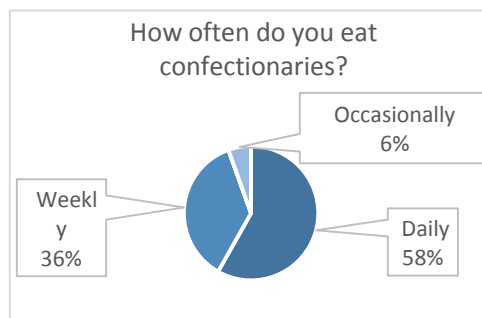
1) Do you like confectionaries?

- Yes
- No



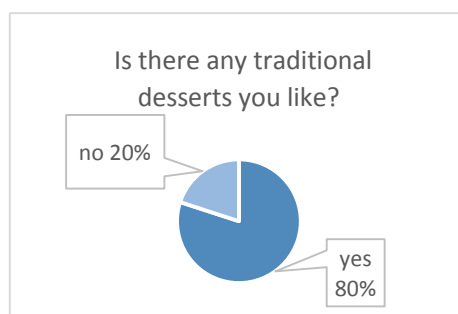
2) If yes, how often do you eat them?

- Daily
- Weekly
- Monthly
- Occasionally
- Never



3) Is there any traditional desserts you like? If yes, please name them

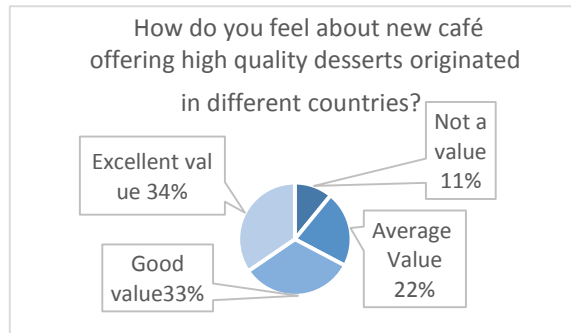
- Yes
- No



Desserts that were mentioned: baklava, knedliky, syrniki, pancakes, strudel.

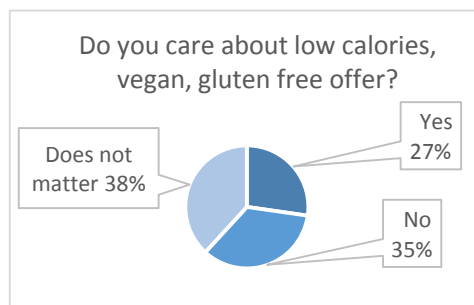
4) How do you feel about new café offering high quality desserts originated in different countries?

- Not a Value
- Average Value
- Good Value
- Excellent value



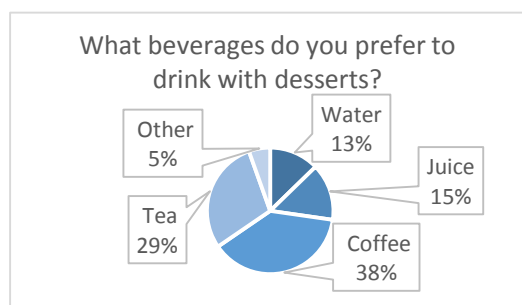
5) Do you care about low-calories, vegan, and gluten-free offers?

- Yes
- No
- Does not matter



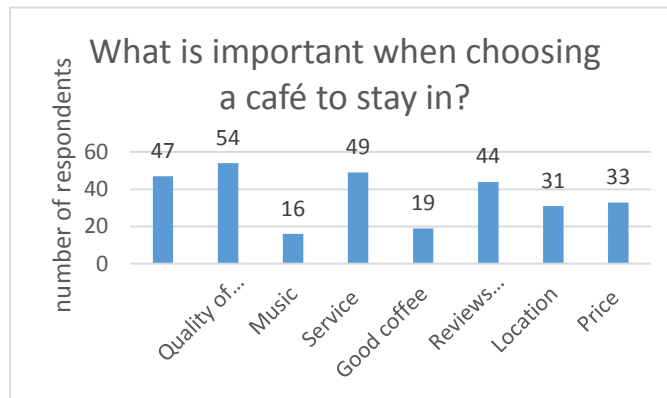
6) What beverages do you prefer to drink with desserts?

- Water
- Juice
- Coffee
- Tea
- Other



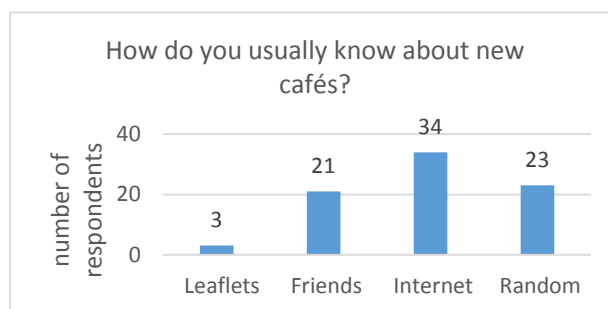
7) What is important when choosing a café to stay in? (more than one answer is possible)

- Atmosphere of the café
- Quality of food and beverages
- Music
- Service
- Good coffee
- Reviews from other customers
- Location
- Price



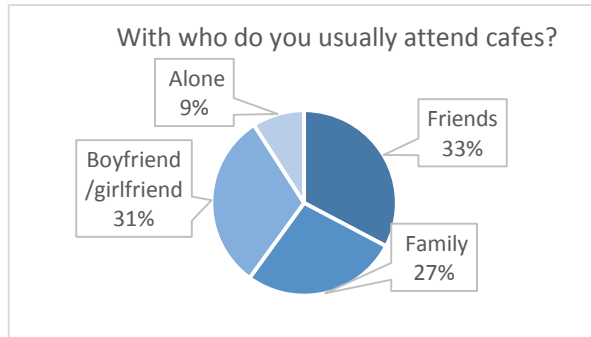
8) How do you usually know about new cafés? (more than one answer is possible)

- Leaflets
- Friends
- Internet
- Randomly



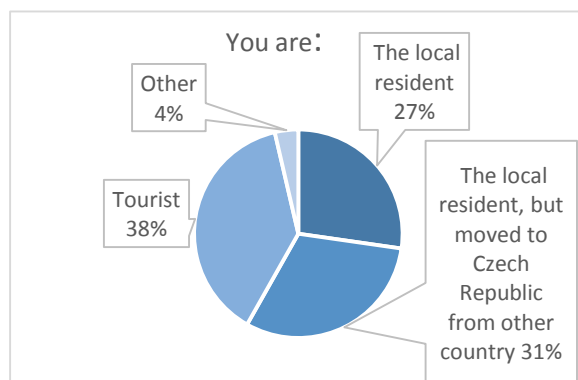
9) With who do you usually attend cafes?

- Friends
- Family
- Boyfriend/girlfriend
- Alone



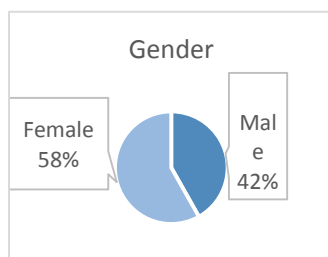
10) You are:

- The local resident
- The local resident, but moved to Czech Republic from other country
- Tourist
- Other



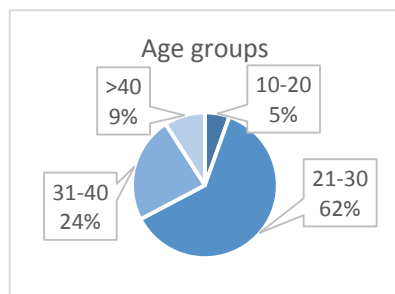
11) Gender

- Male
- Female



12) Age group

- 10-20
- 21-30
- 31-40
- >40



Appendix two: Calculations of Income Statements for 2nd and 3rd years

Sales forecast year 2 and 3 year of operation assumed to be the same.

Per days

	January	February	March	April	May	June	July	August	September	October	November	December
Stay-in	80	85	85	90	90	120	130	130	120	100	80	130
Take away	20	20	20	30	35	60	60	65	60	25	20	25

Per months

	January	February	March	April	May	June	July	August	September	October	November	December
Stay-in	2400	2550	2550	2700	2700	3600	3900	3900	3600	3000	2400	3900
Take away	600	600	600	900	1050	1800	1800	1950	1800	750	600	750

Cash Flow for the 2nd year

	January	February	March	April	May	June
Revenue from sales in café	396000	420750	420750	445500	445500	594000
Revenue from sales take away	66000	66000	66000	99000	115500	198000

Total revenue	462000	486750	486750	544500	561000	792000	
VAT tax	69300	73012,5	73012,5	81675	84150	118800	
Fixed cost	222396	222396	222396	222396	222396	222396	
Raw materials	90000	94800	94800	106200	109500	154800	
Utilities	15000	15000	15000	15000	15000	15000	
Total (excluding variable salaries)	65304	81541,5	81541,5	119229	129954	281004	
Variable salaries	15499	16330	16330	18267	18821	26570	
CF	49805	65212	65212	100962	111133	254434	
							Total (CZK)
	July	August	September	October	November	December	
Revenue from sales in café	643500	643500	594000	495000	396000	643500	
Revenue from sales take away	198000	214500	198000	82500	66000	82500	
Total revenue	841500	858000	792000	577500	462000	726000	7590000
VAT tax	126225	128700	118800	86625	69300	108900	
Fixed cost	222396	222396	222396	222396	222396	222396	
Raw materials	164400	167700	154800	112500	90000	141300	1480800
Utilities	15000	15000	15000	15000	15000	15000	
Total (excluding variable salaries)	313479	324204	281004	140979	65304	238404	
Variable salaries	28231	28785	26570	19374	15499	24356	
CF	285248	295419	254434	121605	49805	214048	

Income Statement calculations for the 2nd year:

		2nd year
Sales	=7590000-7590000*0,15(VAT)	6451500
COGS	=1480800 (Raw materials used)	(1480800)
<u>Gross Profit</u>		<u>4970700</u>
Salaries	=1145500*12 months (from table 7)	(1374600)
Rent	=90000*12 months	(1080000)
Water and light	=15000*12 months	(180000)
Marketing	=15000*12 months (from table 5)	(180000)

Other fixed costs	=846*12+2000*12 (internet & repairs and maintenance from table 5)	(34152)
<u>Profit before tax and variable salaries</u>		<u>2121948</u>
Variable salaries	= profit before tax and variable salaries* 0,12	(254634)
<u>Profit before tax</u>		<u>1867314</u>
Corporate income tax	= profit before tax*0,19	(354790)
<u>Profit for the period</u>		<u>1512524</u>

Cash Flow for the 3rd year

The author assume:

- Increase in prices of raw materials: average price per one dessert is equal to 25; average price per one beverage is equal to 15
- Increase in price of utilities up to 18000
- The average selling price of desserts rises to 95 per one dessert and 90 per one beverage.

	January	February	March	April	May	June	
Revenue from sales in café	420000	446250	446250	472500	472500	630000	
Revenue from sales take away	70000	70000	70000	105000	122500	210000	
Total revenue	490000	516250	516250	577500	595000	840000	
VAT tax	73500	77438	77438	86625	89250	126000	
Fixed cost	222396	222396	222396	222396	222396	222396	
Raw materials	112000	118000	118000	132000	136000	192000	
Utilities	18000	18000	18000	18000	18000	18000	
Total (excluding variable salaries)	64104	80417	80417	118479	129354	281604	
Variable salaries	15469	16297	16297	18231	18784	26518	
CF	48635	64119	64119	100248	110570	255086	
							Total (CZK)
	July	August	September	October	November	December	
Revenue from sales in café	682500	682500	630000	525000	420000	682500	
Revenue from sales take away	210000	227500	210000	87500	70000	87500	

Total revenue	892500	910000	840000	612500	490000	770000	8050000
VAT tax	133875	136500	126000	91875	73500	115500	
Fixed cost	222396	222396	222396	222396	222396	222396	
Raw materials	204000	208000	192000	140000	112000	176000	1840000
Utilities	18000	18000	18000	18000	18000	18000	
Total (excluding variable salaries)	314229	325104	281604	140229	64104	238104	
Variable salaries	28175	28728	26518	19336	15469	24308	
CF	286054	296376	255086	120893	48635	213796	

Income statement calculations for the 3rd year

		3rd year
Sales	=8050000-8050000*0,15(VAT)	6842500
COGS	=1840000 (Raw materials used)	(1840000)
<u>Gross Profit</u>		<u>5002500</u>
Fixed salaries	=1145500*12 months (from table 7)	(1374600)
Rent	=90000*12 months	(1080000)
Water and light	=15000*12 months	(216000)
Marketing	=15000*12 months (from table 5)	(180000)
Other fixed costs	=846*12+2000*12 (internet & repairs and maintenance from table 5)	(34152)
<u>Profit before tax and variable salaries</u>		<u>2117748</u>
Variable salaries	= profit before tax and variable salaries* 0,12	(254130)
<u>Profit before tax</u>		<u>1863618</u>
Corporate income tax	= profit before tax*0,19	(354088)
<u>Profit for the period</u>		<u>1509531</u>

List of references

- Akrani, G. (2011, April 3). *What is Business? Meaning Definitions Features of Business*. Retrieved from KALYAN CITY LIFE: <http://kalyan-city.blogspot.cz/2011/03/what-is-business-meaning-definitions.html>
- Andreisová, L. (2016, May 3). *DOING BUSINESS IN THE CZECH REPUBLIC*. Retrieved from University of Economics in Prague: https://insis.vse.cz/auth/dok_server/slozka.pl?ds=1;dok=1;id=231754
- Berry, T. (2000). *Hurdle: The book on Business Planning*. Eugene, Or.: Palo Alto Software, Inc.
- Business reforms in Czech Republic - World Bank Group*. (n.d.). Retrieved from Doingbusiness.org: <http://www.doingbusiness.org/reforms/overview/economy/czech-republic>
- Cadle, Paul, & Turner. (2014). *Business analysis techniques : 99 essential tools for success*. Retrieved from ebookcentral.proquest: <https://ebookcentral.proquest.com>
- Czech Statistical Office. (2017, April 12). *Kde Češi trávili dovolenou v roce 2016 nejčastěji?* Retrieved from Czso.cz: <https://www.czso.cz/csu/xk/kde-cesi-travili-dovolenou-v-roce-2016-nejcasteji>
- Czech reduces VAT on restaurants*. (2016, December 27). Retrieved from vatlive.com: <https://www.vatlive.com/vat-news/czech-reduces-vat-on-restaurants/>
- Czech Republic Corporate - Taxes on corporate income*. (2017, November 9). Retrieved from pwc.com: <http://taxsummaries.pwc.com/ID/Czech-Republic-Corporate-Taxes-on-corporate-income>
- Czech Statistical Office . (2017, December 28). *Statistical Yearbook of Prague - 2017*. Retrieved from czso.cz: <https://www.czso.cz/csu/czso/statistical-yearbook-of-prague-2017>
- Czechinvest. (2017). *About the Czech Republic*. Retrieved from czechinvest: <https://www.czechinvest.org/en/Doing-business-in-the-Czech-Republic/About-the-Czech-Republic>
- Davis, B. (n.d.). *What is a Business?* Retrieved from study.com: <https://study.com/academy/lesson/what-is-a-business-definition-characteristics-examples.html>
- Finch, B. (2010). *How to Write a Business Plan*. London: Kogan Page.
- First Steps: Writing the Executive Summary of Your Business Plan*. (2015, January 4). Retrieved from Entrepreneur: <https://www.entrepreneur.com/article/241071>
- Gerson, R. F. (2003). *Writing and implementing a marketing plan*. Menlo Park: Crisp.
- Johnson, Scholes, Whittington. (2005). *Exploring corporate strategy*. Harlow(England): Pearson Education Limited.

- Kotler, P. (2012). *Marketing managemet*. Boston, Mass.: Prentice Hall/Pearson.
- Maurya, A. (2012). *Running Lean*. Retrieved from <https://danielpandza.files.wordpress.com/2013/01/running-lean.pdf>
- Murár, M. F. (2016, November 24). *Kolik stojí založit společnost s ručením omezeným?* Retrieved from epravo.cz: <https://www.epravo.cz/top/clanky/kolik-stoji-zalozit-spolecnost-s-rucenim-omezenym-104072.html>
- NAŠE PRODUKTY. (n.d.). Retrieved from ovocnysvetozor.cz: <http://www.ovocnysvetozor.cz/nase-produkty>
- Osterwalder A., Pigneur Y. (2010). *Business Model Generation*. Retrieved from [http://alvarestech.com/temp/PDP2011/pdf/Business%20Model%20Generation%20\(1\).pdf](http://alvarestech.com/temp/PDP2011/pdf/Business%20Model%20Generation%20(1).pdf)
- Our desserts and cakes*. (n.d.). Retrieved from <http://cacaoprague.cz>: <http://cacaoprague.cz/en/our-menu/our-desserts-and-cakes>
- PAUL E-SHOP. (n.d.). Retrieved from paul-cz: <https://www.paul-cz.com/shop/>
- Pavlíček, M. (2016, September 19). *Pokladní systém Storyous má nové ceny pokladen a tarifů pro EET*. Retrieved from nearfield.cz: <https://nearfield.cz/clanky/pokladni-system-storyous-ma-nove-ceny-pokladen-a-tarifu-pro-eet-198>
- Pinson, L. (2008). *Anatomy of a business plan the step-by-step guide to building your business and securing your company's future*. Chicago: Out of Your Mind...and Into the Marketplace.
- Prague city Tourism. (2017). *Prague city Tourism: Annual reports*. Retrieved from praguecitytourism.cz: <https://www.praguecitytourism.cz/cs/pis-pct/vyrocní-zpravy>
- Přenechání kavárny v centru Prahy*. (2018). Retrieved from reality.idnes.cz: https://reality.idnes.cz/detail/pronajem/komercni-nemovitost/praha-na-prikope/5a85f454a26e3a1c8f680fae/?s-et=commercial&s-ot=lease&s-l=SPRAVNI_OBVOD-19&s-qc%5BsubtypeCommercial%5D%5B0%5D=commercial-area&s-qc%5BsubtypeCommercial%5D%5B1%5D=storerooms&s-qc%5
- REGULATION (EC) No 852/2004 OF THE EUROPEAN PARLIAMENT on the hygiene of foodstuffs . (2004, April 29). Retrieved from eur-lex: <https://eur-lex.europa.eu/legal-content/CS/TXT/?uri=CELEX:32004R0852>
- Russell, E. (2010). *The fundamentals of marketing communication*. Lausanne: AVA Publishing SA.
- Stephen P. Robbins, Mary Coulter. (2012). *Management*. Boston: Prentice Hall.
- TripAdvisor. (n.d.). Retrieved from TripAdvisor: <http://www.citethisforme.com/cite/website/autocite>