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Business plan for “Memories” Interior Photo Studio

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ACKNOWLEDGMENT

I would like to dedicate the following thesis to my Grandfather Galechenko Vladimir Ignatyevich.

I would also like to thank my supervisor Ing. Jan Mareš for the continuous support of my bachelor's Thesis. His advises, comments, and recommendations helped during this research. Besides my supervisor, I would also like to thank my family for supporting me all these years.

DECLARATION OF AUTHENTICITY

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 program.

Prague, May, 2019

Signature:

Abstract

At first glance, photo studios or photo salons may seem to lose their popularity as a business. All those who think so, are deeply mistaken. The new can be done when digital technologies burst into our lives. Now almost everyone can take pictures and print pictures. Then why do we need showrooms, where masters do wonders?

In the modern world, the photo services market is developing with leaps and bounds. Photo has won people's hearts long ago and has become an integral part of everyone's life. This type of product enjoys constant success in the population of all social strata and positions.

The leading place in the segment of this market is adequately occupied by private entrepreneurs and enterprises that need advertising products, as well as ordinary people who prefer high-quality professional photos.

The main goal of this type of creative activity of a person is to provide everyone with good pictures that meet high aesthetic requirements. The priority task is to provide services of the highest quality. Photo salons and photo studios are especially relevant among beginners. If desired, an amateur can grow into a real professional and open a photo studio from scratch with a list of different services.

The main aim of the thesis is to test the model of photo studio business plan on the Russian market. To see whether the model will be profitable and successful, popular among the natives here, in Saint-Petersburgh.

Among the secondary goals, I can stress the market research of the segment. I think that such a research can be helpful for further development of the industry as a whole, because of constant progress the producers of photo related hardware and software make.

The industry of photography, editing and postproduction is emerging with high intensity. That is why this kind of a business plan, in my opinion, can be considered perspective and anticipating high profits for the entrepreneur.

Key words: Entrepreneurship, Saint-Petersburg, Marketing Mix, Financial Analysis, Photography, Russia, Business Plan, Business Model Canvas, Photo Studio, Memories

Table of Contents

Abstract.....	1
Introduction	4
Theoretical part.....	5
1.1. Entrepreneurship: definition	6
1.2. The development of photo industry in Russia	6
1.3. Future development	9
1.4. Business plan. Definition and purposes	9
1.5. Tools and methods.....	11
1.5.1. Business model canvas.....	11
1.5.2. SWOT-analysis.....	12
1.5.3. PESTEL-analysis	13
1.5.4. Porter's Five Forces analysis	15
1.5.5. Marketing mix	16
1.5.6. See – Think – Do – Care Model	19
1.5.7. Questionnaire	21
Practical Part	22
2.1. Executive summary	23
2.2. Mission and Vision Statements.....	23
2.3. Market Analysis.....	24
2.4. Questionnaire	27
2.5. Implementation of Business Model Canvas.....	27
2.5.1. Customer segments.	27
2.5.2. Value proposition.....	30
2.5.3. Channels.....	30
2.5.4. Customer Relations.....	30
2.5.5. Revenue Streams	30
2.5.6. Key Resources	31
2.5.7. Key activities	31
2.5.8. Key partnerships	31
2.5.9. Cost Structure	31
2.6. PESTEL implementation	31
2.7. Porter's Five forces implementation	33

2.8. Marketing Mix.....	34
2.9. Competitor analysis	39
2.10. Financial Plan	40
2.10.1. Initial investments.....	40
2.10.2. Fixed and Variable Costs	41
2.10.3. Sales forecasting	42
2.10.4. Income Statement.....	43
2.10.5. Cash Flow Statement	44
2.10.6. Break-even point.....	45
2.11. SWOT implementation.....	45
3. Conclusion.....	47
4. Appendices.....	48
Appendix A: Cashflow statement (Pessimistic Scenario).....	48
Appendix B: Casflow Statement (Realistic Scenario)	49
Appendix C: Cashflow Statement (Optimistic Scenario).....	50
Appendix D: Questionnaire	51
Appendix E: Questionnaire results.....	52
5. List of references.....	54

Introduction

In recent years, interest in photographs has increased so much that studio photo shoots have become in demand not only among models who want to replenish their portfolio with professional photos. In addition, now not only a photographer with great experience can open a photo studio, but also just a businessman for the sake of earning income. So why not use such a profitable business idea? Of course, opening a photo studio from scratch will require a lot of capital, since good equipment is not cheap. But with the right marketing policy all the money spent, and time will more than pay off.

The following bachelor thesis represents a business plan for a photo studio “Memories” opening. The work consists of the theoretical part and the practical part. The theoretical part gives an idea about the business itself, its history. It describes the past of photo industry in Russia, explains the concept of entrepreneurship and business plan and gives theoretical background for methods used in practical part.

The practical part on the other hand shows more detailed analysis including executive summary, mission and vision generation, implementation of all the practices mentioned in theoretical part and basic financial analysis of the organization.

The goal of this bachelor thesis is to create and theoretically test the business idea of profitable small business and maybe implement it further in real life with the remarks and experience of the supervisor and the opponent. The methodology of the thesis combines researching and analyzing of public source materials with induction method which represents reasoning from particular facts and statements to general conclusions and deduction which represents the logical derivation of exact positions from common thought.

As for the resources this bachelor thesis uses mainly public source information as well as books regarding the chosen topic, scientific publications and articles and reports on the photography industry. Such choice of information lets me combine my thoughts with academic sources which can create unbiased opinion and work.

Theoretical part

1.1. Entrepreneurship: definition

Most essentially characterized, a businessperson is a man who recognizes a need and begins a business to fill that void. Be that as it may, this essential definition gives little understanding into the explicit character characteristics and traits that influence a man to flourish as a businessperson.

Oxford dictionary gives the following definition of entrepreneurship: The activity of setting up a business or businesses, taking on financial risks in the hope of profit. So we can see that its enough to take risks and want to build your own company for being an entrepreneur. Or is it? Bruce Bachenheimer, clinical professor of management and executive director of the Entrepreneurship Lab at Pace University thinks that: "At its core, [entrepreneurship] is a mindset – a way of thinking and acting. It is about imagining new ways to solve problems and create value. Fundamentally, entrepreneurship is about ... the ability to recognize [and] methodically analyze [an] opportunity, and ultimately, to capture [its] value." (Fernandes, P., 2018, February 19).

Entrepreneurship is not only about willingness to build. It more about the way person thinks, the way he/she takes decisions, about creativity, endurance and inner core of the businessman. So, let me define the key characteristics of one being an entrepreneur. I think that these are the following:

- Willingness to seize the moment
- Willingness to take risks
- Innovative and creative mindset
- Willingness to create a moment
- Profit seeking

Entrepreneurship refers to acts of organizational creation, renewal, or innovation that occur within, or independent of, an existing organization (Sharma and Chrisman, 1999: 17).

1.2. The development of photo industry in Russia

The development of market relations in the Russian economy has led to a significant decline in the share of the public sector in the field of photo services. At the initial stage, this stimulated the growth in sales of photo services, which, in turn, was due to the massive expansion of foreign capital and technology. As the market became saturated and the demand stabilized, problems began to emerge related to the imbalance in the development of this industry group, entrepreneurs began to experience difficulties in identifying ways and means of further business development.

Today's market started forming in early 90s in Russia. Photo industry in Russia was one of the first to migrate from planned governmental market to free and competitive one. Household combines and photo studios that provided photo printing services, portrait and wedding photography gradually disappeared or rapidly changed their appearance, moving from public to private. The first players in a new business appeared to be mostly amateurs, street photographers, who were able to organize some sort of the selling points. These were mostly situated on or near the city markets and appeared to be small kiosks specialized on selling anything related to photo as well as some basic photography services.

The development of Russian photo industry can be divided in 5 stages:

- Stage 1. Birth and active development (1993 – 1998)
- Stage 2. Crisis (1998 – 2003)
- Stage 3. Renaissance and new development (2004 – 2008)
- Stage 4. Stagnation (2009 – 2013)
- Stage 5. Nowadays development and formation of a new photo market (2014 – 2020)

One of the most significant factors in development of Russian photo market was the ability to freely import of foreign and more advanced photo-related hardware and software, which basically drew the line of future growth. There was a lot of opportunities for foreign manufacturers to enter a new and emerging market, that was closed for almost 70 Years.

The dynamic of growth was not only formed by the foreign suppliers, but by business inside of the country as well. They saw the possibilities on the newly opened growing market. Foreign giants on the other hand tried to open as many subsidiaries as possible and to take as big share of the market as possible. All of that basically shaped and established the market in the country.

Everything was new for the consumers, so the demand was extremely high in every segment of the market. B2C sales were growing as fast as B2B sales. Customer's poor knowledge of the industry also was a big factor. People wanted something new and never really paid attention to the quality of the finished goods they received.

Stage 2 was mostly decided by the economic crisis of 1998. As it happens with every severe economic crisis, service sector was severely damaged. Everything that was not related to life and health lost its priority. The photo industry as well stopped developing for a couple of years. People

were simply not interested. Entrepreneurs were heavily damaged by the devaluation of home currency, a lot of them were unable to pay the debts for previously bought equipment. There no possibility to find the exact statistics of bankruptcies in this industry exactly but as the official statistics claims, GDP of Russia lost around 1/3rd (around 96 billion dollars (Moscow Bank Union, 1998)). That information allows me to conclude that the photo industry lost around the same share of its business. (Fairushin M., 2014, June 02)

The 3rd stage of development can be defined as a renaissance. The first sign was the organization of the annual photo related forum called “Photoforum” in Moscow. From That time the forum showed only increasing numbers in exhibitors as well as in visitors. People started recovering from the crisis and the interest began growing again. Digital technologies started showing up on the market. That marked the new race between the entrepreneurs – the technology race, which happened due to quality demand increase. World started evolving and so did the photo and video related hardware and software. Business started seeking for new equipment which could give them a competitive advantage. One of the main factors of the rapid growth was the countries strengthening economics positions. For example, in 2002 GDP of Russia was 345,1 billion dollars. By the end of 2007 it already exceeded 1299,7 billion dollars.

Stage 4 – Another economic crisis defined the stagnation in the sector. Global crisis reached Russia and straight away GDP the country lost 438,2 billion dollars. But this time not only the crisis defined the stagnation but the technologies as well. With the development of the Internet and storage capacities on mobile devices people stopped feeling the need to have printed versions of the photo. Sales of photo studios declined.

The political tensions started to rise in this period. These affected the amount of investments going into the country, restricted the possibilities of new foreign companies to settle in Russia, which in meantime affected the development of the market itself. The business lost its way and strategic orienteers. Entrepreneurs started talking more and more about the new possibilities, diversification of the businesses, new services that could be proposed to the customers.

As a result of all of these we can see a development timeline of Russian photo market. It emerged fast and was growing at a very high rate, though two economic crises defined its future development and basically set it back in time for at least 5 years. (Fairushin M., 2014, June 02)

1.3. Future development

Conducting an analysis of this sphere of business activity, at the moment its state can be characterized as transitional.

Several indicators characterizing the prospects for the development of this type of business can be defined:

- The Russian Association of Trading Companies and Manufacturers of Household Appliances has made studies, as a result of which it turned out that about 40% of Russian families have cameras. At the same time, there are significantly more film cameras than digital ones.
- The modern market is not saturated with new generation equipment. There is a fairly high risk of acquiring low-quality products.
- Sales of digital cameras are growing steadily, which indicates an incomplete saturation of the consumer market.

In modern times, small enterprises are among the necessary elements of the country's economic system, since this sector has a significant impact on economic growth rates, structure and quality of gross domestic product.

1.4. Business plan. Definition and purposes

A cornerstone of every successful business is a business plan. The best idea you can have can be demolished by a proper business plan. Investopedia gives the following definition to a business plan: “A *business plan is a written document that describes in detail how a business, usually a new one, is going to achieve its goals. A business plan lays out a written plan from a marketing, financial and operational viewpoint*”. Entrepreneurs usually conduct business plan at the beginning stage to look at and theoretically test the idea of the business. If a person is going to invest in an idea, he/she needs to be sure that return on investment would be considerable at least. It is important to bear in mind that, even though we try to capture all data with the highest level of precision, it is almost impossible to predict the real scenario of the project. Even though we might work only on the level of a prediction, it should give us a solid base on which the project could be

realistically constructed. Based on that, the decision making could be made, whether to start the business or not. (Svobodová, I., & Andera, M., 2017).

A lot of people would say that the main purpose of a business plan is showing the investors the opportunities, money raising for your business or testing the whole idea. Well, these points cannot be false, however I think this is not the main purpose. The main purpose should contain all others in it, it should be universal. Tom Byers from university of Stanford thinks the main purpose of a business plan should be viewed in accordance to Sahlman's alignment model.

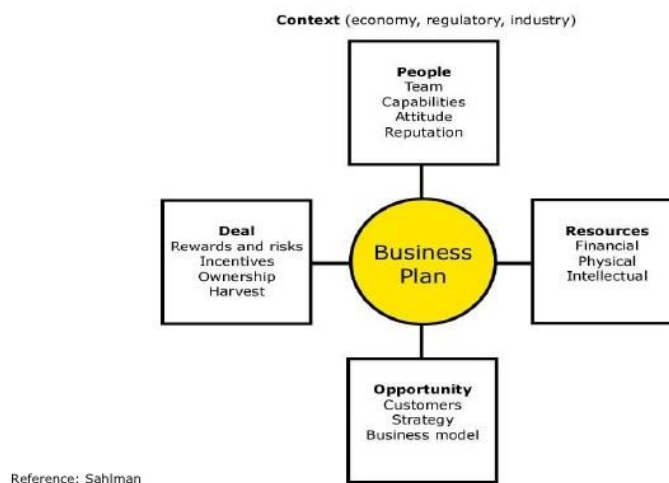


Figure 1. Shalman's alignment model (Source: Entrepreneurial Thought Leaders conference, January 18, 2006.)

"It just shows that some people might think that the business plan only is important about that is getting a deal done. It is just getting something, some money out of some investors to make something happen. In fact, it's a set of questions that have to be answered so the whole ecosystem of a venture has to be in alignment. The opportunity has to be in alignment with resources and people in the context we talked about the economic environment and so forth - regulatory environment with the deal. When they are in alignment the deals will get done." – Tom Byers, Entrepreneurial Thought Leaders conference, January 18, 2006.

1.5. Tools and methods

1.5.1. Business model canvas

Sometimes we generate wonderful ideas but find it hard to see them in real life, explain them to investors and colleagues. Sometimes people in the business simply lack time to prepare a structured, well-organized business plan just to have a strategic overview. Thus, something fast and efficient is needed.

In 2010 Alexander Osterwalder and Yvse Pigneur came up with such a solution. They published a book called “Business Model Generation”, which contained the description of a new way of creating an effective business plan. It is called Business model canvas or BMC and represents a one-sheet table of 9 key areas for consideration when creating a business.

The 9 building blocks:

- Customer Segments – exact description of the customer
- Value Proposition – what value the business would provide to customers?
- Channels – through what channels would business reach the customer?
- Customer Relationships – how would you keep solid relations with customer?
- Revenue Streams – how would value proposition convert into revenue?
- Key Resources – physical, human, intellectual, financial and other assets
- Key Activities – essential operations for business to survive
- Key Partnerships – without what company’s business would not work?
- Cost Structure – all costs associated with the business

(Pigneur and Osterwalder, 2010)

The Business Model Canvas

Designed for:
Designed by:
Date:
Version:

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost Structure		Revenue Streams		

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DESIGNED BY: Strategyzer AG
The makers of Business Model Generation and Strategyzer

Strategyzer
strategyzer.com

Figure 2. Business Model Canvas (Strategyzer.com)

1.5.2. SWOT-analysis

“SWOT analysis is a basic, analytical framework that assesses what an entity — usually a business, though it can be a place, industry or product — can and cannot do, for factors both internal and external. Using environmental data to evaluate the position of a company, a SWOT analysis determines what assists the firm in accomplishing its objectives, and what obstacles it must overcome or minimize to achieve desired results: where the organization is today, and where it may go.” – Investopedia.

SWOT is usually conducted at the end of the business plan and serves as a brief strategic summary for the owners and investors for decision making. The strategies that can be taken after SWOT include defensive position and offensive position. When “defending”, the enterprise tries to minimize the threats and focus on fixing weakness to obtain stable position on the market. When

taking the offensive position, business tries to maximize the benefits from strengths and focus on seizing the opportunities.

SWOT	
Strengths	Weaknesses
Opportunities	Threats

Figure 3. SWOT-analysis (Source: Author)

1.5.3. PESTEL-analysis

PESTEL analysis is an acronym for special business tool which is used to identify the external forces facing the organization. The letters stand for Political, Economic, Social, Technological, Environmental and Legal. (Oxford College of Marketing., 2018, June 24). Firstly, there was only PEST-analysis, and only then Environmental and Legal factors were added. PESTEL analysis is crucial for every business no matter the area or industry it operates in. It tests the potential behavior of your enterprise in the real world, where there are forces you cannot control. Only way to minimize losses in case of an emergency is to be prepared for such an emergency. That is why people conduct PESTEL analysis. Now I would have a closer look at all the factors that can be considered when conducting the analysis.

- **Political factors.** Government and its ways are inscrutable. However, it does not mean that the business should not pay attention to latest changes in taxation, fiscal, civil and trade policies. Also, to any regulations connected with the industry the business is operating within. In Russia the governmental factors become even more vulnerable points for the business due to

authoritarian shifts in power and willingness of the government to control the economy nowadays.

- **Economical.** Here the business should pay attention to the current situation on the market in the country. Exchange rate fluctuations, unemployment rate, inflation rate, raw material costs, etc. can seriously affect any business's KPI's and profitability.
- **Social.** These factors are based on social environment in the country. These are helpful for analyzing the target customer, the area of operation as a whole and helps to conduct special activities and promotions based on cultural and behavioral aspects of the place, which in turn would attract even more customers.
- **Technological.** It is XXI century. The world is dominated by technology. Newest inventions create whole new trends and provide a lot of opportunities every day. However technological development could also create threats, damage or even completely shut down the business. These factors need to be assessed carefully.
- **Environmental.** These factors are usually related to weather conditions, geographical location of the business, gross trends in global climate. During last decade corporate world noticed the inevitable ecological problems and started focusing more on Social Responsibility programs, recycling and waste utilization. This part can be very important both for some investors and for customers. However, in terms of photo studio environmental factors are not the main focus of the business due to absence of production factor.
- **Legal.** Among the legal factors the enterprise should consider any change in legislation and the impact this may have on business operations. Factors include employment legislation, consumer law, health and safety, international as well as trade regulation and restrictions. Political factors do cross over with legal factors; however, the key difference is that political factors are led by government policy, whereas legal factors must be complied with.

(Oxford College of Marketing Blog, 24 June 2018)

1.5.4. Porter's Five Forces analysis

A model introduced in 1979 by Michael Porter and used by companies for industry analysis and corporate strategy development. The five forces include competition, supplier strength, customer power, the potential for new companies joining the industry, and the threat of substitute products. (*Porter's 5 forces. BusinessDictionary.com. Retrieved November 13, 2018, from BusinessDictionary.com*)

The 5 forces define the level of competition and thus can define the overall attractiveness of the market. However, this analysis as well as PESTEL and SWOT are considered simplified ones, because they do not take exceptions and particulars into account.

- **Threat of entry.** This describes the ability of any new company to enter the market. It can be and should be regarded as a weakness of an existing company. New entrants to an industry bring new capacity and a desire to gain market share that puts pressure on prices, costs and the rate of investments necessary to compete. However there are some barriers to entry, which can be considered as an advantage of an existing company and a threat for a new entrant: Supply-side economies of scale; demand-side benefits of scale; customer switching costs; capital requirements; incumbency advantages independent of size; unequal access to distribution channels; restrictive government policy.
- **The power of suppliers.** This part represents the dependence of the market from suppliers. Suppliers in power are interested in accumulating the share of authority to maximize revenues even more and establish the dominant position on the market. After that they can raise prices, limit the quality of service etc. Supplier is considered dominant if it does not depend on the industry it supplies, and it is more concentrated than the industry it sells to, if there is no substitute or if there high switching costs.
- **The power of buyers.** Powerful buyers is the opposite side of powerful suppliers. They can capture more value by forcing down prices, demanding better quality or more services and generally playing the industry participants off against each other, all at the expense of profitability of the industry. Buyers are powerful if they have negotiating leverage relative to industry participants, especially if they are price sensitive, using their clout pressure price reductions.
- **The threat of substitutes.** This part considers the difficulty of switching to substitute-goods within the industry. The substitute-good is a good with same number of functions as an original

good and which serves the same purpose. Substituting petrol cars with electricity cars can be a good way to exemplify this concept. The threat is high when the customers switching costs are low and when the substitute-good offers an attractive price-performance trade-off to the original product.

- **Rivalry among existing competitors.** This section describes the existing competitive atmosphere within the industry. High rivalry limits the industry's profitability. The degree to which rivalry drive down an industry's profit potential depends, first, on the intensity with which companies compete and, second, on the bias on which they compete.

(Porter, M. E., 2008, January)

1.5.5. Marketing mix

A marketing expert named E. Jerome McCarthy created the Marketing 4Ps in the 1960s. The Economic Times gives the following definition to the concept: *"The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place"*. (Marketing Mix - What is Marketing Mix? Marketing Mix meaning, Marketing Mix definition. (n.d.).

Product

This is what the company would actually sell to its customers. The product should satisfy at least basic expectations of the customer in order the whole system to work. In order to create a right product, the entrepreneur should answer a set of question defined by a marketing mix strategy:

- What does the client want from the service or product?
- What features must the product have to meet the client's need?
- What's the name of the product?
- How is the product different from the products of your competitors?
- What does the product look like?

(Marketing Mix Definition - 4Ps & 7Ps of the Marketing Mix. (n.d.)

Price

Price is a set amount that customer would pay for the product. Price formation is one of the most important things for the business as it sets the expectations on the profit and overall survival on the market. It depends on various things such as costs of production, segment targeted, ability of the market to pay, supply and demand etc. (Meissner Research Group. (n.d.).

There are several techniques of setting a price dependent on the position of the company on the market. The most commonly used are:

- Market penetration pricing – this strategy is based on setting a low initial price for the good. This is meant to draw a lot of attention as quickly as possible to as many customers as possible. This could work for a company new to the market or a company which decided to quickly take a big market share and increase its sales volume, in turn off-putting the competition.
- Market skimming pricing – this strategy implements the opposing concept. When using market skimming, company on purpose sets the price higher than the competitors to underline the exclusiveness or value of its product compared to competitors. This works firstly with a new high-end products or completely new technical achievement that only the producer has. It is done in order to gain as much profit as possible from the product before substitutes arrive on the market.
- Neutral pricing – when implementing this strategy, the company bases the price around the market, not the product. It can help to minimize the risks as it works during all four stages of product lifecycle, however the major weakness is that using such a technique the company does not maximize its profits and does not extract the full value of its product thereby not taking the expected market share.

Place

This part of marketing mix reffers to the place of distribution. To benefit from the analysis of customer and price, the enterprise should consider the means of distribution in place. If the business targets certain group of customers, it should be able to reach them and satisfy with its product. If customer wants to buy something bu could not get it, business would lose clients and, most importantly, revenue. That's is why place should be regarded as high priority in any marketing analysis or analysis of a business.

Questions to consider when creating a distribution network:

- How to get the product from manufacturing point to customer?
- How to control costs and save time while executing the distribution strategy?
- How to build a competitive advantage through distribution?

There are several types of distribution strategies:

- ❖ **Indirect distribution** – happens when the product reaches the customer through various channels, but not directly from manufacturer. A good example of this could be farming goods, like milk. Farmers produce the milk and then sell it to the cost and freight, then to the distributor (Tesco, for instance) and only after the milk reaches the targeted customer.
- ❖ **Direct distribution** – happens when an enterprise sells its product directly to the end customer.
 - Intensive distribution – used when a company has a mass market product and tries to target as big share of the market as possible using as many distribution channels as possible.
 - Selective distribution – distribution strategy which uses only selected number of channels with calculated potential. This could help to reduce the level of competition as it sets some value to a brand that could not be found anywhere.
 - Exclusive distribution – the exaggerated selective method with only one distribution channel or selling point. This leads to creating exclusiveness for the product and is mainly used to sell luxury goods. When selling a Bentley, for example, enterprise does not need a car shop on every corner. One per city or even country is enough.

(Bhasin, H. (2018, May 25)

Promotion

Promotion part of the marketing mix answers a question of how and by what tools would the business reach its target customer. This could include various advertising channels, like TV and radio, newspapers, web-ads, word of mouth and many more. It is important to justify the promotion strategy correctly, so it would correlate with already evaluated P's. Main questions to consider while preparing promotion strategy are: when is the best time to promote? What is the strategy of competitors and what channels are suitable for the audience and budget of the company?

1.5.6. See – Think – Do – Care Model

When evaluating the effectiveness of promotion campaigns in social networks many are following the principle of converting anything done by the user into revenue. However, this approach is not strictly correct. To understand and place the KPI correctly an entrepreneur should evaluate at what stage of communication with the customer he is at the moment.

Well-known marketing expert and guru of web analytics from India Avinash Koshik created a framework, that divides communication between customer and the business into four different stages: See, Think, Do and Care.

See – Think – Do – Care model presents a wider and broader view on marketing, in contrast to classic marketing strategies, when the concept of the target audience and advertising is directed only to those people who are ready to buy now. The strategy is aimed not only at confirmed customers but also at those, who had not decided yet and may potentially become a customer.

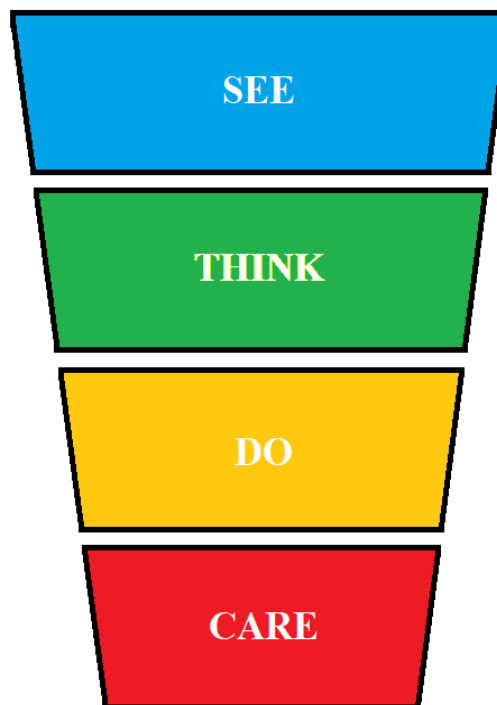


Figure 4. See – Think – Do – Care Model (Source: Author)

See. This should be by far the largest qualified audience for primary addressing an entrepreneur can consider. Among people in this section, the business should consider households who don't have any commercial preferences, but, however, who are the buyers (or potential buyers) of the

services the business provide or any similar services. As an example, lets take smartphones market. On see stage there could be people who are using smartphones. (Basically everybody). Customers should learn about the product.

Think. On this stage there are people with some commercial preferences, however they are not that strong. It is just thinking. As for the example, I could name a group of people, who are fine using their old smartphone, however, are thinking of buying a new one. They are not yet in a stage of choosing a new product, but only assuming the possibilities and maybe doing some brief market researches during evenings. Customers should get interested in the product.

Do. This is the group of people with the highest motivation and strongest commercial preferences. They already decided that they want to purchase a product and need to choose one. This is the audience which is defined by “target” in most of the market researches and marketers. Customers should buy the product.

Care. This group of customers is represented by regular customers, with whom the business had already executed two or more deals. Customers should come back again and recommend the product to their friends.

(See-think-do-care framework. (2018, June 07)

The model would be taken into account when producing the Promotion part of Marketing Mix.

1.5.7. Questionnaire

Customer surveys or questionnaires are a useful tool when preparing a business plan. It helps the owner to back his/her conclusions and thoughts with primary research data. Therefore, a customer survey would be conducted. The survey is designed to provide data on the age and gender division, customer price preferences and the overall interest in the industry. Questionnaire would include multiple choice questions as well as two-sided “Yes/No” questions.

Because of the fact that the studio would be situated in Saint-Petersburgh, Russia, I cannot conduct the research in person and therefore the preferable method of distribution would be through Internet, specifically through VK social network. To avoid the unreliable data from people not living in Saint-Petersburgh, I would find a community of people from that city to question. It is estimated that the questionnaire would help me during sales forecasting, choosing pricing strategy and producing the right marketing and promotion strategies as well as defining right customer segments.

Practical Part



2.1. Executive summary

The photo studio is a large room with professional lighting and a variety of interior areas in which photographers and their clients can take photographs. The main advantage of studio photography is professionally exposed light and the use of additional equipment. In addition, studio photography provides more opportunities for the creative work of the photographer, since it does not depend on environmental factors (for example, the weather). In other words, the client gets the opportunity for a short period of time to take a large number of photos against the background of various decorations using several images.

Photo studio conducts activities in three directions: rental of the studio, conducting filming with a staff photographer, additional photo-related services. Studio customers are both photographers and individual customers. However, the payment always comes from the end user of the photo services.

Location of the business – Saint-Petersburgh, Russia.

Based on the need for capital and conditions for the creation of private enterprises and business entities, the most acceptable organizational form of the enterprise for this project is Sole Proprietor license. The decision was based on the goals of the owner and most of all on taxation policies in Russia.

2.2. Mission and Vision Statements

The mission statement of the company defines its goals and the purpose of it in the market, so that customer can always see what he/she is dealing with. The mission statement should not be long, but on the other hand it should be capacious and concrete. It also serves as a motivation to the employees and helps them to associate themselves with the company and its goals. The mission statement of the photography-based business should tell the customer what to expect from the photo he/she is going to have and also should focus on the production process he/she will go through. That is why I decided to state the following as a mission of my future company: *“Let the customer create his own memories, using professional services and guidance from our employees”*. I think that such a mission statement satisfies both the customer and the company with its employees. I gives away the proficiency of the studio staff and also makes customer think that his photos will be something special, that he can look at any time and remember a couple of good moments in his life.

The vision statement as Kathryn Taylor, The CEO of Untold Content said: “... reveals, at the highest levels, what an organization most hopes to be and achieve in the long term”. It is useful for stakeholders to understand the goals of the business. I should correspond with the mission statement of course but should not provide the same idea. The research conducted by Joseph Folkman and posted on Forbes shows that: “Those who find their organizations’ vision meaningful have engagement levels that are 18 percentile points above average”. As for the mission statement of the “Memories” photo studio I decided to choose: “To establish long-term warm relations with each customer and support every idea that he is inspired by”. This, I think corresponds with everything said above and creates the perfect solution to see the goals and motivation behind establishing such a business.

2.3. Market Analysis

Services for the development of photographic film, for printing, digital image processing are not licensed, are not subject to certification and are not included in the range of products and services monitored by statistical agencies. This fact determined the complexity of studying this Market, the impossibility of a comprehensive coverage of the Market participants and obtaining accurate quantitative characteristics of the Market.

Using the data of Yell.com there are 837 photo studios in Saint-Petersburgh now, and having the average rating of 3.2, which is lower than the standards my company is intended to comply with. Following the data of Rosstat, there was around 5 200 000 people living in Saint-Petersburgh as at 1st of January 2017. Availability of photo studios in Saint-Petersburg is 1.6 per 10000 people. Which is a good result compared to developed countries such as Canada, USA or countries in EU. However, the availability of photo studios in some high-populated districts is still under 1.

Districts	Population, thousands	The amount of photo studios	Studios per 10000 residents
Admiralteyskiy	170.4	77	4.5
Vasileostrovskiy	211.2	51	2.4
Viborgskiy	482.4	60	1.2
Kalininskiy	526.9	54	1.0
Kirovskiy	338.6	44	1.3
Kolpinskiy	186.9	0	0.0
Krasnogvardeyskiy	347.5	42	1.2

Krasnoselskiy	357.1	35	1.0
Kronshtadtskiy	44.1	2	0.5
Kurortniy	73.9	2	0.3
Moskovskiy	332.5	62	1.9
Nevskiy	497.5	58	1.2
Petrogradskiy	139.1	73	5.2
Petrodvorcoviy	133.7	4	0.3
Primorskiy	544.1	79	1.5
Puskinskiy	171.6	16	0.9
Frunzenskiy	407.5	46	1.1
Centralniy	266.7	132	4.9
Total	5231.7	837	1.6

Table 1. Table of photo studio availability in St. Petersburg (Source: Author)

Although there was a decline in the number of photo studios in Russia, due to technological advancement of social networks and online-space, people still are willing to turn their back on professional photo creators. On the contrary there is a rising demand for professionals in this area due to increased quality standards in the industry and the sector itself.

Potential customers of the “Memories” photo studio will be mostly permanent residents of the district. The most probable customers are younger people, who are willing to create something new and experiment with themselves, young families and couples, who are willing to create some memories of newly established relationships and ordinary average families, who would mostly use the services on holidays or personal celebrations. This assumption lets me approximately estimate the potential number of customers and market volume. The Kalininskiy district is one of the most populated districts of Saint-Petersburgh with total population of 527 thousand people as at 1st of January 2017 (Rosstat). The number of families living in the city is 530 thousand. The population of the district equals 10.1% of all population in the city, so it gives me the opportunity to assume that the number of families living in Kalininskiy district is around 53 000.

For 11 months of 2017 industrial enterprises Kalininsky area shipped products for the total the amount of 79.5 billion rubles., which is 1.6% more than in 2016. Turnover of large and medium enterprises Kalininsky district was 427 billion rubles, which is 1.5% more than the same period of last year. Turnover of industrial enterprises amounted to 93.9 billion rubles. (growth rate -101.9%). Profit of the district enterprises for 10 months of 2017 amounted to 21.4 billion rubles, the growth

rate - 105.5%. Average number of employees employed in the economy – 105229 people, which is 0.3% more than the past of the year. Number of employees employed in industrial plants, remained at the level of 2016 and amounted to more than 22 thousand people. In 2017, the average salary at the Kalininsky enterprises District amounted to 56 663 rubles. (pace growth by last year - 104.2%). Average salary in industry increased by 3% and amounted to 67 624 rub. Investment in fixed assets enterprises of the district for 9 months 2017 increased by 56% and amounted to 11.4 billion rubles. Investment size in fixed industrial enterprises in 2017 increased by 66% and amounted to 3.1 billion rubles. In 2016, there was an increase of 40%.

The number of small businesses on 01/01/2018 - 26,673 units, of which: 14,502 small enterprises, 12,171 individual entrepreneurs. (Socio-economic development of the Kalinin District of St. Petersburg in 2017 and tasks for 2018)

According to the forecast of the social and economic development of St. Petersburg for the 2030s, the population of the city will be 5.5 million people in 2025, 5.8-5.9 million people in 2030. (innovative development scenario). Consequently, the number of tourists will also increase significantly (in 2012, about 6 million people, including 2.9 million foreign and 3.1 million Russians, in 2030 - 10 million people). All this shows the great potential of St. Petersburg for the development of this type of business.

However, the current state of the photo services market is characterized by an ever-decreasing quality of services and the formation of enterprises that have relied on low prices for their services and, consequently, on low quality. Because of the savings, some entrepreneurs hire unqualified personnel and use poor quality photo equipment. The reason for this trend, in my opinion, is the imperfection of the regulatory framework in the field of photo services, as well as the aspect that in the field of photo services the specifics of the relationship between the client and the staff are not considered. In addition to this problem, the level of current provision of the photo services market with theoretical and methodological materials is quite low, which leads to significant losses in the industry and a decrease in the confidence of ordinary consumers in the domestic business in this industry.

2.4. Questionnaire

The Questionnaire consists of 8 questions in total, focusing on price sensitivity of the potential customer, awareness of the industry, willingness to purchase the service, age and gender segregation.

To conduct the survey, I bought a space on public page(unofficial) of the Kalininskiy district of St. Petersburg (located on vk.com). The survey was conducted for 5 days (lease of space on a public page). The questionnaire itself as well as results organized in diagrams are presented in appendices D and E.

Total number of respondents is 62, out of which 39 (63%) are female and 23 (37%) are male. Age segregation data was expected for the owner with the following results: main part of the respondents lays in the age group of 18-24 years of age (52%) with the next group being 25-25 (29%). Interestingly, 71% of all respondents (44 people) never in their lives had a photoshoot and 66% (40 people) would like to have at least 1 photoshoot per year, which can represent a big demand in such services in the city. Main factor for choosing a photo studio is price (44%), and the preferable way of finding a suitable premise is via Internet and social networks (58%). Both results correlate with the age segregation data. In terms of price sensitivity, following questionnaire results, I can say that preferable amount of money to be spend on one photoshoot is up to 10000 rubles. Also it was quite pleasant to know that 92% would enjoy if a photo studio offers complementary services, because that selling channel was planned from the beginning of creation of this project and now I have statistics to back my decision.

2.5. Implementation of Business Model Canvas

2.5.1. Customer segments.

Customers would be divided into four different groups. For each group I would create a buyer persona using Hub Spot Tools free buyer persona generator.

First type of customers is represented by Alexey Buyer Persona. Alexey is most probably a student in age range pf 18-24. This type of customers does not usually have any financial independence and therefore rely on their parent and friends to purchase any service or product. Alexey's main goals are to gain experience, widen personal horizons, experiment and establish a smooth path for further career. This type of customers also could be self-taught young photographers, who are willing to extend their portfolio and seek for premises to conduct their activities. This type of

customers is usually gained via Internet marketing, because it is their primary source of information.


	Reports to Parents, teachers.	Goals or Objectives To earn money and gain first working experience. If Alexey is a student, the main goal would be to achieve a degree.
	They Gain Information By Internet, word of Mounth	
	Preferred Method of Communication <ul style="list-style-type: none"> • Social Networks • Phone 	Biggest Challenges <ul style="list-style-type: none"> • Resources • Professional Development • Communication
Name Alexey		
Age 18 to 24 years		
Highest Level of Education Some college, no degree		
Industry Student		

Figure 5. Alexey Buyer Persona (Source: Author, Design by hubspot.com)

Second type of customers is represented by Maxim. Maxim is an average young man with a permanent job and big life goals. Experiments and horizon widening are also amongst his personal goals. Maxim is financially independent and is working hard to build his future career. He is educated and understands what quality is. His main challenges would be lack of resources such as time and energy. If Maxim has any children, his ability to move around the city and his purchasing powers would be significantly lower. As for gaining information, Maxim primarily uses Internet based resources, however he also can use classic mass media sources.


	They Gain Information By Mass Media, Internet, Radio, TV, Word of Mouth	Goals or Objectives Establish themselves in life. Find well-paid job, wife, maybe have children. Widen personal horizon
	Preferred Method of Communication In person, Phone, Internet	
	Job Permanently employed Monthly salary = 60 000 - 120 000 rub	Biggest Challenges Lack of time and energy. Sometimes lack of money. Professional development.
Name Maxim		
Age 25 to 34 years		
Highest Level of Education Professional degree		

Figure 6. Maxim Buyer Persona (Source: Author, Design by hubspot.com)

Next customer segment is represented by Natasha Buyer Persona. Natasha is a young woman who wants to enter or has already entered the model or fashion industry. She is driven by passion of becoming famous, she wants the best producer and best photos of her to cover all the magazines. However, she is not experienced in the business and needs guidance from professional photographers. Natasha's type of customers would be the main source of Portfolio creation sales. She uses Internet, word of mouth and fashion magazines as primary sources of gaining information.

	Preferred Method of Communication Internet, Phone, Interperson	Goals or Objectives Become noticeable, gain popularity, produce quality photos, generate quality Portfolio
Name Natasha	Job Responsibilities Posing, advertising, communications	
Age 18-30	Reports to Herself, Manager, Producer	Biggest Challenges Lack of knowledge at the start, Self- Realization, Dependency on the producer or manager, dependency on high-educated, professional photographers.
Highest Level of Education Bachelor's degree (e.g. BA, B:	They Gain Information By Internrt, Word of Mouth, Mass Media, Magazines	
Industry Model		

Figure 7. Natasha Buyer Persona (Source: Author, Design by hubspot.com)

Next type of customers is represented by Oksana. Oksana is a collective image of every woman in the age of 35-55 years old. She has a job, payed well, however always not enough. Has a husband as her main source of finance. Most importantly Oksana has a child and, in many cases, more than one. Very quickly children become her main concern in life. Everything she does, she does for them. Oksana and her family would be main source of Thematic photoshoots sales. As for sources of information Oksana uses mainly classic mass media resources, however people her age are coming to the Internet faster and faster nowadays, so she also knows how to make use of it.

	Preferred Method of Communication Phone, Interperson	Goals or Objectives Raising and support children, Earning money, Creating a buffer for retirement
Name Oksana	Reports to Manager, herself	Biggest Challenges Gowing children, earning money, house issues. Lack of time, Lack of interest in photo
Age 35-55	They Gain Information By TV, Radio, Newspapers, Magazines, Word of Mouth, Sometimes Internet	
Highest Level of Education Professional		

Figure 8. Oksana Buyer Persona (Source: Author, Design by hubspot.com)

2.5.2. Value proposition

“Let the customer create his own memories, using professional services and guidance from our employees”. – Mission statement

“To establish long-term warm relations with each customer and support every idea that he is inspired by”. – Vision Statement

2.5.3. Channels

Physical selling channel – is a studio itself. All the activities are conducted there. There would be no outdoor photo shootings.

Marketing Channels. Studio would mainly use Internet Platforms as its Marketing Channels. Detailed explanation in Promotion part of the Marketing Mix. (2.8)

2.5.4. Customer Relations

Memories photo studio would conduct various promotion activities. Club memberships and statuses would also be presented. The main goal is to create firm relations with the customer and attract him to come back again. Feedback would be achieved by creating communities in various Social Networks

2.5.5. Revenue Streams

Revenue streams can be divided into 3 main groups: Photo shootings, Rental of the premises, Other services.

2.5.6. Key Resources

- Rent fee – 93 372 rubbles
- Design, furniture and renovation of the building – 504 000 rubles
- Studio equipment – 1 408 049 rubles
- Human resources – 2 photographers, makeup artist, administrator (212 000 rubbles total)
- Financial resources – initial investments are 2 494 049 rubles.

2.5.7. Key activities

- Professional Photoshoot
- Corporate Photoshoot
- Portfolio creation
- Document photo
- Scanning
- Retouching and Restoration
- Coloring of old photos
- Lamination
- Printing of business cards
- Rental of studio premises to individual photographers or production teams

2.5.8. Key partnerships

Among key partnerships there would be various design and model agencies, promotions agencies and costume selling or renting agencies.

2.5.9. Cost Structure

Initial investments into the business would be 2 494 049 rubbles and would be financed by the owner. Detailed analysis in the Financial plan part.

2.6. PESTEL implementation

Political and legal factors. Chosen business segment is not heavily governed by the state in Russia. This segment does not provide any threat to the current political power and also it does not provide the extreme amounts of revenue or any value that can be used in politics. The population and the government both know what to expect from photo studios and how to use photos, so it

gives me an opportunity to say that in the nearest future there should be no severe governmental regulation that could in any sense affect the photo-related business.

Economic factors. As stated above in market analysis part, the economic situation in the district of interest can be regarded as stably growing. That gives me a chance to say that from an economical perspective the idea of opening business in this area should be beneficial for the investor. However there still some factors that can affect the whole economy if the country. Various economic sanctions and poor government management have a big risk of happening, thus affecting the exchange rates, purchasing power of population, inflation, unemployment and finally business revenues.

Social factors. Photo studio activities directly affect population in a positive way by providing employment opportunities and providing leisure and recreational service. I cannot see any threats to community that a photo studio can represent, so I would state that the social factor risks to the business are somewhere near zero.

Technological factors. New technologies in this segment can represent both an opportunity and a threat to a business. As an opportunity should be regarded new technologies in printing and editing, which can lower the cost of sales and potentially increase revenues. As for the cameras themselves, the world now is in such position that we have already created proficient cameras for everyday use and for public photoshoots. There is no need now to reinvent the camera. The main things to consider here should be the depreciation periods and costs of the equipment and compatibility with software and hardware inside the studio. As for the threats from technological side of the business I can consider the growing segment of online sharing and content creation tools. Or emerging of a completely new technology of taking a photo, which is unlikely in next 10-15 years, due to reasons stated above.

Environmental. The photo studio is not involved in any waste or pollution production that's why there should not be any problems with recycling or utilization, so the environmental factor is a not a big deal for the business. However, what the business can do to improve the situation even more is to focus on buying more ecologically friendly printing paper in attempt to show its concerns about forest destructions all over the world.

2.7. Porter's Five forces implementation

Threat of entry. I can consider the threat of entry to the industry as high right now. The initial investments to open a photo studio are low. However, there is a time need for establishing new company, creating own portfolio and gaining first trusting customer base. Also, studios which have already been operating for a while and acquired all necessary starting qualifications and equipment can have a cost advantage over new entering competitors. There is a need of experience and talent that sometimes cannot be taught or explained.

The power of Suppliers. The supplier power in this type of business is low. There are several major suppliers of equipment (cameras, light, various hardware). Canon and Nikon could be the most obvious example. The range of products is very similar, price range also. Switching costs are extremely low and on the contrary the possibility of substitution is very high.

The power of Buyers. The power of buyers can be considered high. There is a large number of photo studios around and most of the services are similar. That is why customer is in power to choose the place, price and product. New customers would be very sensitive to price as long as more determined customers would be focused on quality. The implementation of various loyalty programs would be beneficial to the business and would slightly reduce the customer power.

Threat of Substitutes. The threat of substitutes can be considered high as people now are further and further connected with online photo sharing resources and networks. Among potential substitutes I can name amateur friends/family photographers that would make less quality but free product. Switching costs again would be very low if not completely absent. So, generally speaking, the threat of substitutes would be dictated by customer desire for quality/price ratio of the product.

Rivalry among existing competitors. The threat of rivalry is high. There are a lot of competitors on the market, all offering similar services. Competitive differences occur in type of photography offered and specialized in. Number of exit barriers and subsequent cost of leaving market are determined by magnitude of business but are usually minimal. Photographers forced to compete based on customer loyalty, reputation, and price.

2.8. Marketing Mix

Product.

Now everyone has at hand smartphones with a camera, with which daily pictures are taken. However, most of us still want high-quality and beautiful photographs taken by a professional photographer in a beautiful setting. Current business project would be able to accommodate these needs with the following list of services:

- Professional Photoshoot
- Corporate Photoshoot
- Portfolio creation
- Document photo
- Scanning
- Retouching and Restoration
- Coloring old photos
- Lamination
- Printing of business cards
- Rental of studio premises to individual photographers or production teams

The following choice of services is due to the need of creating a wide range of services to target as many people as possible to generate extensive revenues and never run out of customers. The existing list is wide enough to target almost every household need in the district as well as corporate demand of small and medium enterprises not only in the chosen area but in the whole city.

Professional photoshoot will be divided into five groups: Thematic photoshoot, subject photoshoot, Portrait photoshoot, Wedding photoshoot and Family photoshoot.

Corporate photoshoots will be divided into 3 groups: Employee photoshoot, Product or Marketing photoshoot, Thematic corporate photoshoot.

Third part of studio's activities would be portfolio creation. Model shots are an opportunity to show all the natural beauty of the model and the ability to pose for the camera. It is important to note that the image should not be bright, but on the contrary, should be as natural as possible. For

such a shooting an excellent option would be body or a loose white shirt with jeans. Make-up should also not be defiant, but rather natural: you can apply a tone and emphasize the eyes.

Fourth main part of photo studio activities would be rental of its halls to third parties. There is a fast-growing trend in video production for social networks in Russia now. The core of people involved in it is represented by Saint-Petersburgh residents. That is why there is a growing demand for new sites to content creation.

Place.

The Memories Interior photo studio would be located on Vasenko street which is in Kalininskiy district of the city. The street is located not far from the city center and has a beautiful theater right near it. The area is full of people due to small public transportation intersection and the existence of a market nearby.

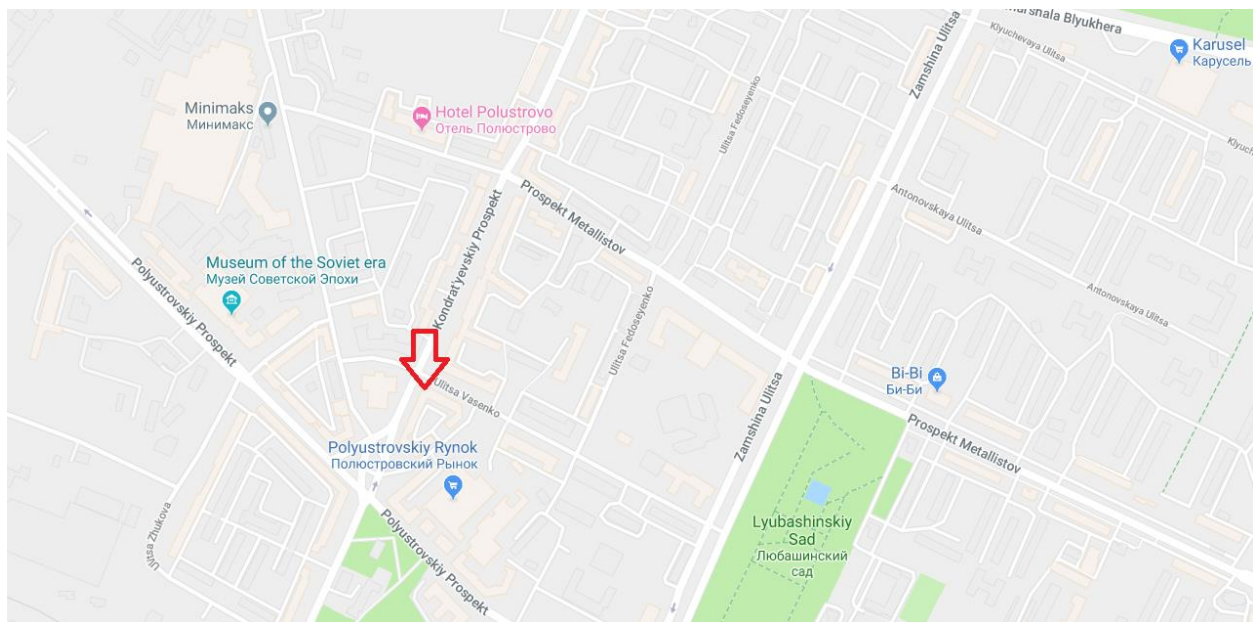


Figure 9. Location of Memories Photo Studio. (Source: Author, retrieved from Google Maps)

As for the interior design the photo studio would be divided into 2 different rooms. The first one would serve as a reception and studio administrator desk and also as a waiting room for the newly arrived customers. The second, bigger room, is a studio itself. It is a large room containing several interchanging backgrounds, makeup table, dressing room, wardrobes, special table for subject photoshoots (product portfolio, etc), and a shower.

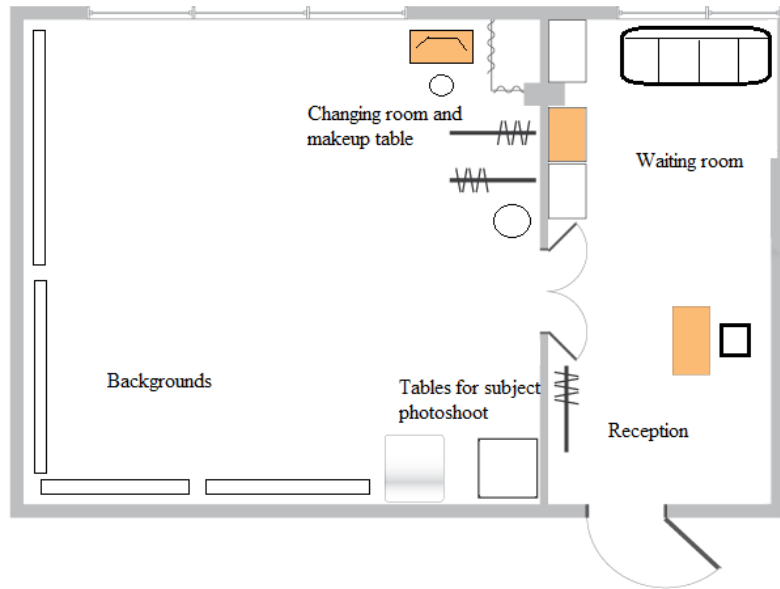


Figure 10. Interior of Memories Photo Studio. (Source: Author, based on google pictures image)

The total square of the studio is 124 m². 33 is dedicated to the hall with reception and a waiting room. 91 is dedicated to the studio itself. The biggest realty aggregator in Russia is a website cian.ru. During my research of the offers there I found the following information: the average yearly rent price for one square meter for non-living premises in the district of interest is 9 036,7 rubbles. Monthly rate would be 753 rubles per square meter. With use of basic math, I can estimate the monthly rent for the premises shown above as 93 372 rubbles.

Price.

The market is full of competitors and the idea of a photo studio is not new. Customers are used to certain prices and as I mentioned before in Five Forces analysis, newcomers' behavior would first of all be reasoned by the price. That is why I chose market skimming pricing strategy for the Memories photo studio. Although the method does not take advantage of the quality of the product and thus does not allow to generate as much revenue as possible, at a start it still seems favorable because of reduced risks for the owner. This also should be taken in account because the business would fully be financed by the owner and his family.

As for the exact prices I came to the following table after analyzing the average prices on the market and the prices of nearest competitors:

Services	Price
Studio Photoshoot	8,500.00 ₱
Corporate Photoshoot	30,000.00 ₱
Portfolio creation	17,000.00 ₱
Document Photo	300.00 ₱
Scanning/page	3.00 ₱
Lamination	100.00 ₱
Retouching and Restoration/p	200.00 ₱
Coloring of old photos/photo	150.00 ₱
Business cards printing/x100	300.00 ₱
Rental/hour	1,500.00 ₱

Table 2. Price list of services for the Memories Interior Photo Studio. (Source: Author)

Promotion.

First of all, the company needs a website. The website could be created for free using such platforms as wix.com or godaddy.com. There is also a possibility of hiring a web-designer, however in order to reduce fixed costs I would stick with online platforms and payed subscriptions on wix.com. The main purpose of the site would be to give customers the ability to register for photoshoots online and stay tuned for the promotions and news inside the company. The optimal subscription plan for wix.com is \$19.91 or approximately 1 322 rubbles.

Promotion channels and activities. The main promotion channel would be The Internet. Google AdWords and Yandex.Direct would be the preferable solutions. The price per click would be set as 9 rubbles on Yandex.Direct and 4 rubbles on Google AdWords. The difference is because the share of people using Yandex in Russia is bigger than the share of people using Google and the business is oriented on Russian market. Among other activities inside this promotion channel would be creation of Company's pages in all major social networks: Instagram, VK, Facebook and YouTube. News about the company and promotions would be published there as well as various completed projects to attract new customers. YouTube would be a place to upload backstage footage, tips and tricks from the photographers and live feedback from the customers. TV, radio,

newspapers and other classic marketing channels would not be a priority to the business due to less amount of creativity during production and higher financial costs.

Loyalty programs.

It costs a business about 5-25 times more to acquire a new customer than it does to sell to an existing one. Not only that, but existing customers spend 67% more than new customers. In short, customer loyalty really pays off – and customer loyalty programs end up paying for themselves. (Bernazzani, S. (n.d.).

First of all, customers would receive 10% discount on their birthdays when a valid proof is provided to the administrator. Also, there would be a special bonus system introduced. For each purchased service the customer would receive a set amount of points. If the customer would reach the certain amount of points in 6 month, he/she would receive a club card, giving a permanent discount for a year. There would be 3 levels of club members – silver (500 points and 10% discount), gold (1000 points and 15% discount) and platinum (1500 points and 25% discount). If the customer fails to reach the next limit in 3 months, he would be reduced to the lower level, however You cannot be reduced lower than silver level. The distribution of the point would be the following:

- Professional Photoshoot – 300 points
- Corporate Photoshoot – 250 points
- Portfolio creation – 350 points
- Document photo – 100 points
- Scanning – 0.5 points per page
- Retouching and Restoration – 5 points per photo
- Coloring old photos – 5 points per photo
- Lamination – 15 points per piece
- Printing of business cards – 0.5 points per piece
- Rental of studio premises to individual photographers or production teams – 50 points per hour

2.9. Competitor analysis

There are only 3 companies executing photo related services in the area of interest. The analysis would be based on the average price of the competitor, operating hours, services provided, ratings. Data would be retrieved from public sources.

Photo studio “Polygon”

“Polygon” is situated much further from “Memories” than other competitors, however this is the most professional and stable photo business operating nearby. Studio has its own original website, competing number of services and very big premises (3000 m²) located on the territory of an old soviet arsenal. Studio has 15 different halls and various number of interiors which is definitely a big competitive advantage against my project. However, “Polygon” is mainly focused on rental of its premises and various technical and production support for its customers. My project is focused on conducting detailed and customer-based photoshoots without any effort from the customer side. That would be considered as an advantage on my side. Price is also a factor in this case. Although Polygon is not focused on conducting its own photoshoots, it still has that option, but the price is way above average with 20000 rubbles for 2 hours of shooting (makeup and hairdresser not included). Operating hours: 7 days a week, from 9:00 AM till 23:00 PM. Loyalty programs would again be amongst the advantages on my side. Also “Polygon” is asking its customers for advance payments for its services, which again could be a decisive factor for some of the customers.

Photo studio “Melisa”

This is the closest competitor by distance. Opening hours: 5 days a week, from 10:00 AM to 10:00 PM. Melissa provides similar services as Memories photo studio and has a competitive advantage in providing outdoor shootings. Prices are on average level with 10000 rubbles for Professional photoshoot, 7000 for thematic photoshoot and 1500/hour fee for rental. However, Melissa lack any loyalty programs or promotion activities and that should be the main competitive advantage against them. Also the amount of services Memories provide is much more diverse than on Melissa side. Rating of the competitor is 3.7/5 on google.com and 5.0 on boomate.com. Also Melissa is significantly smaller than Memories with only 70 m² studio.

Photo studio “Family Album”

This is the oldest competitor operating since 1991 and based on the soviet photo studio founded in 1957. Operating hours: 7 days a week from 9:00 AM to 9:00 PM. Studio conducts internal and outdoor shootings (again the advantage against my project). Price range is on average level with 9000 rubles per professional photoshoot and 7000 rubles for thematic photoshoot. Studio does not provide its premises for rent, and it is a big competitive disadvantage. Studio is focused on family and kids photoshoots as well as on romantic ones. Does not target younger generations. Number of services is more diversified than Melissa's, however still lower than my project. There is a number of regular promotions conducted by the studio, however I could not find any information about the loyalty programs and therefore it again would be one of my advantages. Also the website needs to be updated and modernized.

2.10. Financial Plan

2.10.1. Initial investments

The project would be fully financed from the owner's capital. The preferable establishment process is via Sole Proprietor due to its reduced tax rate and much more free licensing.

The design project of the photo studio would be conducted by a professional hired designer. Estimated costs are 95 000 rubbles. In addition to design project, owner would also purchase all the materials and workforce needed to conduct a renovation of the place before opening.

Studio equipment position consists of backgrounds, lighting equipment, soft boxes, light disks, reflectors, tripods, holders, various complementary electronic devices, chargers, printer. Total amount for this position is 729 000 RUB. Two powerful editing computers would be purchased for 2 photographers, who would work permanently in the studio. For administration there is no need for having such powers, so Administrator computer is significantly cheaper.

As for the marketing part, owner would invest initially 130 000 rubbles into promotion during the establishment and renovation of the studio. Reserve fund of 450 000 rubbles would also be created in terms of amortizing the business.

Name	Price
Expenses on legal paperwork	
Registration with state and tax authorities, opening a current account	2,000.00 ₺
Total	2,000.00 ₺
Site investments	
Design project	95,000.00 ₺
Materials	60,000.00 ₺
Workers' salary	52,000.00 ₺
Props + décor elements	177,000.00 ₺
Furniture	120,000.00 ₺
Total	504,000.00 ₺
Equipment	
Studio equipment	729,000.00 ₺
Photographer computer 1	300,000.00 ₺
Photographer computer 2	300,000.00 ₺
Administrator computer	43,250.00 ₺
Water cooler + dishes	8,799.00 ₺
Other equipment (hangers, small wardrobes, etc.)	27,000.00 ₺
Total	1,408,049.00 ₺
Marketing	
Google AdWords and Yandex.Direct	120,000.00 ₺
Social Networks	10,000.00 ₺
Total	130,000.00 ₺
Reserve fund	450,000.00 ₺
Gross Total	2,494,049.00 ₺

Table 3. Initial Investments (Source: Author)

2.10.2. Fixed and Variable Costs

Table below shows the number of fixed and variable costs of the business. Fixed costs are presented in monthly numbers and variable costs for the production are presented as price per batch.

As for the fixed costs, I included the rent for the premises in amount 93 372 rubles per month. Wages and salaries are following with the amount of 212 000 rubbles monthly. The position consists of two photographer salaries of 75 000 rubbles, makeup artist salary of 27 000 and administrator salary of 35 000 rubbles. The job of the photographers would be to conduct activities listed in the services description section. Administrator job is being done by registration list maintenance, call answering, partial cleaning and drinks serving in a waiting room. Among other

fixed costs there would also be expenses on connection, advertising and State insurance fund contributions.

As for the Variable costs, they are calculated per batch. One batch is designed to fulfill the needs of 10 standard photoshoots and therefore cost of sales would be further calculated based on this ratio.

Name	Price
Fixed costs/monthly	
Rent	93,372.00 ₱
Wages and Salaries	212,000.00 ₱
Photographer	75,000.00 ₱
Photographer	75,000.00 ₱
Administrator/receptionist	35,000.00 ₱
Makeup artist	27,000.00 ₱
Internet and phone connection	3,500.00 ₱
Advertising	30,000.00 ₱
Contributions to PFR, MHIF	1,929.44 ₱
Total	340,801.44 ₱
Variable costs/batch	
Photo Paper	3,275.00 ₱
Ink	900.00 ₱
Makeup paint and cosmetics	3,700.00 ₱
Total	7,875.00 ₱

Table 4. Fixed and variable costs (Source: Author)

2.10.3. Sales forecasting

As for the sales forecasting I am making an educated guess, based on the information gathered during preparation of this thesis, customer survey and consulting with a professional from the industry. The forecast is divided into three different scenarios: Pessimistic, Realistic and Optimistic. As the reader could see, worst months in terms of sales are January, February and March due to the absence of any major holidays and population expenses during New Year. In April, with the beginning of the spring, the sales would rise a bit due to formation of “spring mood” amongst customers. May and June would be the months when sales should rise, due to major holidays in May (Labor Day and Victory Day), so the number of thematic photoshoots should increase. June is the month of graduation, so sales would be on a confident level as a lot of students

and pupils would be offered special discounts and thematic photoshoots. July and August are usually month when most people have vacation, so the sales would decrease significantly. After the vacation period, I estimate that the number of clients would increase due to already gained popularity of the studio and marketing results. Sales would reach all time high during December as New Year is coming and this holiday is considered the main in Russia. It also should be noted that all the number are estimates and in reality the situation could of course be different.

	Pessimistic		Realistic		Optimistic	
Month/name	Number of photoshoots	Hours rented	Number of photoshoots	Hours rented	Number of photoshoots	Hours rented
January	5	10	10	15	15	20
February	9	12	14	17	19	22
March	12	16	17	21	22	26
April	23	18	28	23	35	28
May	29	23	34	28	39	33
June	43	27	48	32	55	37
July	27	22	32	27	37	32
August	33	18	38	23	45	28
September	47	28	52	33	57	38
October	59	32	64	37	69	42
November	52	37	57	42	62	47
December	72	44	85	49	90	54
Total	411	287	479	347	545	407

Table 5. Sales forecasting (Source: Author)

2.10.4. Income Statement

The income statement for the Memories Interior Photo Studio was conducted in 3 different scenarios as well. It shows that even in a pessimistic scenario the business would be profitable with profit for the period of 592 684 rubbles. This situation is happening due to low cost of sales and only 6% tax payments (features of Sole Proprietor form of establishment for small business). As for the realistic and optimistic scenarios profit for the period is increased due to increase of customers and sales. Cost of sales, however, would also increase due to reasons stated in Fixed and Variable costs section. Profit margin in pessimistic scenario is 10.9%, which is acceptable, however lower than expected. If we take realistic scenario, the profit margin rises to 21.7%, which is relatively high for any business, but still not the top achievement for a photo studio. Optimistic scenario shows the margin at the level of 29.7%, which is a very attractive number for any potential investor (in case of scaling the business, I would require some external investments).

Income Statement	Pessimistic	Realistic	Optimistic
Sales revenue	5,421,238 ₺	6,306,838 ₺	7,169,038 ₺
Cost of Sales	323,663 ₺	377,213 ₺	429,188 ₺
Gross Profit	5,097,576 ₺	5,929,626 ₺	6,739,851 ₺
Operating Expences	4,179,617 ₺	4,179,617 ₺	4,179,617 ₺
Rent	1,120,464 ₺	1,120,464 ₺	1,120,464 ₺
Wages and Salaries	2,544,000 ₺	1,284,000 ₺	1,284,000 ₺
Photographer	900,000 ₺	360,000 ₺	360,000 ₺
Photographer	900,000 ₺	360,000 ₺	360,000 ₺
Administrator/receptionist	420,000 ₺	324,000 ₺	324,000 ₺
Makeup artist	324,000 ₺	240,000 ₺	240,000 ₺
Internet and phone connection	42,000 ₺	42,000 ₺	42,000 ₺
Advertising	450,000 ₺	450,000 ₺	450,000 ₺
PI contributions to PFR, MHIF	23,153 ₺	23,153 ₺	23,153 ₺
Profit before taxation	917,959 ₺	1,750,009 ₺	2,560,234 ₺
Tax	325,274 ₺	378,410 ₺	430,142 ₺
Profit for the period	592,684 ₺	1,371,598 ₺	2,130,091 ₺

Table 6. Income Statement (Source: Author)

2.10.5. Cash Flow Statement

Cashflow statement is presented in the Appendixes section due to its sizes. It was also conducted based on three different scenarios. It shows the monthly cash inflows and outflows inside the organization as well as opening and closing balances for each month. I would stick here with the realistic scenario. It shows the initial capital investments in amount of 2 500 000 rubbles. As we can see the reserve fund helps the organization not to fall deep into the minus during first months of operation. Net cash flow becomes positive during May (however it is due to increased popularity of photoshoots on a Victory Day) and than drops into minus again in the middle and end of summer due to the amount of vacations. Net cash flow starts growing steadily in September and continues the trend up till the end of the year. Opening and closing balances never go below zero after that which simbolizes the right strategy choosen by the owner and overall success of the project.

2.10.6. Break-even point.

The break-even point - the volume of production and sales, at which expenses will be offset by income, and in the production and sale of each subsequent unit of production, the company begins to profit. The break-even point can be defined in terms of production, in monetary terms or taking into account the expected profit margin.

Break-even point is calculated the dividing fixed costs by unit margin. Unit margin on the other hand is calculated by subtracting variable costs per unit from revenue per unit. For the Memories I would take into account only conventional photoshoots (without special cases such as portfolio creation or corporate order). The price of a photoshoot as 8500 rubbles and I would not take into account the additional services revenues as they come with almost zero margin and were created to gain competitive advantage and satisfy my customers. The break-even point would be $340\,801,44 / 8500 - 787,5 = 44$ photoshoots. This is per month to cover all the costs. It means that my photostudio should conduct at least 1.5 photoshoots a day. As we can see from the sales forecasting, by the end of the the December the number of photoshoots would exceed BEP without taking into the account revenue from rental and other services.

2.11. SWOT implementation

SWOT	
Strengths	Weaknesses
<ul style="list-style-type: none">✓ Individual approach to each customer✓ High Margins✓ Location✓ Loyalty programs	<ul style="list-style-type: none">✓ Lack of financial resources✓ Staff turnover✓ Lack of marketing
Opportunities	Threats
<ul style="list-style-type: none">✓ Development of photo-related SW✓ Potential targeting of whole city✓ Ability to work with creative people from the industry to increase professionalism	<ul style="list-style-type: none">✓ New competitors✓ Decline of demand on the market✓ Future development of technology and social networks

Figure 11. SWOT (Source: Author)

Strengths. As for strong points of my project I identified the following four: Individual approach to each customer, high margins, Location, loyalty programs. Unit margin is 90%, which is cosmically high. Profit margin in realistic scenario equals 21.7%. Location of the business is another big advantage. Studio is located not far from the city center and has a beautiful theater right near it. The area is full of people due to small public transportation intersection and the existence of a market nearby.

Weaknesses. As for the weak points of my project there are a few. First, and the main one can be identified as market limitations. Photography industry cannot be compared to automotive or restaurant industries in terms of market capitalization or number of customers, so eventually the photo studio can run into problems such as lack of new customers or lack of space to grow and expand. Among other weaknesses there is an employee turnover and lack of initial resources to finance the business. Although it was stated that compared to other major industries the amount of investments is lower, we should not forget about the fact that the business would be financed by the owner and not any investors. That is why there is a threat of lack of money.

Opportunities. Development of technology can give a great boost to the industry with new software invented every day. All of these can lead to decline in cost of sales, time consumption and increase in quality of the finished product thereby increasing the revenues. Another opportunity is to target the whole city and not only the starting district as business would grow. As I said above, Saint-Petersburg has a potential in photography market and it is also the second biggest city in Russia, which gives the owner the opportunity to increase the number of clients and his revenues. One more opportunity is emerging from that statement. St. Petersburg is the home of most popular Russian content creators and bloggers. It gives business the opportunity to cooperate with them and increase the quality of provided services.

Threats. Among the threats for the business, I can identify the growing number of households with photo cameras in Russia. On the same side is the development of various online and offline photography courses, so more and more people can make photos at home and don't waste time and money to go to a professional. That can lead to the decline in demand of the market. Also, the rising demand for quality in Russia can lead to the potential opening of competitive enterprises and entities, which should be considered as a threat for the project.

3. Conclusion

The main purpose of the thesis was to implement the knowledge gained during my studies and construct a working (at least in theory) business plan for opening a photo studio in Saint-Petersburgh, Russia. Unfortunately, I was not able to conduct a proper questionnaire in time, so I was relying only on secondary data research.

During the theoretical part, I tried to analyze various theories of entrepreneurship and tried to figure out the main tools and methods I would use during the construction of a Business Plan. I explain and give theoretical background to each of the chosen method.

In practical part the reader could see the implementation of the methods chosen in the theoretical part. First off all I started with business model canvas brief introduction. Identified the key aspects of the future photo studio, formulated Mission and Vision statements, created authentic logo. I proceeded with more detailed analysis of Service using Marketing Mix. Analysis of the market was conducted via PESTEL Analysis, Five Forces and Competitor analysis. Further I proceeded with a financial background for my company. Number are based on the experience of my Grandfather, the owner a small home studio.

I came up with a profitable solution for the Photo Studio, which can generate revenues on the first year of operation. Initial investments are low and are amounted at 2 494 049 rubbles.

4. Appendices

Appendix A: Cashflow statement (Pessimistic Scenario)

			Pessimistic Scenario												
Month/name	Investments	January	February	March	April	May	June	July	August	September	October	November	December	Total	
Opening Balance	- P	5,951 P	-350,930 P	-573,682 P	-759,776 P	-830,139 P	-831,608 P	-683,081 P	-703,905 P	-666,542 P	-471,080 P	-146,243 P	117,097 P		
		Cash Inflows													
Capital Investement	2,500,000.00 P														
Number of photoshoots		5	9	12	23	29	43	27	33	47	59	52	72	411	
Sales from Photoshoots		58,500 P	105,300 P	140,400 P	269,100 P	339,300 P	503,100 P	315,900 P	386,100 P	549,900 P	690,300 P	608,400 P	842,400 P	4,808,700 P	
Hours rented		10	12	16	18	23	27	22	18	28	32	37	44	287	
Sales from rental		15,000 P	18,000 P	24,000 P	27,000 P	34,500 P	40,500 P	33,000 P	27,000 P	42,000 P	48,000 P	55,500 P	66,000 P	430,500 P	
Other revenues		9,328 P	9,824 P	10,236 P	10,869 P	11,487 P	12,986 P	14,121 P	16,849 P	17,968 P	19,254 P	22,368 P	26,748 P	182,038 P	
Total		82,828 P	133,124 P	174,636 P	306,969 P	385,287 P	556,586 P	363,021 P	429,949 P	609,868 P	757,554 P	686,268 P	935,148 P	5,421,238 P	
Total Cash Inflows	2,500,000 P													7,921,238 P	
		Cash Outflows													
Initial Investements	2,494,049 P														
Cost of goods sold		3,938 P	7,088 P	9,450 P	18,113 P	22,838 P	33,863 P	21,263 P	25,988 P	37,013 P	46,463 P	40,950 P	56,700 P	323,663 P	
Operating Expences															
Rent		93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	1,120,464 P	
Wages and Salaries		212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	2,544,000 P	
Photographer		75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	900,000 P	
Photographer		75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	900,000 P	
Administrator/receptionist		35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	420,000 P	
Makeup artist		27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	324,000 P	
Internet and phone connection		3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	42,000 P	
Advertising		120,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	450,000 P	
Contributions to PFR, MHIF		1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	23,153 P	
Total Operating Expeces		430,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	4,179,617 P	
Taxes		4,970 P	7,987 P	10,478 P	18,418 P	23,117 P	33,395 P	21,781 P	25,797 P	36,592 P	45,453 P	41,176 P	56,109 P	325,274 P	
Total cash outflows	2,494,049 P	439,709 P	355,876 P	360,730 P	377,332 P	386,756 P	408,059 P	383,845 P	392,586 P	414,406 P	432,717 P	422,928 P	453,610 P	4,828,554 P	
Net cash flow	5,951 P	-356,881 P	-222,752 P	-186,094 P	-70,363 P	-1,469 P	148,527 P	-20,824 P	37,363 P	195,462 P	324,837 P	263,340 P	481,538 P		
Closing Balance	5,951 P	-350,930 P	-573,682 P	-759,776 P	-830,139 P	-831,608 P	-683,081 P	-703,905 P	-666,542 P	-471,080 P	-146,243 P	117,097 P	598,635 P		

Appendix B: Casflow Statement (Realistic Scenario)

Realistic Scenario														
Month/name	Investments	January	February	March	April	May	June	July	August	September	October	November	December	Total
Opening Balance	- P	5,951 P	-292,827 P	-457,477 P	-585,468 P	-597,729 P	-541,095 P	-334,466 P	-297,188 P	-201,722 P	51,842 P	434,782 P	756,225 P	
Cash Inflows														
Capital Investement	2,500,000.00 P													
Number of photoshoots		10	14	17	28	34	48	32	38	52	64	57	85	479
Sales from Photoshoots		117,000 P	163,800 P	198,900 P	327,600 P	397,800 P	561,600 P	374,400 P	444,600 P	608,400 P	748,800 P	666,900 P	994,500 P	5,604,300 P
Hours rented		15	17	21	23	28	32	27	23	33	37	42	49	347
Sales from rental		22,500 P	25,500 P	31,500 P	34,500 P	42,000 P	48,000 P	40,500 P	34,500 P	49,500 P	55,500 P	63,000 P	73,500 P	520,500 P
Other revenues		9,328 P	9,824 P	10,236 P	10,869 P	11,487 P	12,986 P	14,121 P	16,849 P	17,968 P	19,254 P	22,368 P	26,748 P	182,038 P
Total		148,828 P	199,124 P	240,636 P	372,969 P	451,287 P	622,586 P	429,021 P	495,949 P	675,868 P	823,554 P	752,268 P	1,094,748 P	6,306,838 P
Total Cash Inflows	2,500,000 P													8,806,838 P
Cash Outflows														
Initial Investements	2,494,049 P													
Cost of goods sold		7,875 P	11,025 P	13,388 P	22,050 P	26,775 P	37,800 P	25,200 P	29,925 P	40,950 P	50,400 P	44,888 P	66,938 P	377,213 P
Operating Expences														
Rent		93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	1,120,464 P
Wages and Salaries		212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	2,544,000 P
Photographer		75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	900,000 P
Photographer		75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	900,000 P
Administrator/receptionist		35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	420,000 P
Makeup artist		27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	324,000 P
Internet and phone connection		3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	42,000 P
Advertising		120,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	450,000 P
Contributions to PFR, MHIF		1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	23,153 P
Total Operating Expeces		430,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	4,179,617 P
Taxes		8,930 P	11,947 P	14,438 P	22,378 P	27,077 P	37,355 P	25,741 P	29,757 P	40,552 P	49,413 P	45,136 P	65,685 P	378,410 P
Total cash outflows	2,494,049 P	447,606 P	363,774 P	368,627 P	385,230 P	394,654 P	415,957 P	391,743 P	400,483 P	422,304 P	440,615 P	430,825 P	473,424 P	4,935,240 P
Net cash flow	5,951 P	-298,778 P	-164,650 P	-127,991 P	-12,261 P	56,633 P	206,629 P	37,278 P	95,466 P	253,564 P	382,939 P	321,443 P	621,324 P	
Closing Balance	5,951 P	-292,827 P	-457,477 P	-585,468 P	-597,729 P	-541,095 P	-334,466 P	-297,188 P	-201,722 P	51,842 P	434,782 P	756,225 P	1,377,549 P	

Appendix C: Cashflow Statement (Optimistic Scenario)

Optimistic Scenario														
Month/name	Investments	January	February	March	April	May	June	July	August	September	October	November	December	Total
Opening Balance	- P	5,951 P	- 234,725 P	- 341,272 P	- 411,161 P	- 344,898 P	- 230,162 P	54,991 P	150,372 P	324,361 P	636,028 P	1,077,070 P	1,456,615 P	
Cash Inflows														
Capital Investment	2,500,000.00 P													
Number of photoshoots		15	19	22	35	39	55	37	45	57	69	62	90	545
Sales from Photoshoots		175,500 P	222,300 P	257,400 P	409,500 P	456,300 P	643,500 P	432,900 P	526,500 P	666,900 P	807,300 P	725,400 P	1,053,000 P	6,376,500 P
Hours rented		20	22	26	28	33	37	32	28	38	42	47	54	407
Sales from rental		30,000 P	33,000 P	39,000 P	42,000 P	49,500 P	55,500 P	48,000 P	42,000 P	57,000 P	63,000 P	70,500 P	81,000 P	610,500 P
Other revenues		9,328 P	9,824 P	10,236 P	10,869 P	11,487 P	12,986 P	14,121 P	16,849 P	17,968 P	19,254 P	22,368 P	26,748 P	182,038 P
Total		214,828 P	265,124 P	306,636 P	462,369 P	517,287 P	711,986 P	495,021 P	585,349 P	741,868 P	889,554 P	818,268 P	1,160,748 P	7,169,038 P
Total Cash Inflows	2,500,000 P													9,669,038 P
Cash Outflows														
Initial Investments	2,494,049 P													
Cost of goods sold		11,813 P	14,963 P	17,325 P	27,563 P	30,713 P	43,313 P	29,138 P	35,438 P	44,888 P	54,338 P	48,825 P	70,875 P	429,188 P
Operating Expenses														
Rent		93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	93,372 P	1,120,464 P
Wages and Salaries		212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	212,000 P	2,544,000 P
Photographer		75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	900,000 P
Photographer		75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	75,000 P	900,000 P
Administrator/receptionist		35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	35,000 P	420,000 P
Makeup artist		27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	27,000 P	324,000 P
Internet and phone connection		3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	3,500 P	42,000 P
Advertising		120,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	30,000 P	450,000 P
Contributions to PFR, MHIF		1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	1,929 P	23,153 P
Total Operating Expenses		430,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	340,801 P	4,179,617 P
Taxes		12,890 P	15,907 P	18,398 P	27,742 P	31,037 P	42,719 P	29,701 P	35,121 P	44,512 P	53,373 P	49,096 P	69,645 P	430,142 P
Total cash outflows	2,494,049 P	455,504 P	371,671 P	376,525 P	396,106 P	402,551 P	426,833 P	399,640 P	411,360 P	430,201 P	448,512 P	438,723 P	481,321 P	5,038,947 P
Net cash flow	5,951 P	- 240,676 P	- 106,547 P	- 69,889 P	66,263 P	114,736 P	285,153 P	95,381 P	173,989 P	311,667 P	441,042 P	379,545 P	679,427 P	
Closing Balance	5,951 P	- 234,725 P	- 341,272 P	- 411,161 P	- 344,898 P	- 230,162 P	54,991 P	150,372 P	324,361 P	636,028 P	1,077,070 P	1,456,615 P	2,136,042 P	

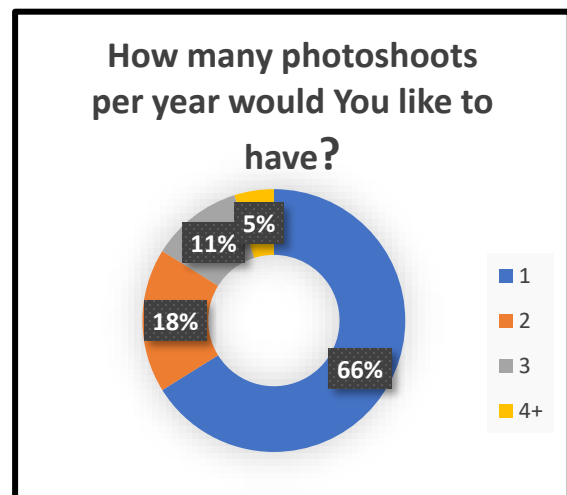
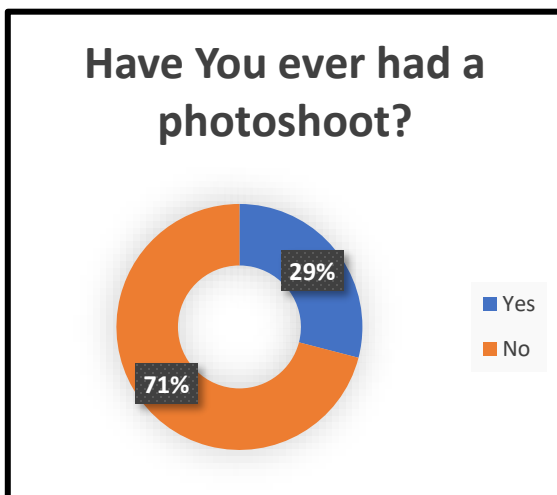
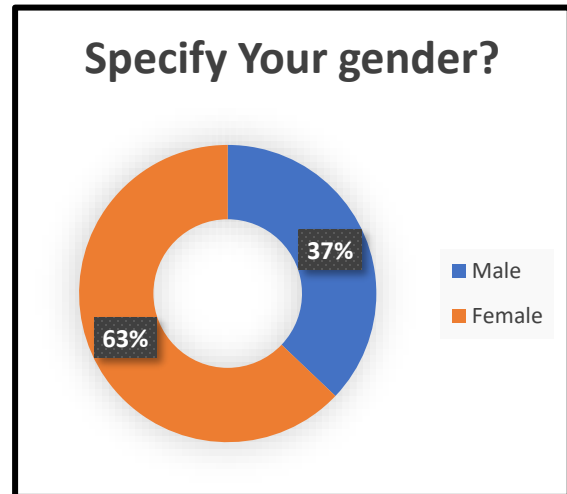
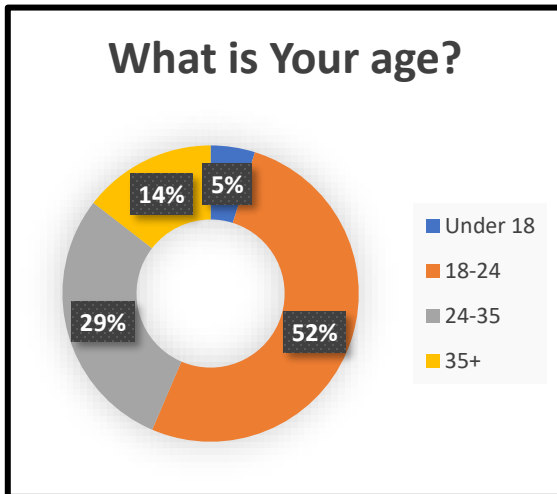
Appendix D: Questionnaire

<p>Question 1:</p> <p>What is Your age?</p> <ul style="list-style-type: none">➤ Under 18➤ 18-24➤ 24-35➤ 35+	<p>Question 2:</p> <p>Specify Your gender?</p> <ul style="list-style-type: none">➤ Male➤ Female➤ No answer
<p>Question 3:</p> <p>Have You ever had a studio photoshoot?</p> <ul style="list-style-type: none">➤ Yes➤ No	<p>Question 4:</p> <p>How many studio photoshoots per year You would like to have?</p> <ul style="list-style-type: none">➤ 1➤ 2➤ 3➤ 4+
<p>Question 5:</p> <p>On what basis would You choose a photo studio?</p> <ul style="list-style-type: none">➤ Name (Brand)➤ Choice of interiors➤ Quality of portfolio➤ Price➤ Other	<p>Question 6:</p> <p>How would You find the suitable photo studio?</p> <ul style="list-style-type: none">➤ Internet/Social networks➤ Word of mouth➤ TV/Newspapers
<p>Question 7:</p> <p>How much are You willing to spend (in RUB) on one photoshoot?</p> <ul style="list-style-type: none">➤ Less than 5000➤ 5000-10000➤ 10000-15000➤ More than 15000	<p>Question 8:</p> <p>Would You appreciate a photo studio offering complementary photo related services?</p> <ul style="list-style-type: none">➤ Yes➤ No

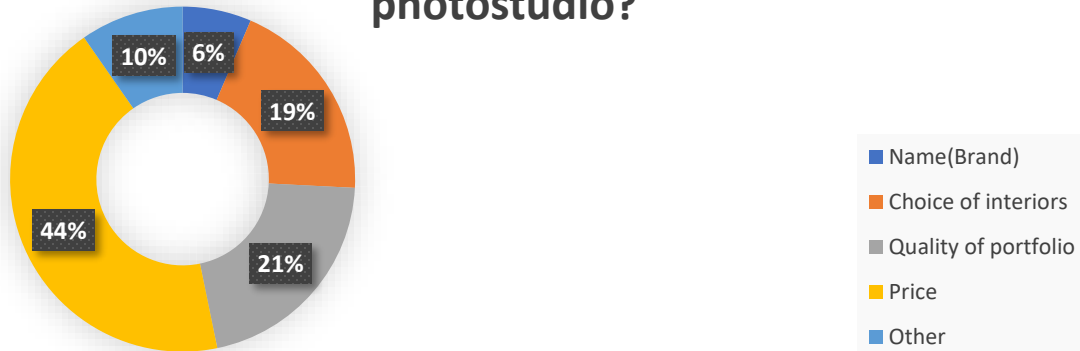
Appendix E: Questionnaire results

Total number of respondents: 62

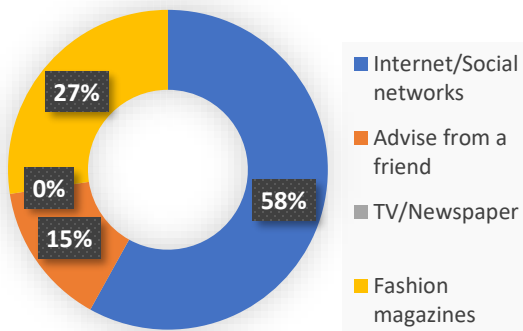
Conducted: online



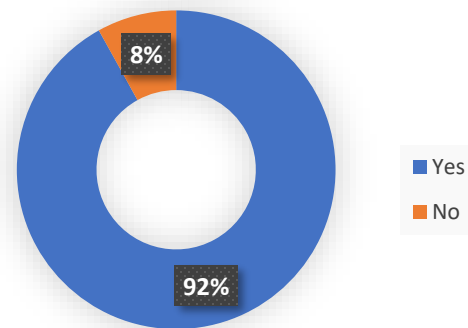
On what basis would you choose a photostudio?



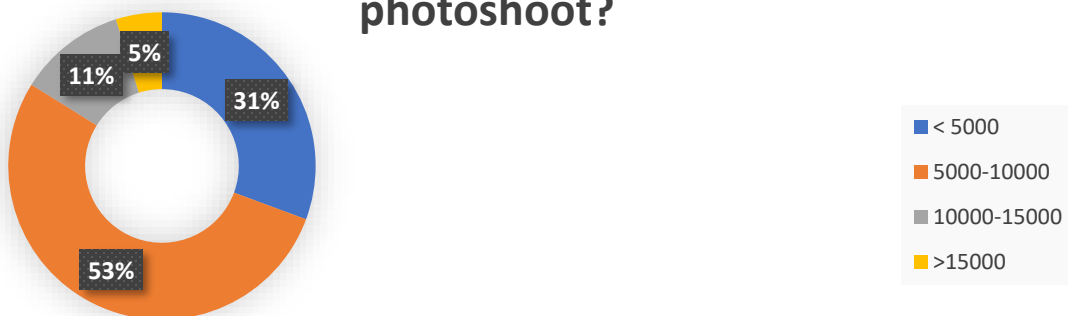
How would you find a suitable photo studio?



Would You appreciate a studio offering complementary photo related services?



How much are you willing to spend on one photoshoot?



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